

# **Lepu Medical Technology (Beijing) Co., Ltd.**

## **Articles of Association**

*(This English-translated copy of Articles of Association is for general reference purpose. The entire context should be read in accordance with the original Chinese script of the Articles of Association.)*

(September 2022)

**CONTENT**

<b>CHAPTER 1 GENERAL PROVISIONS</b> .....	3
<b>CHAPTER 2 OPERATIONAL OBJECTIVE AND SCOPE</b> .....	4
<b>CHAPTER 3 SHARES</b> .....	5
Section 1 Shareholding of Shareholders.....	5
Section 2 Increase, Decrease and Repurchase of Shares.....	6
Section 3 Transfer of Shares.....	8
Section 4 Financial Assistance for Acquisition of Company Shares.....	9
<b>CHAPTER 4 SHAREHOLDERS AND REGISTER OF SHAREHOLDERS</b> .....	10
<b>CHAPTER 5 SHAREHOLDERS AND THE GENERAL MEETINGS</b> .....	13
Section 1 Shareholders.....	13
Section 2 General Provisions for General Meetings.....	17
Section 3 Convening of General Meetings.....	20
Section 4 Proposals and Notices of General Meetings.....	21
Section 5 Holding of General Meetings.....	24
Section 6 Voting and Resolutions at General Meetings.....	28
<b>CHAPTER 6 BOARD OF DIRECTORS</b> .....	34
Section 1 Directors.....	34
Section 2 Independent Directors.....	36
Section 3 Board of Directors.....	37
<b>CHAPTER 7 SENIOR MANAGEMENT</b> .....	43
<b>CHAPTER 8 SUPERVISORY COMMITTEE</b> .....	46
Section 1 Supervisors.....	46
Section 2 Supervisory Committee.....	47
Section 3 Resolutions of the Supervisory Committee.....	49
<b>CHAPTER 9 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, THE GENERAL MANAGER AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY</b> .....	49
<b>CHAPTER 10 FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT</b> .....	55
Section 1 Financial Accounting System.....	55
Section 2 Internal Audit.....	58
Section 3 Appointment of Accounting Firm.....	59
<b>CHAPTER 11 NOTICE AND ANNOUNCEMENT</b> .....	60

---

Section 1 Notice .....	60
Section 2 Announcement.....	61
<b>CHAPTER 12 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION .....</b>	<b>61</b>
Section 1 Merger, Division, Capital Increase and Capital Reduction.....	61
Section 2 Dissolution and Liquidation .....	62
<b>CHAPTER 13 AMENDMENTS TO ARTICLES OF ASSOCIATION .....</b>	<b>65</b>
<b>CHAPTER 14 SETTLEMENT OF DISPUTES .....</b>	<b>65</b>
<b>CHAPTER 15 MISCELLANEOUS.....</b>	<b>66</b>

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to protect the lawful rights and interests of the Company and its shareholders and creditors, regulating the organization and acts of the Company, the Articles of Association is formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), Securities Law of the People's Republic of China (the "Securities Law"), State Council's Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Share (the "Special Regulations"), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the "Mandatory Provisions") and other relevant laws and regulations.

**Article 2** Lepu Medical Technology (Beijing) Co., Ltd. (hereinafter referred to as "the Company") is a foreign-invested joint-stock limited company established through the overall restructuring of Beijing Lepu Medical Equipment Co., Ltd. (北京乐普医疗器械有限公司) (hereinafter referred to as "the limited company"), in accordance with the Company Law, Interim Provisions on Several Issues Concerning the Establishment of Foreign-invested Joint-stock Limited Company and other laws and regulations and normative documents, and after the approval of the Ministry of Commerce of the People's Republic of China.

**Article 3** The Company is approved by the Ministry of Commerce of the People's Republic of China and is established through the restructuring of a limited company as a whole. The Company is registered with the Beijing Administration for Industry and Commerce and obtained the business license numbered 110000410140103.

**Article 4** Upon approval by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on September 20, 2009, the Company issued 41,000,000 ordinary shares (hereinafter referred to as "A shares") to the public for the first time, and was listed on the Growth Enterprise Market of Shenzhen Stock Exchange on October 30, 2009.

The Company issued 17,684,396 global depositary receipts (hereinafter referred to as GDRs) with the approval of the CSRC on August 30, 2022, representing 88,421,980 A shares according to the conversion ratio determined by the Company, and was listed on the SIX Swiss Exchange on September 21, 2022.

**Article 5** Registered Name of the Company

Chinese name: 乐普（北京）医疗器械股份有限公司

English name: Lepu Medical Technology (Beijing) Co., Ltd.

Group name: Lepu Medical Technology (Beijing) Group

**Article 6** Address of the Company: No. 37 Chaoqian Road, Changping District, Beijing

Postal Code: 102200.

Telephone: 010-80120622

Facsimile: 010-80120776

**Article 7** The registered capital of the Company is RMB1,893,012,089.

**Article 8** The Company is a joint-stock limited company which has perpetual existence.

**Article 9** The Chairman of the Board is the legal representative of the Company.

**Article 10** The entire capital of the Company is divided into shares of equal par value. Shareholder liabilities to the Company shall be limited to their respective subscription for shares in the Company whereas the Company's liabilities shall be limited to the total amount of its assets.

**Article 11** From the effective date of the Articles of Association, the Articles of Association shall be a legally binding document that regulates the organization and acts of the Company, and defines the rights and obligations between the Company and its shareholders and among the Company's shareholders themselves. The Articles of Association shall be binding upon the Company and its shareholders, Directors, Supervisors, general manager and other senior management. In accordance with the Articles of Association, shareholders may institute legal proceedings against the Company; shareholders may institute legal proceedings against shareholders; shareholders may institute legal proceedings against the Company's Directors, Supervisors, general manager and other senior management; and the Company may institute legal proceedings against its shareholders, Directors, Supervisors, general manager and other senior management.

The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

References to "senior management" in the Articles of Association shall include the general manager, senior deputy general manager, deputy general manager, chief financial officer and the secretary to the Board of Directors.

**Article 12** The Company may invest in other limited liability companies and joint stock companies and is liable to the invested companies to the extent of the amount of investment. Unless otherwise specified in law, the Company may not become a capital contributor assuming joint and several liability for the debts of the invested enterprises.

**Article 13** The Company is a legal person and is subject to the jurisdiction and protection of the PRC law.

In conducting business activities, the Company must abide by PRC laws, regulations and relevant requirements, observe social morality and business ethics, be honest and trustworthy, accept the supervision of the government and the public, and assume social responsibility.

## CHAPTER 2 OPERATIONAL OBJECTIVE AND SCOPE

**Article 14** The operational objective of the Company is, in accordance with PRC laws and relevant requirements, to use internationally advanced technology and equipment, to research and develop, produce and sell medical devices, biological materials, environmental protection materials and sanitary products, and to obtain economic benefits that are satisfactory to all stakeholders.

**Article 15** The business scope of the Company includes: technical development and production of medical devices and their accessories; sales of self-produced products; provision of technical consulting services for self-produced products; import and export of the above-mentioned products; import and export of technologies; commission agency (excluding auction, products involving quota license or special management provisions shall be subject to relevant state regulations).

## CHAPTER 3 SHARES

### Section 1 Shareholding of Shareholders

**Article 16** The Company shall issue ordinary shares at any time; with the approval from company authorities authorized by the State Council, the Company may issue other classes of shares when needed.

The shares of the Company shall be issued in the form of share certificates. The share certificate is a certificate issued by the Company to certify the shares held by shareholders.

**Article 17** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same right.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 18** All the shares issued by the Company shall have a nominal value and shall be denominated in Renminbi with each share having a nominal value of RMB1.

**Article 19** With the approval by the competent securities authorities under the State Council, the Company may issue its shares or GDRs to domestic and foreign investors.

The term “foreign investors” mentioned in the preceding paragraph refers to foreign, Hong Kong, Macao or Taiwan investors who subscribe for shares or GDRs issued by the Company. The term “domestic investors” refers to the investors within the territory of the PRC (other than the above-mentioned regions) who subscribe for the shares issued by the Company or subscribe for GDRs in compliance with national regulations on overseas investment supervision.

**Article 20** The domestic shares issued by the Company and the newly added domestic shares corresponding to GDRs issued overseas shall be deposited in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited in a centralized way.

**Article 21** The total share capital of the Company was 297,590,000 Shares when the Company was established. The name of the promoters, the number of shares subscribed, the percentage of shareholding, and the mode of capital contribution are as follows:

No.	Name	Number of shares	Percentage	Mode of
-----	------	------------------	------------	---------

		<b>subscribed (shares)</b>	<b>of Shareholding</b>	<b>capital contribution</b>
1	No. 725 Institution of China State Shipbuilding Corporation Limited	97,758,315	32.850%	Net assets converting into shares
2	CSIC Science & Technology Investment & Development Co., Ltd.	62,642,795	21.050%	Net assets converting into shares
3	Brook Investment Ltd.	59,518,000	20.000%	Net assets converting into shares
4	PU Zhongjie	49,274,952	16.558%	Net assets converting into shares
5	WP Medical Technologies Inc.	25,268,367	8.491%	Net assets converting into shares
6	SU Rongyu	3,127,671	1.051%	Net assets converting into shares
<b>Total</b>		<b>297,59,000</b>	<b>100%</b>	

**Article 22** The current total number of Shares of the Company is 1,893,012,089 Shares. The current share capital structure of the Company is: 1,893,012,089 ordinary shares, including 1,804,590,109 shares held by A shareholders, accounting for 95.33%; 88,421,980 underlying A Shares corresponding to GDRs held by overseas investors calculated based the conversion ratio determined by the Company, accounting for 4.67% .

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

**Article 23** The Company may, based on its business and development needs and in accordance with the laws and regulations, increase its capital in the following manners upon resolutions being adopted by the general meetings:

- (I) by public offering of shares;
- (II) by non-public offering of shares;
- (III) by placing shares to its existing shareholders;
- (IV) by distributing bonus shares to its existing shareholders;
- (V) by capitalizing its capital common reserve;
- (VI) by other means permitted by the laws, administrative regulations or approved by the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant national laws and administrative regulations.

**Article 24** The Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the procedures provided in the Company Law and other relevant requirements and the Articles of Association.

**Article 25** Under the following circumstances, the Company may, according to the provisions provided in the laws, administrative regulations, departmental rules and the Articles of Association, repurchase its shares:

- (I) reducing the Company's registered capital;
- (II) merging with companies which hold shares in the Company;
- (III) applying the shares for the purpose of employee stock ownership plan equity-based incentives;
- (IV) acquiring shares held by shareholders, who vote against any resolutions proposed in any general meeting on the merger or division of the Company, upon their request;
- (V) converting the shares into corporate bonds issued by the listed company that could be converted into shares;
- (VI) where it is necessary in order to maintain the Company's value and the shareholders' equity;  
or
- (VII) other circumstances as permitted by the laws and administrative regulations.

**Article 26** The Company shall not repurchase the Company's shares except under the aforesaid circumstances. The Company may repurchase its shares in any one of the following manners:

- (I) repurchase through open transactions on a stock exchange;
- (II) repurchase by making an offer;
- (III) repurchase by agreement outside of a stock exchange; or
- (IV) other methods recognized by the CSRC.

Where the Company repurchases its own shares for the purposes of items (III), (V) and (VI) of the first paragraph in Article 25 herein, it shall be carried out in the manner specified in items (I), (II) of the first paragraph in this Article.

**Article 27** Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the general meeting in accordance with the Articles of Association. The



Company may terminate or amend the agreement entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the general meeting obtained in the same manner.

The agreement for the share repurchase referred to in the preceding paragraph includes but not limited to agreements assuming obligations of share repurchase and acquiring the rights of the shares repurchased.

The Company shall not assign an agreement for repurchasing its own shares or any of its rights thereunder.

**Article 28** Where the Company repurchases its own shares for the purposes of items (I) and (II) of the first paragraph in Article 25 herein, it shall obtain approval at a general meeting. Where the Company repurchases its own shares for the purposes of items (III), (V) and (VI) of first paragraph in Article 25 herein, it shall be resolved by more than two-thirds of the Directors present at a Board meeting in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

Following the repurchase of its shares in accordance with the first paragraph in Article 25, such shares shall be cancelled within ten days from the date of repurchase in the case of item (I) above; such shares shall be transferred or cancelled within six months in the case of items (II) and (IV) above; and such shares shall be transferred or cancelled within three years in the case of items (III), (V) and (VI) above and in case of the total number of shares of the Company held by the Company shall not exceed 10% of the total number of shares issued by the Company.

Where the Company cancels its shares for reason of repurchase of the shares, it shall apply for registration of change of registered capital to the original company registration authority according to the laws. The nominal value of such shares which have been cancelled shall be reduced from the registered capital of the Company.

### Section 3 Transfer of Shares

**Article 29** Save as otherwise specified by laws and administrative regulations, shares of the Company may be transferred free from any liens in accordance with the laws.

**Article 30** The Company shall not accept its own shares as the subject matter of a pledge.

**Article 31** The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. Shares already issued by the Company before the public offering shall not be transferred within one year after the Company's shares are listed and traded on the stock exchange.

The Directors, Supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than twenty-five percent of the total number of their shares in the Company during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed and traded. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

**Article 32** If the Company's Directors, Supervisors, senior management, and shareholders holding five percent or more of the shares of the Company sell shares or other securities with an equity nature within six months after buying the same or buy shares within six months after selling the same, the earnings arising therefrom shall be attributed to the Company and the Board of Directors shall claim back the said earnings. However, where a securities company holds five percent or more of the shares after purchasing the remaining shares upon underwriting and other circumstances stipulated by the CSRC shall be excluded.

The shares or other securities with an equity nature held by the Directors, Supervisors, senior management and natural shareholders mentioned in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents and children and held under accounts of other parties.

If the Board of Directors of the Company does not comply with the provision of the first paragraph of this Article, the shareholders can request the Board of Directors to do so within thirty days. If the Board of Directors fails to enforce such right within the aforesaid period, the shareholders are entitled to file a lawsuit with a people's court in their own names for the interests of the Company.

If the Board of Directors of the Company fails to comply with the first paragraph of this Article, the accountable Directors shall assume joint and several liabilities in accordance with laws.

#### Section 4 Financial Assistance for Acquisition of Company Shares

**Article 33** The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations due to acquisition of the Company's shares.

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

The provisions of this Article shall not apply to the circumstances described in Article 35 of the Articles of Association.

**Article 34** The term "financial assistance" mentioned in the Articles of Association shall include (but not limited to) the following:

- (I) gift;
- (II) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of rights;
- (III) provision of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;

- (IV) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

For the purposes of the Articles of Association, the term "undertake obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement, whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person, or by changing its financial position in any other way.

**Article 35** The acts listed below shall not be regarded as the acts prohibited under Article 33 of the Articles of Association:

- (I) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is a part of a master plan of the Company;
- (II) the Company distributes its assets as dividends in accordance with the laws;
- (III) the Company distributes dividends in the form of shares;
- (IV) the Company reduces its registered capital, repurchases its shares and adjusts the equity structure in accordance with the Articles of Association;
- (V) the Company provides a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profit of the Company); or
- (VI) the Company provides funding for employee share schemes (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profit of the Company).

#### CHAPTER 4 SHAREHOLDERS AND REGISTER OF SHAREHOLDERS

**Article 36** The share certificates of the Company shall be in registered form.

The share certificates of the Company shall state the following particulars:

- (I) name of the Company;
- (II) date of incorporation of the Company;
- (III) class of shares, par value and number of shares represented;
- (IV) reference number of share certificates; and

- (V) other information that shall be stated in accordance with the Company Law and other laws and regulations as well as the requirements of the stock exchanges in the places where the shares or GDRs of the Company are listed.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed shall apply.

**Article 37** The share certificates shall be signed by the Chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchanges in the places where the shares of the Company are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The signature of the Chairman of the Board or such other senior management on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed shall apply.

**Article 38** The Company shall establish a register of shareholders, which shall register the following particulars:

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

The register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company, unless there is evidence to the contrary.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed shall apply.

**Article 39** The Company may keep overseas the register of holders of GDRs and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities.

**Article 40** The Company shall keep a complete shareholders' register.

The shareholders' register shall include the following parts:

- (I) a register kept at the Company's domicile other than those specified in Items (II) and (III) of this Article;
- (II) the register(s) of holders of GDRs kept in the places of the overseas stock exchanges where the shares are listed; and
- (III) registers of shareholders kept in other places as the Board of Directors may decide and consider necessary for listing purposes.

Except otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed.

**Article 41** The various parts of the register of shareholders shall not overlap with each other. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

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

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed shall apply.

**Article 42** Changes due to share transfer should not be made to register of shareholders within 30 days before a general meeting or within 5 days before the record date for the purpose of determining entitlements to dividend distributions. If provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed, these provisions shall apply.

**Article 43** If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed shall apply.

**Article 44** If any shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her share certificates, the said shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares.

If a shareholder whose share certificate of A Shares has been lost applies to the Company for a replacement new share certificate, it shall be dealt with in accordance with the relevant provisions

of the Company Law. If a holder whose certificate of overseas GDRs has been lost applies to the Company for a replacement new certificate, it may be dealt with in accordance with the laws, rules of the stock exchange or other relevant provisions of the place where the original register of holders of overseas GDRs is maintained.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed shall apply.

**Article 45** Where the Company issues a new replacement share certificate pursuant to the Articles of Association, the name (title) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchanges in the places where the shares or GDRs of the Company are listed shall apply.

**Article 46** The Company shall not be liable for any damages suffered by any person arising from the cancellation of the original share certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

## CHAPTER 5 SHAREHOLDERS AND THE GENERAL MEETINGS

### Section 1 Shareholders

**Article 47** The Company establishes a register of shareholders based on the certificates provided by the securities registrations and clearing organizations. A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

**Article 48** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the convener of the Board meeting or shareholders' general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall be entitled to the relevant rights.

**Article 49** The shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other distributions in proportion to their shareholdings;
- (II) the right to require, convene, chair or attend general meetings in person or by proxy in accordance with the laws and exercise their voting rights at the meetings in proportion to the number of the shares held;

- (III) the right to supervise and manage the Company's business operations, to present proposals or to raise enquires;
- (IV) the right to purchase, receive or transfer, give as a gift or pledge shares of the Company in accordance with laws, administrative regulations, and relevant requirements of the Articles of Association;
- (V) the right to obtain relevant information in accordance with laws and the Articles of Association, including:
  - 1. obtaining a copy of the Articles of Association, subject to payment of costs;
  - 2. the right to inspect and copy, subject to payment of reasonable charges:
    - (1) all parts of the register of shareholders;
    - (2) personal information of the Directors, Supervisors, general manager and other senior management of the Company, including: (a) current and previous names and aliases; (b) main address (domicile); (c) nationality; (d) full-time and all other part-time occupations and duties; (e) identification credentials and their numbers.
    - (3) the status of the Company's share capital;
    - (4) reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
    - (5) minutes of general meetings, resolutions of the Board meeting, resolutions of the meeting of Supervisory Committee, financial report; and
    - (6) counterfoils of debentures of the Company;
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;
- (VII) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to repurchase their shares; and
- (VIII) other rights under laws, administrative regulations, departmental rules or the Articles of Association.

**Article 50** When a shareholder requests to inspect the relevant information mentioned in the preceding article or obtain such materials, he/she shall provide the Company with such written documents evidencing the class and amount of his/her shareholding in the Company. The Company may provide such information per the shareholder's request after verifying his/her identity.

**Article 51** If any resolution of the general meeting or the Board meeting is in violation of laws and administrative regulations, the shareholders shall be entitled to request the people's court to invalidate the said resolution.

If the convening procedure or voting method of the general meeting or the Board meeting is in violation of laws, administrative regulations or the Articles of Association, or if the content of any resolution is in violation of the Articles of Association, the shareholders shall be entitled to apply to the people's court for revocation within sixty days after the resolution being adopted.

**Article 52** If any Director or senior management violates laws, administrative regulations or the Articles of Association in fulfilling their duties, thereby causing any loss to the Company, the shareholders individually or jointly holding one percent (1%) or more of the shares of the Company for one hundred and eighty or more consecutive days shall be entitled to request the Supervisory Committee in writing to institute legal proceedings to the people's court. If the Supervisory Committee violates laws, administrative regulations or the Articles of Association in fulfilling its duties, thereby causing any loss to the Company, the shareholders shall be entitled to request the Board of Directors in writing to institute legal proceedings to the people's court.

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

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

**Article 53** If any Director or senior management violates laws, administrative regulations or the Articles of Association, thereby causing any loss to the shareholders, the shareholders may institute legal proceedings to the people's court.

**Article 54** The ordinary shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay capital contribution for the shares subscribed for in the prescribed method of subscription;
- (III) except as otherwise provided by laws and regulations, withdrawal of share capital shall be permitted;
- (IV) not to abuse shareholder's right to prejudice the interests of the Company or other shareholders; not to abuse the independent status of legal person of the Company or shareholder's limited liability to prejudice the interests of the creditors of the Company.



Shareholders of the Company who abuse their shareholder's rights and thereby causing loss to the Company or other shareholders shall be liable for compensation according to the law.

Where shareholders of the Company abuse the independent status of legal person of the Company and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company; and

(V) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

**Article 55** Where a shareholder holding five percent or more voting shares of the Company pledge any shares in his/her possession, he/she shall notify the Company in writing on the same day after he/she pledges his/her shares.

**Article 56** The controlling shareholders and the actual controllers of the Company shall not use the connected relations to prejudice the interests of the Company; otherwise, they shall be liable for compensation for the loss suffered by the Company.

The controlling shareholders and the actual controllers of the Company owe fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholders shall exercise his/her rights as a capital contributor in strict compliance with laws. The controlling shareholders shall not make use of methods such as unfair related party transaction, distribution of profits, restructuring of assets, external investments, misappropriation of funds, borrowing guarantees to prejudice the legitimate interests of the Company and public shareholders, and shall not make use of their controlling positions to prejudice the interests of the Company and public shareholders.

The controlling shareholders and actual controllers shall not use the Company's undisclosed material information to seek benefits, shall not disclose undisclosed material information about the Company in any way, and shall not engage in insider trading, short-term trading, market manipulation and other illegal activities.

The controlling shareholder and actual controller shall ensure the integrity of the Company's assets, personnel independence, financial independence, institutional independence and business independence, and shall not affect the Company's independence in any way.

**Article 57** Save for the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchanges where the shares or GDRs of the Company are listed, the controlling shareholders shall not, in the exercise of their shareholders' rights, make decisions prejudicial to the interests of all or part of the shareholders in the exercise of their voting rights on the issues set forth below:

(I) releasing the responsibility of a Director or Supervisor to act in good faith in the best interests of the Company;

- (II) approving the expropriation by a Director or Supervisor for his/her own or others' benefits, in any guise, of the Company's assets, including but not limited to opportunities beneficial to the Company; or
- (III) approving the expropriation by a Director or Supervisor for his/her own or others' benefit of the personal interests of other shareholders, including but not limited to any distributions rights and voting rights, but excluding restructuring of the Company submitted to general meeting for approval in accordance with the Articles of Association.

The definition of controlling shareholder is the same as that in paragraph 1 of Article 263 of the Articles of Association.

## Section 2 General Provisions for General Meetings

**Article 58** The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to laws:

- (I) to decide the business operation guidelines and investment plans for the Company;
- (II) to elect, change Directors and Supervisors who are not employees' representatives, and determine the remunerations of Directors and Supervisors;
- (III) to consider and approve reports of the Board;
- (IV) to consider and approve reports of the Supervisory Committee or the Supervisors;
- (V) to consider and approve the annual financial budgets and final accounting proposals of the Company;
- (VI) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (VII) to resolve on the increase or reduction of the registered capital of the Company;
- (VIII) to resolve on the issuance of bonds of the Company;
- (IX) to resolve on the merger, division, dissolution, liquidation or change in the form of the Company;
- (X) to amend the Articles of Association;
- (XI) to determine the Company's engagement, removal or discontinuance of engagement of accounting firms;
- (XII) to consider and approve the guarantee matters stipulated in Article 59;

- (XIII) to consider and approve matters relating to the changes in the use of proceeds;
- (XIV) to consider share incentive schemes and employee stock ownership plans;
- (XV) to consider the Company's purchase or sale of major assets that exceed 30% of the Company's latest audited total assets within one year;
- (XVI) to consider the proposals of shareholders who individually or collectively hold more than 3% of the Company's voting shares; and
- (XVII) to consider other matters required to be resolved at the general meeting pursuant to laws, administrative regulations, departmental rules and the Articles of Association.

The functions and powers of the above-mentioned general meeting shall not be exercised by the Board or other institutions or individuals through authorization.

**Article 59** The following external guarantees of the Company shall be reviewed and approved by the general meeting:

- (I) any guarantee that the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets;
- (II) any guarantee that the total amount of external guarantee provided by the Company exceeds 30% of the latest audited total assets;
- (III) guarantees provided for guarantors whose asset-liability ratio exceeds 70%;
- (IV) a single guarantee that exceeds 10% of the latest audited net assets;
- (V) guarantees provided to shareholders, actual controllers and their related parties;
- (VI) the guaranteed amount exceeds 30% of the Company's latest audited total assets within 12 consecutive months;
- (VII) the guaranteed amount exceeds 50% of the Company's latest audited net assets within 12 consecutive months and the absolute amount exceeds RMB 50 million; or
- (VIII) other guarantees stipulated by the Shenzhen Stock Exchange or the Articles of Association of the Company.

When the general meeting considers the guarantee proposal for shareholders, actual controllers and their affiliates, the shareholder or the shareholder controlled by the actual controller shall not participate in the voting, and the proposal shall be passed by more than half of the voting rights held by other shareholders attending the general meeting.

**Article 60** General meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the

previous financial year.

**Article 61** The Company shall convene an extraordinary general meeting within two months upon occurrence of the following events:

- (I) when the number of Directors falls below five, the minimum requirement of the Company Law, or is less than two thirds of the number specified by the Articles of Association;
- (II) the unrecovered losses of the Company amount to one third of the total amount of its paid-up share capital;
- (III) when shareholders severally or jointly holding ten percent or more of the Company's shares request(s);
- (IV) the Board of Directors considers it necessary;
- (V) the Supervisory Committee proposes to convene such meeting; or
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The number of shares held by the shareholders as described in Item (III) of the preceding paragraph shall be calculated based on the shares of the Company held by the shareholder on the day when the shareholder submits a written request.

**Article 62** If the Company cannot hold a general meeting within the aforesaid time, it shall report to the dispatched office of the CSRC and the stock exchange, explain the reasons and make an announcement.

**Article 63** The venue of a general meeting of the Company shall be the domicile of the Company or other location that is convenient for more shareholders to attend.

A general meeting shall usually be in the form of physical meeting held on-site. The Company will also provide online means to facilitate shareholders' participation in general meetings. Shareholders who participate in the general meeting through the above methods are deemed to have attended.

When the Company's general meeting is held on-site and online at the same time, all shareholders registered on the shareholding registration on the date of the general meeting have the right to exercise their voting rights through the online voting system of the general meeting, but the same share can only choose one of the voting methods of on-site voting and online voting.

**Article 64** When the Company convenes a general meeting, a solicitor may be engaged to provide legal advices on the following issues:

- (I) whether the procedures for convening and holding the meeting comply with the laws, administrative regulations and the Articles of Association;

- (II) whether the eligibility of persons attending the meeting and the qualification of the convener are lawful and valid;
- (III) whether the voting process and voting results are lawful and valid; and
- (IV) legal advice provided on other issues at the request of the Company.

### Section 3 Convening of General Meetings

**Article 65** The general meetings shall be convened by the Board of Directors.

**Article 66** Independent executive Directors shall be entitled to propose to the Board of Directors to convene an extraordinary general meeting, which shall be submitted to the Board in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal.

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

**Article 67** The Supervisory Committee shall be entitled to propose to the Board of Directors to convene an extraordinary general meeting, and shall put forward its proposal to the Board of Directors in writing. The Board of Directors shall, pursuant to laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within ten days upon receipt of the proposal.

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

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

**Article 68** Shareholders severally or jointly holding ten percent or more of the shares of the Company shall be entitled to request the Board of Directors to convene an extraordinary general meeting, and shall put forward such request to the Board of Directors in writing to clarify the topics of the meeting. The Board of Directors shall, pursuant to laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within ten (10) days upon receipt of the written request.

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

shall be obtained.

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to respond within ten days upon receipt of the proposal, shareholders severally or jointly holding ten percent or more of the shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

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

In case of failure to issue the notice of extraordinary general meeting within the prescribed period, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting and the shareholders severally or jointly holding ten percent or more shares of the Company for ninety or more consecutive days may convene and preside over such meeting by itself/themselves.

**Article 69** Where the Supervisory Committee or shareholders convene a meeting by themselves, a written notice shall be sent to the Board of Directors and filed with the local CSRC office and stock exchange where the Company is located.

Before the resolution of the general meeting is announced, the shareholding ratio of the convening shareholders shall not be less than 10%.

The Board of Supervisors or the convening shareholders shall submit relevant certification materials to the local CSRC office and the stock exchange when the notice of the general meeting and the announcement of the resolutions of the general meeting are issued.

**Article 70** The Board of Directors and the Secretary to the Board shall cooperate with of the Board of Supervisors or the shareholders convening the general meeting. The Board of Directors shall provide the register of shareholders on the shareholding record date.

**Article 71** For the general meeting convened by the Board of Supervisors or the shareholders themselves, the expenses necessary for the meeting shall be borne by the Company. If the Board of Supervisors or shareholders convene a general meeting of shareholders on their own due to the disapproval of the Board of Directors in Article 68 of the Articles of Association, it shall be deducted from the amounts due by the Company to the negligent Directors.

#### Section 4 Proposals and Notices of General Meetings

**Article 72** Proposals of the general meetings shall satisfy the following conditions:

- (I) the contents of the proposals of the general meetings to be raised shall not contradict with relevant requirements of laws, administrative regulations and the Articles of Association, and shall be within the scope of duties of the general meetings;

- (II) it shall have a clear topic and specific matters to be resolved on; and
- (III) proposals shall be submitted or delivered to the convener in writing.

**Article 73** When a general meeting is convened by the Company, the Board of Directors, the Supervisory Committee and shareholders who severally or jointly hold 3% or more of the shares of the Company, shall be entitled to make proposals to the Company.

Shareholders, who severally or jointly hold 3% or more of the shares of the Company, may submit ad hoc proposals in writing to the convener ten days before the convening of the general meeting. If the proposals are in compliance with Article 72 herein, the convener shall issue a supplemental notice of the general meeting within two days upon receipt of the proposals and inform the contents of the ad hoc proposals.

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

The general meeting shall not vote or resolve on any proposals which are not contained in a notice of the general meeting or are not in compliance with Article 72 herein.

**Article 74** A notice shall be issued by way of announcement 20 days prior to the annual general meeting and 15 days prior to the extraordinary general meeting by the convener to all shareholders.

An extraordinary general meeting shall not decide on matters not specified in the notice.

When calculating the time limit of the notice, such as “20 days” or “15 days” mentioned above, the date of the meeting convened shall be excluded, while the date of the notice is inclusive.

**Article 75** Notice of a general meeting shall satisfy the following requirements:

- (I) be in writing;
- (II) state the time, venue and duration of the meeting;
- (III) state matters and proposals to be considered at the meeting, if any matter to be discussed requires opinions of the Independent Directors, the opinions and reasons of the Independent Directors shall be disclosed;
- (IV) necessary information and explanations to be made available to the shareholders for such shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;
- (V) in the event that any of the Directors, Supervisors, Managers or other senior management

has material interests in matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any Director, Supervisor, Manager or other senior management as a shareholder in a manner different from the manner they affect other shareholders of the same class, the difference shall be explained;

- (VI) contain the full text of any special resolution to be proposed for approval at the meeting;
- (VII) a prominent statement that all shareholders eligible for attending and voting are entitled to appoint in writing a proxy to attend and vote at such meeting on his/ her behalf, and that such proxy does not need to be a member of the Company;
- (VIII) contain the time and venue for lodging a proxy form for the meeting;
- (IX) contain the record date for shareholders who are entitled to attend the general meeting;
- (X) contain the name and telephone number of the contact person for the meeting; and
- (XI) when other means are adopted for the general meeting, the notice of the general meeting shall specify the time and procedures of voting.

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all the details of all proposals. If the proposals require opinions of the Independent Directors and the sponsor institutions, the opinions and reasons of the Independent Directors and the sponsor institutions shall be disclosed not later than the issuance of the notice of the general meeting.

When online voting and other means of voting are adopted for the general meeting, the notice of the general meeting shall specify the time and procedures of voting. The starting time of online voting shall not be earlier than 3:00 p.m. of the day before which the on-site general meeting is held and shall not be later than 9:30 a.m. of the day on which the on-site general meeting is held, and the ending time thereof shall not be earlier than 3:00 p.m. of the day on which the on-site general meeting ends.

The interval between the shareholding record date of general meeting and the date of the meeting shall not be more than seven working days. The shareholding record date shall not be changed once confirmed.

**Article 76** Unless the laws, administrative regulations, the listing rules of the stock exchange where securities of the Company or GDRs are listed or the Articles of Association otherwise requires, the notice of the general meeting shall be sent by person or by mail (with postage paid) to shareholders (whether having any voting power in the general meeting) at such address of the recipient as registered in the register of shareholders. In the case of holders of A Shares, the notice of the general meeting may also be given by way of announcement.

The announcement referred to in the preceding paragraph shall, within the period of time limit of the notice specified in Article 74 herein, be published on the websites of the stock exchange and the media satisfying the conditions stipulated by the CSRC. Once such an announcement is made, all holders of the A shares shall be deemed to have received the relevant notice of the general meeting.



**Article 77** Where the election of Directors and Supervisors are proposed to be discussed at a general meeting, the notice of the general meeting shall sufficiently disclose the detailed information about the Director and Supervisor candidate(s), including at least the following contents:

- (I) personal information including education background, work experience and part-time job;
- (II) whether he/she is connected with the Company or its controlling shareholders and actual controller;
- (III) his/her shareholding in the Company; and
- (IV) whether he/she has received any penalty from the CSRC and other relevant authorities and any penalty and warning from the stock exchange.

In addition to the accumulative voting system, election of every Director and Supervisor candidate shall be conducted by a separate resolution.

**Article 78** After the notice of the general meeting is issued, the general meeting shall not be postponed or cancelled, and the proposals set out in such notice shall not be cancelled without valid reasons. In case of any delay or cancellation, the convener shall publish a notice at least two working days before the original date of the general meeting and state the relevant reasons.

#### Section 5 Holding of General Meetings

**Article 79** The Board of Directors of the Company and other conveners shall take necessary measures to ensure the good order of the general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles and infringing the legitimate rights and interests of any shareholder, and shall report such act to the relevant authority for investigation and punishment in a timely manner.

**Article 80** All shareholders or their proxies whose names appear on the register of shareholders on the shareholding record date are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations, and the Articles of Association.

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

- (I) the shareholders' right to speak at the meeting;
- (II) the right to demand a poll by himself/herself or jointly with others; and
- (III) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

**Article 81** Individual shareholders attending a general meeting in person shall produce their identity cards or other valid proof or evidence of their identities and stock account cards, in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the proxy forms from shareholders.

Where a shareholder is a legal entity, its legal representative or a proxy entrusted by such legal representative shall attend a general meeting. In case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives and, in the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the letters of authorization duly issued by such legal representatives.

**Article 82** The proxy form to appoint a proxy to attend any general meeting by a shareholder shall contain the following:

- (I) the name of the proxy;
- (II) whether such proxy has any voting rights;
- (III) instruction of voting “for”, “against” or “abstain” for each resolution proposed at any general meeting;
- (IV) the date of signing the proxy form and the effective period for such appointment; and
- (V) the signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

Any proxy forms issued to a shareholder by the Board of Directors of the Company for use in appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favor of or against the proposals according to his/her free will, and instructions shall be given in respect of each single matter to be voted on at the meeting. The proxy forms shall contain a statement that in the absence of specific instructions by the shareholder, the proxy may vote as he/she thinks fit.

**Article 83** The proxy form shall be deposited at the domicile of the Company or such other place as the notice of meeting may specify not less than twenty-four hours prior to convening of the meeting at which the relevant matters will be voted on, or twenty-four hours before the designated voting time. If the principal authorizes any other person to sign the power of attorney, the power of attorney or other authorization shall be notarized. The proxy form and the notarized power of attorney or other authorization must be delivered to the domicile of the Company or such other places specified in the notice of the meeting.

If the principal is a legal person, its legal representatives or any other person authorized by its Board of Directors or other governing body shall attend the general shareholders’ meeting as a representative.

**Article 84** If the principal dies, loses capacity, withdraws his/her appointment or the authorization to execute the appointment or if relevant shares in respect of which the proxy is given are transferred before voting, the voting made according to the proxy form shall remain valid, provided

that the Company has not received any written notice in respect of such matters before the commencement of the meeting.

**Article 85** A registration record for attendees at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of voting shares held or represented and names of appointers (or name of organizations).

**Article 86** The convener and the lawyer shall jointly examine legality of the shareholders' qualifications according to the register of shareholders provided by the securities registrations and clearing organizations. The names of shareholders and the number of voting shares shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held.

**Article 87** Directors, Supervisors and the Secretary to the Board shall attend general meetings of the Company, and the general manager and other senior management shall be present at the meetings.

**Article 88** The general meeting is convened by the Board of Directors. The chairman/chairwoman of the Board of Directors shall preside over the general meeting convened by the Board of Directors. If the chairman/chairwoman of the Board of Directors is unable or fails to fulfill his/her duties, one Director jointly elected by half or more of the Directors shall preside over the meeting.

The chairman/chairwoman of the Supervisory Committee shall preside over the general meeting convened by the Supervisory Committee. If the chairman/chairwoman of the Supervisory Committee is unable or fails to fulfill his/her duties, one Supervisor jointly elected by half or more of the Supervisors shall preside over the meeting.

A representative elected by the convener shall preside over the general meeting convened by the shareholders. Where the convener fails to nominate a representative to serve as the chairperson of the meeting for any reason, the shareholder (including his/her proxy) in the conveners who holds the largest number of voting shares shall be the chairman of the meeting.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it impossible for the general meeting to continue, one person may be elected at the general meeting to act as the chairman and continue the meeting, subject to the approval of the attending shareholders with more than half of the voting rights.

**Article 89** The Company shall formulate rules of procedure for general meetings which shall specify the convening and voting procedure of general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing and announcements thereof, and the principle and contents of authorization of the Board on the general meetings. The rules of procedures for general meetings shall be attached as an appendix to the Articles of Association, formulated by the Board of Directors and approved by the general meeting.

**Article 90** The Board of Directors and the Supervisory Committee shall report their work for the past year to the general meeting at the annual general meeting.

Each Independent Director shall submit his/her work report to the annual general meeting of the Company. Such report shall set forth the following content:

- (I) the number of attendance at the Board meeting and the shareholders' meeting in the previous year, as well as the voting thereat;
- (II) independent opinions;
- (III) the work done in protecting the legitimate rights and interests of public shareholders; and
- (IV) other duties fulfilled as an independent Director, such as proposing to convene a Board meeting, proposing to appoint or dismiss an accounting firm, and independently appointing external audits and consulting institutions, etc.

**Article 91** The Directors, Supervisors and senior management shall answer and explain inquiries and proposals made by shareholders at the general meeting.

**Article 92** The presider of the meeting shall, prior to voting, announce the number of shareholders and proxies present at the meeting as well as the total number of voting shares, which shall be the number of shareholders and proxies present at the meeting and the total number of their voting shares as indicated in the meeting's registration record.

**Article 93** Minutes of a general meeting shall be prepared by the Secretary to the Board. The minutes shall state the following:

- (I) the time, venue and agenda of the meeting and the name of the convener;
- (II) the name of the presider of the meeting and the names of the Directors, Supervisors, and senior management who attend the meeting or are present in the meeting;
- (III) the numbers of shareholders and proxies attending the meeting, number of voting shares they represent and the percentages of their voting shares to the total shares of the Company;
- (IV) the process of review and discussion, summary of any speech and voting results with respect to each proposal;
- (V) shareholders' inquiries, opinions or suggestions and corresponding answers or explanations;
- (VI) the names of lawyers and vote counters as well as scrutinizers of the voting; and
- (VII) other contents to be included as specified in the Articles of Association.

**Article 94** The convener shall ensure that the contents of the minutes are true, accurate and complete. The Directors, the Supervisors, the Secretary to the Board, the convener or representative thereof, and the presider of the meeting shall sign on the minutes of the meeting. The minutes of meeting shall be kept together with the attendees' register of the attending shareholders, the power

of attorney of the proxies and the valid information of online voting and other means of voting for a term of not less than ten years.

**Article 95** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or for other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or directly terminate the meeting and publish an announcement in a timely manner. At the same time, the convener should report to the local institution of the CSRC in the region where the Company is located and the Shenzhen Stock Exchange.

**Article 96** A shareholder shall be entitled to inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes within seven days of receipt of the reasonable payment therefor.

### Section 6 Voting and Resolutions at General Meetings

**Article 97** Resolutions of the general meeting include ordinary resolutions and special resolutions.

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

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

**Article 98** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) annual financial budget proposals, final account proposals, balance sheets, statement of income and other financial statements of the Company;
- (III) appointment and dismissal of the members of the Board of Directors and the Supervisory Committee, remuneration and payment methods thereof;
- (IV) the Company's annual reports;
- (V) profit distribution plans and loss recovery plans of the Company for deliberation and approval;
- (VI) resolutions on the Company's engagement and removal of an accounting firm;
- (VII) any related transactions with shareholders and any of their related persons;
- (VIII) resolutions on the issue of bonds of the Company;

- (IX) guarantees stipulated in Article 59 except for items (2) and (3) for deliberation and approval; and
- (X) other matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations or the Articles of Association.

**Article 99** The following matters shall be resolved by way of special resolutions at a general meeting:

- (I) increase or reduction of the registered capital of the Company or issue of shares of any class, stock warrants or other similar securities;
- (II) issuance of corporate bonds;
- (III) division, spin-off, merger, dissolution, liquidation or change in the form of the Company;
- (IV) amendments to the Articles of Association;
- (V) share incentive scheme;
- (VI) any purchase or disposal of material assets or giving of material guarantee, in each case within one year in an aggregate amount exceeding 30% of the latest audited total assets of the Company; and
- (VII) any other matters as required by laws, administrative regulations or the Articles of Association, or deemed by an ordinary resolution to be of a material impact to our Company and required to be approved by an extraordinary resolution

**Article 100** Shareholders (including their proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

When the shareholders' general meeting considers matters that could materially affect the interest of medium and small investors, the votes by medium and small investors shall be counted separately. The results of such separate vote counting shall be disclosed promptly.

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

If a shareholder purchases the voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after the purchase and not included in the total number of shares with voting rights attending the general meeting of shareholders.

The Board of Directors, independent Directors and shareholders with no less than one percent of voting shares or investor protection institutions established by laws, administrative regulations or

provisions of the China Securities Regulatory Commission may solicit proxies from the Company's shareholders. In soliciting voting rights of shareholders, information such as specific voting intention shall be sufficiently disclosed to the shareholders from whom voting rights are being solicited. Solicitation of voting rights at any consideration, whether in direct or indirect form, is prohibited. Unless under legal terms, the Company shall not propose any minimum shareholding restriction on the solicitation of voting rights.

**Article 101** When the shareholders' general meeting considers related party transactions, the related party shareholders shall not participate in the voting. His/her shares held with voting rights will not be counted within the total number of valid votes. The Notice of the resolutions of the shareholders' general meeting shall fully disclose the voting results of the non-related party shareholders.

For the deliberation of related party transactions, the procedures for the related shareholders regarding evading and voting are as follows:

- (I) if any matter considered at the shareholders' general meeting is related to any shareholder, such shareholder shall disclose his/her connected relations to the Company's Board of Directors prior to the convening of the meeting;
- (II) when any related party transaction is being considered at the shareholders' general meeting, the chairman of the meeting shall announce the shareholders with connected relations, and explain the related shareholders' relations with the related party transactions;
- (III) the presider of the meeting declares the related shareholders shall evade, and non-related party shareholders shall consider and vote on the related party transactions; and
- (IV) any resolution on a related matter must be passed by more than half of the voting shares of the non-related shareholders present at the meeting; if the transaction falls within the scope of special resolutions, it shall be passed by more than two thirds of the voting shares of the non-related shareholders present at the meeting.

If related shareholders fail to disclose or evade in respect of the related party transactions in accordance with the above procedures, the resolutions concerning the related party matters shall be null and void.

**Article 102** The Company shall provide convenience for shareholders to attend general meetings by whatever means including giving priority to the use of modern information technology means such as online voting platform, provided that the general meeting shall be held legally and validly.

**Article 103** Where the shareholders' general meeting deliberates on any of the following matters, arrangements shall be made to facilitate the participation of small and medium investors in the shareholders' general meeting by means of stock exchange trading system, online voting system:

- (I) the new issuance of public shares by the Company (including issuance of overseas listed foreign share or other similar securities), issuance of convertible corporate bonds, placing shares to original shareholders (but excluding shares which controlling shareholders have promised to fully subscribed with cash before the meeting);

- (II) material restructuring of the Company asset, of which the premium of the acquired asset exceeds 20% or more of audited net value of all assets purchased;
- (III) purchase or sale of material assets or the amount of guarantee by the Company within one year exceeds 30% of the total amount of assets audited in the latest period of the Company;
- (IV) a shareholder using his or her share equity to reimburse his or her debt to the Company;
- (V) subsidiaries that have major impacts on the Company to be listed in overseas markets; or
- (VI) other matters required by China Securities Regulatory Commission and stock exchanges to adopt online voting.

**Article 104** Unless in critical circumstances, the Company shall not, without being approved by special resolution of shareholders' general meeting, enter into any contract with any persons other than Directors and senior management members pursuant to which such person shall be assigned the management and administration of the whole or a substantial part of its business.

**Article 105** The list of candidates for Directors and Supervisors shall be proposed to shareholders' general meeting for voting by resolutions.

The cumulative voting system may be adopted when voting at the election of Directors and Supervisors at the general meeting.

The cumulative voting system referred to in the preceding paragraph means that when the Directors or Supervisors are elected at the general meeting, each share has the same number of voting rights as the number of Directors and Supervisor to be elected and the shareholder can vote by concentrating the number of shares held. The Board shall make public to the shareholders the resume and general information of the candidates for Directors and Supervisors.

Directors and Supervisors will be elected through cumulative voting system shall implemented the relevant provisions of Implementation Rules of Cumulative Voting System approved by general meeting.

The number of concurring votes received by independent Directors and other Directors shall be ranked and counted separately, to ensure the number and proportion of independent Directors of the Board.

In order to ensure the proportion of independent Directors and the number of independent Directors elected in accordance with the provisions of the Articles of Association, the election of independent Directors and non-independent Directors shall be conducted separately.

**Article 106** When the largest shareholder of the Company holds more than 30% of its shares, the election of Directors and Supervisors shall adopt cumulative voting system.

**Article 107** Directors shall attend the general meeting in person and report to the general meeting on whether there are any of the following circumstances when reviewing their appointment proposal at the general meeting:



- (I) the circumstances in which he/she has been prohibited to be appointed as a Director according to the requirements of the Company Law;
- (II) being banned by the CSRC to enter the market and whose bans have not been lifted;
- (III) being publicly identified by the stock exchange as not suitable to act as Directors, Supervisors and senior management of a listed company; and
- (IV) other circumstances of punishment or reprimand imposed by the CSRC or the stock exchange in the last three years.

Independent Directors shall also make representations as to their independence and competence and accept inquiries from shareholders.

**Article 108** Other than the cumulative voting system, the general meeting shall vote on each of the proposals as a separate proposal, and in the event that there are a number of proposals under one issue, voting will be proceeded according to the order of time which these proposals are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to decide on a resolution, the general meeting shall not put aside or not vote on the proposals.

**Article 109** When a proposal is being considered at a general meeting, no modifications can be made to the proposal, otherwise the modifications shall be deemed as a new proposal and shall not be voted at the general meeting.

**Article 110** The same voting right may only be exercised at an on-site meeting or during online voting. In the event that the same voting right is repeated, the first voting result shall prevail.

**Article 111** Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith according to laws, administrative regulations, the listing rules of the stock exchange of the places where the shares of the Company or GDRs are listed, all other matters shall be decided on by a registered poll.

**Article 112** If the matter to be resolved by a poll is the election of the chairman of the meeting or the adjournment of the meeting, a poll shall be taken immediately. The chairman can decide when a poll will be taken for any other matters, and the meeting may proceed to discuss other matters, and the results of that poll shall be considered as resolutions passed at the meeting.

**Article 113** On a poll taken at a meeting, a shareholder (including his/her proxy) entitled to two or more votes need not cast all his/her votes for or against in the same way, save as otherwise provided in laws, administrative regulations, the listing rules of the stock exchange of the places where the shares of the Company or GDRs are listed.

When the number of negative votes is equal to the number of affirmative votes, the shareholder as the meeting presider has the right to cast one more vote, save as otherwise provided in laws, administrative regulations, the listing rules of the stock exchange of the places where the shares of

the Company or GDRs are listed.

**Article 114** Before voting takes place on a proposal at a general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. In the event that a shareholder has an interest in a matter to be considered, the relevant shareholder and his/her proxy(ies) shall not participate in the vote counting and scrutinizing.

When voting takes place on a proposal at a general meeting, lawyers and representatives of shareholders and Supervisors shall be jointly responsible for vote counting and scrutinizing, and shall announce the voting results on the spot. The voting results of resolutions shall be recorded in the minutes.

Shareholders of the Company or their proxies who cast their votes through online voting or other voting methods shall have the right to inspect their own voting results through a corresponding voting system.

**Article 115** An on-site general meeting shall not end earlier than the one held on the Internet. The chairman of the meeting shall announce details and results of the voting on each proposal, and decide whether or not a resolution at the general meeting has been passed. His/her decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

Before the formal announcement of voting results, the Company, vote counters, vote scrutineers, major shareholders, network service providers and other related parties involved in the on-site general meeting, online voting shall be under a confidentiality obligation relating to the details of the voting.

**Article 116** Shareholders present at a general meeting shall express one of the following opinions on a proposal submitted for voting: being in favour of, being against or abstaining from voting.

Except for the declaration by securities registration and clearing institution as the nominal holder of stock connect mechanism between the mainland China and Hong Kong stock markets or GDRs depository institution as the GDRs corresponding nominal holder of A share, based on the actual holders' intentions.

Uncompleted paper ballots, wrongly completed paper ballots, paper ballots with illegible characters and uncast paper ballots shall be deemed as voters abstaining from their voting rights. The voting results of the shares they hold shall be counted as "abstained".

**Article 117** In the event that the chairman of a meeting has any doubt towards the results of a resolution submitted for voting, he may arrange the counting of the votes cast; in the event that the chairman of the meeting has not counted the votes but shareholders or their proxies present at the meeting disagree with the results announced by the chairman, they shall have the right to request vote counting immediately after the voting results are announced. The chairman shall immediately arrange the counting of votes.

In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting.

**Article 118** An announcement on the resolutions of a general meeting shall be made promptly. The announcement should list the number of shareholders or their proxies present at the meeting, the total number of voting shares of such shareholders or proxies, the ratio of such voting shares to total voting shares of the Company, the means by which votes were cast, the voting result for each proposal, and the particulars of each resolution passed.

**Article 119** In the event that a proposal is not passed, or a resolution passed at a previous general meeting is modified at this general meeting, a special note shall be made in the announcement on the resolutions of the general meeting.

**Article 120** If the proposal on election of Directors or Supervisors is passed at the general meeting, the new Director or Supervisor shall assume office at the date when the resolution is passed at the general meeting.

**Article 121** Where a proposal on cash dividends, bonus shares or capital reserve capitalization has been approved at the general meeting, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

## CHAPTER 6 BOARD OF DIRECTORS

### Section 1 Directors

**Article 122** Directors shall be elected or changed at the shareholders' general meeting, and may be removed from their office by the general meeting prior to the maturity of their term. Directors shall have a term of office for three years. A Director shall be eligible for re-election and reappointment upon maturity of his/her term of office.

The term of office of a Director shall commence from the date on which he/she takes office to the expiration of the term of the current session of the Board of Directors. Where re-election is not carried out timely after a Director's term of office expires, the existing Director shall continue to perform the Director's duties subject to the laws, administrative regulations, departmental rules and the Articles of Association before a new Director is elected to take office.

Senior management members may also serve as Directors. The total number of Directors also serving as senior manager members or employees' representatives shall not be more than one half of the total number of the Directors of the Company.

A Director need not hold any shares in the Company.

**Article 123** The methods and procedures for nominating a Director are as follows:

- (I) the candidates for Directors (excluding independent Directors) of the first session of the Board of Directors shall be nominated by the promoters of the Company and elected at the Company's inaugural meeting. Candidates for Directors (excluding independent Directors) of each subsequent session of the Board of Directors shall be nominated by the Board of Directors or by shareholders individually or jointly holding more than five percent of the shares with voting rights of the Company and elected at the shareholders' general meeting of the Company;

- (II) the Candidates for independent Directors of the Company shall be nominated by the Board of Directors, Supervisory Committee or shareholders individually or jointly holding more than one percent of the issued shares of the Company; and
- (III) before the notice of convening a shareholders' general meeting is given, the candidates for Directors shall make written commitments stating their acceptance of the nomination, confirming that their information publicly disclosed is true and complete, and undertaking to faithfully perform the duties of Directors if elected.

**Article 124** A Director shall attend the meeting of the Board of Directors in person. If one of the following circumstances occurs, the Director shall make a written explanation and report to the stock exchange:

- (I) he/she fails to attend two consecutive meetings of the Board of Directors in person; or
- (II) his/her attendance at the meetings of the Board of Directors in person for twelve consecutive months during his/her term of office exceeds the total meetings of the Board of Directors held during the period.

**Article 125** If a Director fails to attend any two consecutive meetings of the Board of Directors in person or by appointing other Directors to attend such meetings on his/her behalf, such Director shall be deemed incapable of performing his/her duties, and the Board of Directors shall make recommendation to a general meeting for replacement.

**Article 126** The general manager may resign prior to the expiry of his/her term of office. If a Director resigns, such Director shall tender a resignation to the Board of Directors in writing, and the Board of Directors shall disclose relevant information within two days.

In the event that the number of occupied seats on the Board of Directors falls below the statutory minimum of five members as a result of the resignation of a Director, the existing Director shall continue to perform the Director's duties subject to the laws, administrative regulations, departmental rules and the Articles of Association before a new Director is elected to take office.

Save for the circumstances set out in the preceding paragraphs, the resignation of a Director shall take effect when his/her resignation report is served to the Board of Directors.

**Article 127** When a Director resigns or his/her term of office expires, the Director shall go through all handover procedures with the Board of Directors. The fiduciary duty of such Director towards the Company and the shareholders do not necessarily cease when his/her resignation has not yet been effective or within five years after it becomes effective, or within five years after the expiration of his/her term of office, unless otherwise agreed by the Company and the Directors. His/her obligations of confidentiality in respect of commercial secrets of the Company shall survive the expiration of his/her tenure until the same has become open information. The duration of other obligations shall be decided on a fair basis.

**Article 128** Without any legal authorization by the Articles of Association or the Board of Directors, no Director shall use his/her personal capacity to act on behalf of the Company or the Board of Directors. If any third parties reasonably believe that a Director acts on behalf of the Company or

the Board of Directors while such Director acts in his/her own name, such Director shall make a prior statement as to his/her position and capacity.

**Article 129** If the Company suffers any losses due to the exercise of the duties by a Director in violation of laws, administrative regulations, departmental rules and the provisions of the Articles of Association, such Director shall be liable to compensate.

## Section 2 Independent Directors

**Article 130** The Company shall establish an independent Director system. At least one third of the members of the Board of Directors shall be independent Directors, which shall include at least one accountant.

**Article 131** Independent Directors shall fulfil the obligations of honesty and diligence to the Company and all the shareholders thereof. Independent Directors shall, pursuant to the relevant laws and the Articles of Association, independently perform their duties, and shall not be influenced by the Company's major shareholders, actual controllers or other units or persons having interest relations with the Company, its major shareholders and actual controllers to protect the interest of the Company as a whole.

**Article 132** An independent Director shall meet the following basic conditions:

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

**Article 133** For independent Directors who are not qualified or competent as independent Directors, fail to perform their duties independently, or fail to safeguard the legitimate rights and interests of the Company and small and medium investors, shareholders individually or jointly holding more than one percent of the Company's shares may raise questions or make removal proposal against the independent Directors to the Board of Directors of the Company. The questioned independent Directors shall promptly explain and disclose the questioned matters. The Board of Directors of the Company shall promptly convene a special meeting to discuss the questioning or removal proposal after receiving it and shall disclose the results of the discussion.

**Article 134** The term of office of independent Directors is the same as other Directors, and the term is renewable upon re-election when it expires, but the renewed term shall not exceed six years.

**Article 135** Independent Directors may submit the resignation before expiration of the term of

office. When an independent Director resigns, he/she shall tender a resignation to the Board of Directors in writing and specify any matter which is related to his/her resignation or which he/she considers necessary to bring to the attention of the Company's shareholders and creditors.

If the number of independent Directors or the membership of the Board falls short of the quorum or the minimum number specified in the Articles of Association as a result of the resignation of an independent Director, the existing independent Director shall continue to perform the independent Director's duties subject to the laws, administrative regulations and the Articles of Association before a new independent Director is elected to take office.

**Article 136** The Company shall establish its appropriate independent Director work system as the case may be.

### Section 3 Board of Directors

**Article 137** The Company shall have the Board of Directors, which shall be accountable to the general meetings.

**Article 138** The Board of Directors consists of 7 members, 3 of whom are Independent Non-executive Directors. The Board of Directors shall have 1 chairman and 1 vice chairman.

**Article 139** The Board of Directors has the following functions and powers:

- (I) to convene general meetings and report to general meetings;
- (II) to implement resolutions of general meetings;
- (III) to determine on the Company's business plans and investment plans;
- (IV) to formulate the annual financial budgets and final accounting plans of the Company;
- (V) to draw up the profit distribution plans and the loss make-up plan of the Company;
- (VI) to formulate proposals in respect of any increase or reduction of registered capital, the issuance of bonds or other securities and the listing of the Company;
- (VII) to formulate plans for material acquisitions, share buy-backs or any merger, division, dissolution or change in corporate form of the Company;
- (VIII) to decide on the acquisition of the shares of the Company in accordance with the circumstances specified in Article 25(III), (V) and (VI) of the Articles of Association;
- (IX) to decide on the Company's external investment, acquisition and sale of assets, asset pledge, external guarantees, entrusted wealth management and related party transactions, among other things, as prescribed in the scope authorized by the shareholders' general meeting;
- (X) to decide on the establishment of the internal management structure of the Company;

- (XI) to appoint or dismiss the general manager, and the Secretary to the Board of the Company, and to appoint or dismiss senior deputy general manager, deputy general manager, the chief financial officer or other senior management members of the Company in accordance with the nominations by the general manager, and to determine their remunerations, rewards and penalties;
- (XII) to set up the basic management regime of the Company;
- (XIII) to formulate the proposals for any amendment to the Articles of Association;
- (XIV) to manage information disclosure of the Company;
- (XV) to propose to the general meeting the appointment or replacement of the accounting firms which provide auditing services to the Company;
- (XVI) to receive reports from the general manager and review his or her work;
- (XVII) to exercise other functions and powers as stipulated by the Articles of Association; and
- (XVIII) the matters relating to functions and powers exercised by the Board of Directors, which is beyond the scope of authorization of the general meetings, shall be submitted to the general meetings for consideration.

**Article 140** In cases where the expected value of fixed assets proposed for disposal by the Board of Directors, when aggregated with value of fixed assets disposed within four months before the proposed disposal, exceeds thirty-three percent of the fixed assets value set out in the latest balance sheet approved by the general meetings, the Board of Directors shall not dispose of or consent to dispose of such fixed assets without prior approval by the general meetings.

The term “fixed assets disposal” referred to in this Article includes transferring certain interests in assets, but excludes provision of guarantees with fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a violation of the first paragraph of this Article.

**Article 141** The Board of Directors shall give explanations at the general meetings on the qualified auditing opinions issued by the certified public accountants to the Company’s financial reports.

**Article 142** The Board of Directors shall formulate the rules of procedures for meetings of the Board of Directors to ensure the implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making.

**Article 143** The Board of the Company shall establish the audit committee, and establish the strategy committee, the nomination committee and the remuneration and appraisal committee and other special committee as required. The special committee shall be accountable to the Board and perform their duties in accordance with the Articles of Association and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for consideration

and decision. The special committees shall be all comprised of Directors, among which, the majority of the members of the audit committee, the nomination committee, remuneration and appraisal committee shall be independent Directors who are also the convenors. The convenor of the audit committee shall be accounting professional. The Board of Directors is responsible for formulating the rules of procedure of the special committees, and regulating the operation of the special committees.

**Article 144** The Board of Directors shall set forth powers regarding the approval of external investment, acquisition and sale of assets, mortgage of assets, connected transactions and borrowings and loans that shall be determined by the general meeting; shall establish strict examination and decision-making procedures and relevant systems; the major investment projects shall be subject to review by the relevant experts and professionals and be reported to the shareholders' general meeting for approval.

The general meeting of shareholders authorizes the Board of Directors to have the right to examine and approve a single or any transaction in which the cumulative transaction amount (including liabilities and expenses) of the same matter within 12 months, accounts for no more than thirty percent of the total audited assets of the Company in the latest period. In case of external guarantee, the Board of Directors shall be authorized to exercise the right of examination and approval of external guarantee except as provided in Article 59 of the Articles of Association.

“Transactions” as mentioned in this Article include the purchase or disposal of assets; external investment (including consigned financial management, consigned loan, etc.); provision of financial assistance; provision of guarantees; lease of assets; conclusion of management contracts (including entrusted operation, entrusted management, etc.); donating or taking of assets; credit or debts reorganization; transfer of research and development projects; conclusion of franchise agreements and other transaction designated by general meetings.

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

**Article 145** The Chairman, vice Chairman shall be the Directors of the Company, and shall be elected and removed by more than half of all the Directors. The chairman shall serve a term of three years and may be re-elected upon the expiry of their terms.

**Article 146** The Chairman of the Board shall exercise the following functions and powers:

- (I) to preside over general meetings and to convene and preside over meetings of the Board of Directors;
- (II) to procure and check the implementation of resolution of the Board of Directors;
- (III) to sign on relevant documents on behalf of the Company;
- (IV) to sign on shares, corporate bonds and other securities issued by the Company, where the laws and regulations and relevant requirements of the securities regulatory authorities or stock exchanges in the places where the shares of the Company or GDRs are listed contain any other provision, such provisions shall prevail; and



(V) other functions and powers authorized by the Board of Directors.

**Article 147** The vice Chairman shall assist the Chairman in performing duties. In the event that the Chairman of the Board of Directors is unable or fails to perform his/her duties, the vice Chairman shall perform his/her duties. In the event that the vice Chairman of the Board of Directors is unable or fails to perform his/her duties, half or more of the Directors shall designate a Director to perform his/her duties.

**Article 148** The Chairman shall issue a personal public statement of apology to all shareholders if any of the following occurs:

- (I) the Company or himself/herself has been subject to administrative punishments by the CSRC; or
- (II) the Company or himself/herself is publicly condemned by the stock exchange.

If the circumstances are serious, the chairman shall take responsibility and resign.

**Article 149** Board meetings shall be convened at least twice each year and shall be convened by the Chairman. A written notice in relation to the Board meeting shall be given to all Directors and Supervisors ten days prior to the meeting.

**Article 150** An extraordinary Board meeting may be held by request of shareholders representing more than one-tenth of the voting rights or by request of more than one-thirds of Directors or Supervisors. The Chairman shall convene and preside over a Board meeting within ten days after receipt of the proposal.

**Article 151** A written notice of extraordinary meeting of the Board of Directors shall be delivered at least five days before the meeting. In case of emergency, the notice may be given at any time by telephone or oral or other means.

**Article 152** A notice of Board meeting shall include the following contents:

- (I) the date, venue of the meeting;
- (II) the duration of the meeting;
- (III) the subject matters and topics of the meeting; and
- (IV) the date of dispatch of the notice.

**Article 153** The Board meeting shall not be held unless more than one half of the Directors are present.

Resolutions of the Board of Directors include ordinary resolutions and special resolutions. An ordinary resolution of the Board of Directors shall be passed by more than half of all the Directors.

A special resolution of the Board of Directors shall be passed by more than two-thirds of all the Directors.

The following matters shall be passed through an ordinary resolution:

- (I) to convene general meetings and report to general meetings;
- (II) to implement resolutions of general meetings;
- (III) to prepare the profit distribution plan and loss make-up plan of the Company;
- (IV) to decide on the establishment of internal management organizations of the Company;
- (V) to manage information disclosure of the Company;
- (VI) to formulate the plan of bond issuance of the Company;
- (VII) to listen to work reports of the general manager of the Company and review his/her work;
- (VIII) to propose to the general meeting the re-appointment of the accounting firms which provide audit services to the Company; and
- (IX) other resolutions shall be passed through ordinary resolutions by the Board as stipulated by the Articles of Association.

The following matters shall be passed through a special resolution:

- (I) to resolve on the Company's business plans and investment plans;
- (II) to prepare the annual financial budgets and final accounting plans of the Company;
- (III) to formulate proposals for the Company in respect of increase or reduction of registered capital, issue other securities and the listing thereof;
- (IV) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (V) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc.;
- (VI) to appoint or dismiss the general manager and the Secretary to the Board of the Company; to appoint or dismiss senior management members including senior deputy general manager(s), deputy general manager(s) and the person in charge of finance of the Company in accordance with the nominations by the general manager, and to determine their remunerations, rewards and penalties;
- (VII) to set up the basic management system of the Company;

- (VIII) to formulate the proposals for any amendment to the Articles of Association; and
- (IX) to propose to the general meeting the replacement of the accounting firms which provide audit services to the Company.

Resolutions of the Board of Directors are voted by way of poll with each Director having one vote. Where there is an equality of votes cast both for and against a resolution, the chairman of the Board of Directors shall have a casting vote, save as otherwise provided in laws and regulations, securities regulatory institution and the stock exchange of the places where the shares of the Company or GDRs are listed.

**Article 154** Any external guarantees to be approved by the Board of Directors must be approved by a resolution passed by more than two-thirds of the Directors present at the relevant Board meeting and more than two-thirds of the independent Directors.

**Article 155** If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself or on behalf of other Directors. A Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution made at the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the general meeting for deliberation.

**Article 156** Voting on Board meetings may be conducted by open ballot or by a show of hands. Extraordinary Board meetings may be held and pass resolutions by means of communication, with the resolutions signed by the attending Directors, provided that the Directors fully express their opinions.

Resolutions of the Board of Directors may be signed by fax by the members of the Board. Resolutions of the Board of Directors signed by fax must be signed by a quorum of Directors forming the Board meeting. Such written resolutions shall have the same effect as resolutions actually passed at meetings of the Board of Directors convened and held in accordance with the relevant provisions of the Articles of Association. The date on which the last Director required to form a quorum signs the vote shall be deemed to be the date on which the Board approves the resolution. The Chairman or his authorized representative shall confirm receipt of the fax by all Directors; all Directors must give feedback within five business days from the date of confirmation of receipt of the fax, failing which they shall be deemed to have abstained.

**Article 157** Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he may authorize in writing another Director of the Board to act on his behalf. The power of attorney shall specify the name of the proxy, the matters delegated, and the scope and term of authorization, and shall bear the signature or seal of the principal.

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

The independent Directors can only authorize independent Directors to attend the meeting.

**Article 158** The meeting shall be recorded in minutes, which shall be signed by the attending Directors, Secretary to the Board and the recorder. Any attending Director shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of the Board meetings shall be kept as archives of the Company for ten years.

**Article 159** The minutes of a Board meeting shall specify:

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

**Article 160** The Directors shall sign and be responsible for the resolutions passed at Board meetings. If any resolution of the Board meetings runs counter to the laws or the Articles of Association, thereby incurring losses to the Company, the Directors adopting the said resolution shall be liable for compensating the Company. However, if a Director has been proved as having expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, he or she may be exempt from liability.

## CHAPTER 7 SENIOR MANAGEMENT

**Article 161** The Company shall have one general manager, who shall be nominated by the Chairman of the Board and engaged or dismissed by the Board of Directors. The Company shall have several senior deputy general managers and deputy general managers, and one chief financial officer. Senior deputy general managers, deputy general managers and the chief financial officer shall be nominated by the general manager and engaged or dismissed by the Board of Directors.

**Article 162** A person who serves any administrative roles other than a Director and a Supervisor in the controlling shareholder or actual controller of the Company, shall not serve as senior management member of the Company.

The remuneration of the Company's senior management only receives salaries from the Company and shall not be paid by the controlling shareholder on behalf of the Company.

**Article 163** The term of the general manager is usually three years; the general manager may serve consecutive terms if reappointed.

**Article 164** The general manager is accountable to the Board of Directors and shall exercise the

following powers and duties:

- (I) being in charge of managing the Company's production, operation and research and development, and report work to the Board of Directors;
- (II) organizing the implementation of resolutions of the Board of Directors and organizing the implementation of annual operating plans. Within the scope of the authorization of the Board of Directors, the CEO shall organize the management of the Company to make decisions on external investment, acquisition or disposal of assets, pledge of assets, entrusted wealth management, connected transactions and other transactions, and report to the chairman for approval before implementation.
- (III) making internal management organization establishment plan of the Company;
- (IV) submitting the annual business report of the previous year to the Board of Directors within three months after the end of each fiscal year, and submit the annual business plan for the following year to the Board of Directors within three months before the end of each year and at the latest one month before the end of the year;
- (V) making basic management system of the Company;
- (VI) formulating detailed rules and regulations of the Company;
- (VII) recommending to the Board of Directors for appointment or removal of other senior management of the Company (other than the Secretary to the Board);
- (VIII) deciding to appoint or remove other company personnel other than those to be appointed or removed by the Board of Directors;
- (IX) determining the remuneration, welfare, reward and punishment policies and plans of the Company's employees other than senior management; and
- (X) other powers and duties prescribed by the Articles of Association or delegated by the Board of Directors.

The general manager may present at the Board meetings but shall have no voting right if he/she is not a Director.

**Article 165** The general manager shall formulate detailed work rules, which shall be implemented after being approved by the Board of Directors.

**Article 166** The detailed working rules formulated for the general manager shall include the following:

- (I) conditions and procedures for convening and participants of the general manager's meetings;

- (II) specific duties of the general manager and other senior management;
- (III) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the Board and Board of Supervisors; and
- (IV) other matters as deemed necessary by the Board.

**Article 167** The general manager may resign before the expiration of his/her terms of office. The precise resignation procedure and method for general manager are set out in the service contracts entered into between the general manager and the Company.

**Article 168** The Company shall have a Secretary to the Board. The Secretary to the Board shall be one of the senior management and accountable to the Board of Directors, shall be nominated by the chairman of the Board and engaged by the Board of Directors.

The Secretary to the Board shall be the Director, manager, deputy manager or chief financial officer of the listed Company. If another person is required to serve as the Secretary to the Board due to special circumstances, the approval of the Shenzhen Stock Exchange shall be obtained.

**Article 169** The Secretary to the Board shall have prerequisite professional knowledge and experience. The provisions in the Articles of Association relating to the circumstances in which a person is not allowed to serve as a Director of the Company shall apply to the Secretary to the Board.

**Article 170** The main duties of the Secretary to the Board are:

- (I) to ensure that the Company has a complete set of constitutional documents and records;
- (II) to ensure that the Company prepares and submits the reports and documents required by competent authorities according to the laws; and
- (III) to ensure that the register of shareholders of the Company is properly created and the persons entitled to obtain the relevant records and documents of the Company obtain such records and documents promptly, unless otherwise stipulated by laws, administrative regulations, or the listing rules of the stock exchange where the Company's shares or GDRs are listed;

The Secretary to the Board shall abide by the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

**Article 171** Any Directors or other senior management members of the Company may serve concurrently as the Secretary to the Board of the Company. The accountants of the accounting firm engaged by the Company shall not serve concurrently as the Secretary to the Board of the Company. In the case of a Director serving concurrently as the Secretary to the Board of the Company, if an act should be made separately by a Director and the Secretary to the Board of the Company, the Director serving concurrently as the Secretary to the Board of the Company shall not make such an act in both capacities.

**Article 172** If a senior management violates any laws, administrative regulations, departmental rules, or the provisions of the Articles of Association in the course of performing his/her duties of the Company and causes losses to the Company, he/she shall be liable for compensation.

Senior management of the Company shall faithfully perform their duties to safeguard the best interests of the Company and all shareholders. If the senior management of the Company fails to faithfully perform their duties or violates their obligations of good faith and causes damage to the interests of the Company and the public shareholders, they shall be liable for compensation in accordance with the laws.

## CHAPTER 8 SUPERVISORY COMMITTEE

### Section 1 Supervisors

**Article 173** The positions of Supervisors shall be assumed by shareholder representatives and employee representatives. Employee representative Supervisors of the Company shall not be less than one third of all Supervisors. The way and procedures for nominating shareholder representative Supervisors are as follows:

- (I) candidates of shareholder representative Supervisors shall be nominated by Supervisory Committee or shareholders, separately or jointly, holding more than 5% shares with voting rights of the Company, and shall be elected at the general meeting of the Company;
- (II) before the convening of general meeting of the Company, candidates for shareholder representative Supervisors shall make written commitments stating their acceptance of the nomination, confirming that the information publicly disclosed by him/her is true and complete, and undertaking to faithfully perform the obligations of Supervisors if elected; and
- (III) the Supervisory Committee shall disclose the detailed information of candidates of shareholder representative Supervisors ten days prior to the date on which a notice of general meeting to be convened is issued, ensuring the shareholders have enough understanding of candidates at the time of voting.

**Article 174** Employee representative Supervisors of the Company shall be elected and dismissed by employees of the Company through employee representative meetings, employee meetings or other democratic ways. And shareholder representative Supervisors shall be elected and dismissed by general meetings.

**Article 175** Directors and other senior management members shall not hold the position of Supervisors.

**Article 176** The Supervisors shall serve for a term of three years. Shareholder representative Supervisors shall be elected and changed by general meetings. And employee representative Supervisors shall be elected and changed by employees of the Company in democratic ways. The term of a Supervisor is renewable and subject to re-election.

**Article 177** A Supervisor may resign prior to the expiry of his/her term of office, subject to

submission of a written resignation report to the Supervisory Committee.

If no re-election is timely conducted upon expiry of the term of office of a Supervisor, or if the number of Supervisors is less than the quorum due to the resignation of a Supervisor during his/her term of office, the original Supervisor shall continue to perform his/her duties as a Supervisor in accordance with the requirements of laws, administrative regulations and the Articles of Association until a newly elected Supervisor takes office.

Except for circumstances provided in the above paragraph, the resignation of a Supervisor shall take effect when a resignation report is served to the Supervisory Committee.

**Article 178** A Supervisor shall ensure that the information disclosed by the Company is true, accurate and complete, and confirm any regular reports by signing on such reports.

**Article 179** Supervisors shall attend meetings of the Supervisory Committee in person. In the event a Supervisor is unable to attend the meeting for any reason, he/she may authorize other Supervisors of the Supervisory Committee of the Company in writing to attend the meeting on his/her behalf. If a Supervisor fails to attend any two meetings of the Supervisory Committee in person or by appointing other Supervisors to attend such meetings on his/her behalf, such Director shall be deemed incapable of performing his/her duties. Shareholder representative Supervisor shall be replaced at general meetings, and employee representative Supervisors of the Company shall be replaced at employee representative meetings, employee meetings or other ways.

**Article 180** The Supervisors shall perform their duty of loyalty and duty of diligence to the Company in accordance with the laws, administrative regulations and the Articles of Association.

The Supervisors shall not abuse their positions to accept bribes or other illegal income and not to misappropriate any properties of the Company.

**Article 181** The Supervisors may attend Board meetings as non-voting participants, and put forward queries or suggestions regarding resolutions at Board meetings.

**Article 182** The Supervisors shall not exploit their connected relations with the Company to prejudice the interests of the Company. In the case of damages caused to the Company, they are liable for compensation.

If a Supervisor violates any laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the course of performing his/her duties of the Company and results in losses to the Company, he/she shall be liable for compensation.

## Section 2 Supervisory Committee

**Article 183** The Company shall have a Supervisory Committee, consisting of three Supervisors, including one chairman. The chairman of the Supervisory Committee shall be elected by more than half of all Supervisors by voting. The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings; where the chairman of the Supervisory Committee cannot or does not fulfill the duty thereof, more than half of the Supervisors may jointly elect a Supervisor to convene and preside over Supervisory Committee meetings.



**Article 184** The Supervisory Committee shall be accountable to general meetings and exercise the following functions and powers:

- (I) to produce written opinions, explaining whether the Board's procedures for preparing and reviewing periodic reports comply with the laws, administrative regulations, the requirements of the CSRC, the Shenzhen Stock Exchange and the stock exchange on which the GDRs are listed, and whether the content of the reports can truly, accurately and completely reflect the actual situation of the listed company;
- (II) to inspect the financials of the Company;
- (III) to supervise the performance of Directors and senior management members of their duties to the Company, and propose dismissal of Directors and senior management members that have violated the laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;
- (IV) to demand rectification by Directors and senior management members when the acts of such persons are prejudicial to the Company's interest;
- (V) to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board of Directors fails to perform such duties as specified by the Company Law;
- (VI) to make proposals to be considered at the general meeting;
- (VII) to negotiate with Directors and senior management members on behalf of the Company or initiate legal proceedings against Directors and senior management members in accordance with Article 151 of the Company Law;
- (VIII) to verify financial materials such as financial reports, operational reports and profit distribution plans that the Board intends to submit to the general meeting, and engage on behalf the Company's certified public accountants and independent auditors to help review them if any doubt is found; and
- (IX) to conduct investigations in relation to any operational abnormality of the Company discovered, and, if necessary, engage accounting firms, law firms or other professional agencies to assist with such investigations at the expense of the Company;

**Article 185** If necessary, the Supervisory Committee may engage a law firm, an accounting firm or other professionals to help them at the expenses of the Company when exercising its functions and powers.

**Article 186** Supervisory Committee meetings shall be held at least once six months, with the notice of meeting served in writing to all the Supervisors ten days in advance.

Supervisors may propose to convene a provisional Supervisory Committee meeting. The notice of the provisional meeting shall be served in writing to all the Supervisors five days in advance. Where

a provisional meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means.

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

**Article 187** The Supervisory Committee shall formulate rules of procedures for the Supervisory Committee, which shall clearly specify the meeting and voting procedures, in order to ensure work efficiency and scientific decision-making.

**Article 188** The Supervisory Committee shall file resolutions as minutes, which shall be signed by the attending Supervisors and the recorders. Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of Supervisory Committee meetings shall be kept as archives of the Company for 10 years.

**Article 189** The notice of a Supervisory Committee meeting shall specify: the date, venue and duration of the meeting, the reason for convening the meeting and relevant topics, and the date on which the notice is sent.

### Section 3 Resolutions of the Supervisory Committee

**Article 190** Rules of procedure of the Supervisory Committee shall refer to those of the Board, with specific methods stipulated by the Rules of Procedure for Meetings of the Supervisory Committee.

**Article 191** Voting at Supervisory Committee meetings shall be conducted by open ballot or a show of hands, and each Supervisor shall have the right to one vote. Relevant specific methods are stipulated by the Rules of Procedure for Meetings of the Supervisory Committee.

## **CHAPTER 9 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, THE GENERAL MANAGER AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

**Article 192** a person may not serve as a Director, Supervisor, and senior management member of the Company if any of the following circumstances apply:

- (I) a person without legal capacity or with restricted legal capacity;
- (II) a person who has been punished for committing an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging socialist economic order or who has been deprived of his/her political rights due to any crime, in each case where less than five years have elapsed since the date of the end of such punishment or deprivation;
- (III) a person who is a former Director, factory manager or manager of a company or enterprise, which has entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

- (IV) a person who is a former legal representative of a company or enterprise, which had its business license revoked and was ordered to close down due to a violation of laws and who incurred personal liability, where less than three years have elapsed since the date of the revocation of the business license;
- (V) a person who has a substantial amount of debts due and outstanding;
- (VI) a person is under investigation by a judicial authority due to violation of the criminal law, which case is still pending;
- (VII) a person under a penalty of prohibited access to the securities market imposed by the securities regulatory authority of the State Council, which penalty is still effective;
- (VIII) a non-natural person;
- (IX) a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he/she has acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction; or
- (X) other contents as prescribed by laws, administrative regulations or departmental rules.

Where the Company elects or appoints its Directors in violation of the provisions of this Article, such election, appointment or engagement shall be invalid. Where, during his/her term of office, a Director is found to be a person as specified in the circumstances herein, the Company shall remove him/her from office.

**Article 193** The validity of an act carried out by a Director, the general manager and other senior management members of the Company on its behalf shall, as against a bona fide third party, not be affected by any non-compliance in his/her office, election or any defect in his/her qualification.

**Article 194** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares or GDRs of the Company are listed, each of the Company's Directors, Supervisors, the general manager and other senior management members owes the following duties to each shareholder when exercising the functions and powers of the Company entrusted to him/her:

- (I) not to cause the Company to exceed the scope of business stipulated in its business license;
- (II) to act honestly and in the best interests of the Company;
- (III) not to expropriate the Company's property in any way, including, but not limited to, usurpation of opportunities which benefit the Company; and
- (IV) not to expropriate individual rights of shareholders, including, but not limited to, rights to distribution and voting rights, except for the restructuring of the Company, which has been submitted to the general meeting for approval in accordance with the Articles of

Association.

**Article 195** Directors, Supervisors, the general manager and other senior management of the Company, in the exercise of his/her powers and in the discharge of his/her duties, shall be liable to exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

**Article 196** The Directors, Supervisors, the general manager and other senior management of the Company shall exercise his/her powers or perform his/her duties in accordance with the fiduciary principle; and shall not put himself/herself in a position where his/her interest and his/ her duty may conflict. This principle includes, but is not limited to, discharging the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to act within the scope of his/her powers and shall not exceed such powers;
- (III) to exercise the discretion conferred on him/her in person and shall not allow himself/herself to act under the control of others, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his/her discretion to others;
- (IV) to treat shareholders of the same class equally;
- (V) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to use the Company's property in any way for his/her own benefit, without the informed consent of the shareholders given in a general meeting;
- (VII) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property in any way, including, but not limited to, opportunities which are favorable to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (IX) to comply with the Articles of Association, to perform his/her duties in a faithful manner, to protect the Company's interests and not to exploit his/her position and power in the Company to seek his/her own interests;
- (X) not to compete with the Company in any way, except with the informed consent of the shareholders given in a general meeting;
- (XI) not to misappropriate the Company's funds or lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his/her own name or in the name of any other person or to use such assets to provide guarantee for the debts of a shareholder of the Company or any other personal liabilities; and

(XII) not to disclose any confidential information of the Company, which he/she has obtained during his/her term of office, without the informed consent of the shareholders in a general meeting; nor shall he/she use such information other than for the Company's benefit, save that disclosure of such information to the court or other competent governmental authorities is permitted if:

1. disclosure is required by laws;
2. required in the public interests; and
3. the interests of such Director, Supervisor, the general manager or other senior management member so require.

**Article 197** The Directors, Supervisors, the general manager and other senior management of the Company shall not direct the following persons or institutions (the "associate(s)") to act in a manner, which he/she is prohibited from acting:

- (I) the spouse or minor child of the Directors, Supervisors, the general manager or other senior management of the Company;
- (II) the trustee of the Directors, Supervisors, the general manager or other senior management of the Company or of any person referred to in Item (I) of this Article;
- (III) the partner of the Directors, Supervisors, the general manager or other senior management or any person referred to in Items (I) and (II) of this Article;
- (IV) a company in which the Directors, Supervisors, the general manager or other senior management of the Company, whether alone or jointly with the persons referred to in Items (I), (II) and (III) of this Article or other Directors, Supervisors, the general manager and other senior management, has actual controlling interest; or
- (V) the Directors, Supervisors, the general manager and other senior management of a company, which is being controlled in the manner referred to in Item (IV) of this Article.

**Article 198** The fiduciary duties of the Directors, Supervisors, the general manager and other senior management of the Company do not necessarily cease with the termination of their tenure. Their duties of confidentiality in respect of business secrets of the Company survive the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has elapsed between the termination, the act concerned, the circumstances and the terms under which the relationship between such Directors, Supervisors, the general manager and the senior management and the Company was terminated.

**Article 199** Subject to situations provided under Article 57 of the Articles of Association, the Directors, the general manager and other senior management may be released from liabilities for specific breaches of his/her duty with the informed consent of the shareholders given at a general meeting.

**Article 200** Where the Directors, Supervisors, the general manager or other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction, arrangement or proposed contract, transaction or arrangement with the Company (other than the service contracts between the Company and the Directors, Supervisors, the general manager and other senior management), he/she shall declare the nature and extent of his/her interests to the Board of Directors at the earliest opportunity, whether or not the matter therefor is otherwise subject to the approval of the Board of Directors.

Unless the interested Directors, Supervisors, the general manager and other senior management of the Company discloses his/her interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the interested Directors, Supervisors, the general manager or other senior management of the Company are not counted as part of the quorum and refrains from voting, such contract, transaction or arrangement is voidable at the discretion of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by such Directors, Supervisors, the general manager or other senior management.

The Directors, Supervisors, the general manager or other senior management of the Company are deemed to be interested in a contract, transaction or arrangement in which the associate of such Directors, Supervisors, the general manager and other senior management is interested.

**Article 201** Where the Directors, Supervisors, the general manager or other senior management of the Company give to the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements, which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding article to be a sufficient disclosure of his/her interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the execution of the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 202** The Company shall not pay taxes for its Directors, Supervisors, the general manager or other senior management in any manner.

**Article 203** The Company shall neither directly or indirectly make a loan to or provide any security for the Directors, Supervisors, the general manager or other senior management of the Company or its parents, nor make a loan or provide any security for any of their respective associates.

The foregoing provision is not applicable in the following circumstances:

- (I) the provision by the Company of a loan to or a security for its subsidiary;
- (II) the provision by the Company of a loan or a security or any other funds available to its Directors, Supervisors, the general manager and other senior management to meet expenditure incurred or to be incurred by him/her for the purpose of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting; or
- (III) if the ordinary business scope of the Company includes the lending of money and provision of security, the Company may make a loan to or provide a security to the relevant Directors,

Supervisors, the general manager and other senior management or their respective associates on normal commercial terms.

**Article 204** Any person who receives funds from a loan, which has been made by the Company acting in breach of the preceding article shall, irrespective of the terms of the loan, forthwith repay such funds.

**Article 205** A security for the repayment of a loan, which has been provided by the Company acting in breach of Item (I) of Article 203 shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) where the loan was made to an associate of the Directors, Supervisors, the general manager and other senior management of the Company or its parents, the lender of such funds is not informed;
- (II) the collateral, which has been provided by the Company has already been legally disposed of by the lender to a bona fide purchaser.

**Article 206** For the purposes of the foregoing provisions of this Chapter, a “security” includes an undertaking or property provided to secure the obligor’s performance of his/her obligations.

**Article 207** In addition to any rights and remedies provided by the laws and administrative regulations, where the Directors, Supervisors, the general manager and other senior management of the Company breach the duties which he/she is liable to the Company for, the Company has the right to adopt the following measures:

- (I) to demand such Directors, Supervisors, the general manager or other senior management to compensate for losses sustained by the Company as a result of such breach;
- (II) to rescind any contract or transaction, which has been entered into between the Company and such Directors, Supervisors, the general manager or other senior management, and between the Company and a third party (where such third party knows or should have known that such Directors, Supervisors, the general manager or other senior management on behalf the Company have breached his/her duties liable to the Company);
- (III) to demand such Directors, Supervisors, the general manager or other senior management to turn in profits gained as a result of the breach of his/her duties;
- (IV) to recover any monies, which should have been received by the Company but were received by such Directors, Supervisors, the general manager or other senior management instead, including (but without limitation to) commissions; or
- (V) to demand repayment of interest earned or which may have been earned by such Directors, Supervisors, the general manager or other senior management on monies that should have been paid to the Company.

**Article 208** With prior approval given at a general meeting, the Company shall enter into written contracts relating to emoluments with the Directors and Supervisors. Such emoluments include:

- (I) emoluments in respect of his/her service as Directors, Supervisors or senior management of the Company;
- (II) emoluments in respect of his/her service as Directors, Supervisors or senior management of subsidiaries of the Company;
- (III) emoluments in respect of the provision of other services in connection with the management of the Company and its subsidiaries; and
- (IV) payment by way of compensation for loss of office, or as consideration for or in connection with his/her retirement from office.

No litigation shall be brought by the Directors or Supervisors against the Company for any benefit due to him/her in respect of the above-mentioned matters except pursuant to the contracts mentioned above.

**Article 209** The contract relating to the emoluments between the Company and its Directors and Supervisors should provide that in the event that the Company is acquired, the Directors and Supervisors of the Company shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement. For the purpose of this paragraph, the acquisition of the Company includes any of the following:

- (I) an offer made by any person to all the shareholders;
- (II) an offer made by any person with a view to become a controlling shareholder which has the same definition as that provided in the first paragraph of Article 263 of the Articles of Association.

If the relevant Director or Supervisor fails to comply with this Article, any fund received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of foregoing offer, and the expenses incurred from the distribution of such fund on a pro rata basis shall be borne by the relevant Director and Supervisor and may not be paid out of such fund.

## **CHAPTER 10 FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT**

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

**Article 210** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant authorities in the PRC.

**Article 211** The Company shall file and disclose its annual report to the CSRC and the stock exchanges within four months from the end of each financial year; and shall file and disclose its interim report to the regional office of CSRC and the stock exchange within two months from the end of the first half of each financial year.



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

**Article 212** The Company shall prepare a financial report at the end of each accounting year, and such financial report shall be audited and verified with laws.

**Article 213** The Board of Directors of the Company shall, at each annual general meeting, submit to the shareholders the financial reports that shall be prepared by the Company under relevant laws, administrative regulations and normative documents of local governments and competent authorities.

The financial report of the Company shall be kept at the Company at least twenty days before the annual general meeting is held, and shall be made available to the shareholders. Each shareholder of the Company shall have the right to obtain the financial report mentioned in this Chapter.

**Article 214** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 215** The Company shall withdraw 10% of the annual after-tax profits as the statutory common reserve of the Company, and such withdrawal may be stopped when the statutory common reserve of the Company has accumulated to over 50% of the registered capital of the Company.

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

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

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

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

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

**Article 216** The common reserve of the Company shall be used to recover the losses, enhance the operating scale or increase the capital of the Company. The capital reserve shall not be used to recover the losses of the Company. The capital reserve includes the following items:

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

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

**Article 217** Profit distribution policy of the Company:

(I) basic principles of the profit distribution policy of the Company:

1. The Company shall fully consider the returns for investors and distribute dividends to shareholders every year according to the proportion prescribed of the distributable profits realized in the current year based on the distributable profits of the combined statements and the distributable profits attributable to Parent Company, which is lower;
2. The Company shall maintain the continuity and stability of the profit distribution policy, and take into account long-term interests of the Company, overall interests of all the shareholders and sustainable development of the Company;
3. The Company shall first distribute profits in cash dividends.

(II) the specific profit distribution policy of the Company:

1. Form of profit distribution: The Company shall distribute dividends in cash or shares or in a way integrating cash and shares. Where conditions permit, the Company may distribute interim profits.
2. The specific conditions and proportion for the Company to distribute cash dividends: The Company shall distribute dividends in cash when the Company makes a profit and the accumulated undistributed profit is positive in the current year. The profits to be distributed in cash each year shall not be less than 25% of the distributable profits of the current year.

If the Company's year-end asset-liability ratio exceeds 60% or the net cash flow generated from operating activities of the year is negative, the Company shall not distribute cash dividends.

3. Specific conditions for the Company to distribute share dividends:

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

(III) deliberation procedure for the profit distribution plan of the Company:

1. The profit distribution plan of the Company shall be formulated by the management, and shall be submitted to the Board and the Supervisory Committee of the Company for deliberation. The Board shall have an adequate discussion on the reasonability of the profit distribution plan, and shall be submitted to the general meeting for

deliberation after the special resolution was formed by the Board. When the profit distribution plan was deliberated, online voting method shall be provided for shareholders by the Company.

2. When the Company does not distribute cash dividends due to the conditions for cash dividend are not met, the Board shall make special explanations on specific reasons for not distributing cash dividends, exact use of the Company's retained profits, expected return on investment and other matters, which shall be submitted to the general meeting for deliberation and disclosed in the media designated by the Company after independent Directors provide definite opinions.

(IV) implementation of the profit distribution plan of the Company:

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

(V) modification of the profit distribution policy of the Company:

In case of war, natural disasters and other force majeure, or changes to the Company's external operational environment resulting in material impact on its production and operation, or relatively significant changes to the Company's operational position, the Company may adjust its profit distribution policy.

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

**Article 218** After recovering the losses of the preceding year, the Company shall distribute its after-tax profit in the following order:

- (I) to withdraw 10% of statutory common reserve until the balance of the statutory reserve reaches above 50% of the registered capital of the Company;
- (II) to withdraw discretionary common reserve; and
- (III) to pay dividends to shareholders.

**Article 219** The Company shall appoint receiving agents for the holders of GDRs. Such receiving agents shall receive dividends on behalf of the holders of GDRs which have been declared by the Company and all other amounts payable to holders of GDRs. The receiving agents appointed by the Company shall meet the requirements of the laws or the relevant regulations of the stock exchange where the Company's shares or GDRs are listed.

## Section 2 Internal Audit

**Article 220** The Company shall conduct internal audit and assign full-time auditors to conduct

internal audit and supervision on the financial revenues/expenditures and economic activities of the Company.

**Article 221** The internal audit system and duties of the auditors of the Company shall be subject to the approval of the Board. The officer in charge of audit shall be accountable to the Board and report his work to the same.

### Section 3 Appointment of Accounting Firm

**Article 222** The Company shall engage accounting firms qualified under Securities Law to audit its financial statements, verify its net assets, and provide other relevant consulting services. The accounting firms shall serve a term of one year from the end of this annual general meeting of the Company to the end of next annual general meeting of the Company and may be reengaged.

**Article 223** The appointment of accounting firms of the Company shall be subject to the approval of the general meeting, prior to which the Board shall not appoint any accounting firm.

**Article 224** The Company shall undertake to provide the accounting firms with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 225** The auditing fees of an accounting firm or the manner in which the auditing fees shall be determined at the general meeting.

**Article 226** When the Company is to dismiss or not to reappoint an accounting firm, it shall give thirty days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

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

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

**Article 227** The accounting firm engaged by the Company shall enjoy the following rights:

- (I) A right to inspect the books, records and vouchers of the Company at any time, the right to require the directors, senior management members of the Company to provide relevant information and explanations;
- (II) A right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the discharge of its duties; and
- (III) A right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters

concerning its role as the Company's accounting firm.

**Article 228** If there is a vacancy in the position of the accounting firm, the Board may engage an accounting firm to fill such vacancy before the convening of the shareholders' general meeting, but it shall be confirmed at next general meeting. In the period of vacancy, any other accounting firm which has been engaged by the Company may continue to act.

**Article 229** The general meeting may by ordinary resolution remove the Company's accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm to claim for damages which arise from its removal shall not be affected thereby.

## CHAPTER 11 NOTICE AND ANNOUNCEMENT

### Section 1 Notice

**Article 230** Notices of the Company shall be served by the following methods:

- (I) by hand;
- (II) by mail;
- (III) by facsimile;
- (IV) by making an announcement; or
- (V) by other means specified in the Articles of Association.

**Article 231** Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the notice.

**Article 232** The notice of the Company convening the general meeting shall be announced by way of announcement.

**Article 233** The notice of the Company convening meeting of the Board of the Directors shall be carried out in the manner specified in the Articles of Association.

**Article 234** The notice of the Company convening meeting of the Board of Supervisors shall be carried out in the manner specified in the Articles of Association.

**Article 235** If the notice is served by hand, the date of service is the date of acknowledgment of receipt by signature or affixed seal on the service return slip. If the notice is sent by speed post, the date of service is the fifth working day from the date of delivery at the post office. If the notice is given by fax, the sent date on the sender's fax record shall be the date of service. If the notice is given by announcement, the date on which the first announcement is published shall be the date of service.

**Article 236** The meeting and the resolutions made by the meeting are not invalid due to accidental omissions not sending the meeting notice to a person entitled to be notified or such person failing to receive the meeting notice.

## Section 2 Announcement

**Article 237** The Company designates cninfo website (<http://www.cninfo.com.cn>), the website of Shenzhen Stock Exchange and the media that meet the requirements set by the CSRC to publish the Company announcements and other information that required to be disclosed.

## CHAPTER 12 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

### Section 1 Merger, Division, Capital Increase and Capital Reduction

**Article 238** The Company may merge or divide according to laws.

The merger of the Company may be effected by way of a merger or a new consolidation. The Company absorbs other companies as a merger by absorption, and the absorbed company is dissolved. The merger of two or more companies to establish a new company is a new merger, and the parties to the merger are dissolved.

**Article 239** When the Company is merged, the parties to the merger shall sign a merger agreement, and prepare a balance sheet and a property list. The Company shall notify the creditors within ten days from the date of making the merger resolution, and within 30 days. The Company shall notify its creditors within ten days from the date when the merger resolution is made, and make an announcement on the website of the Shenzhen Stock Exchange and newspapers that meet the conditions prescribed by the China Securities Regulatory Commission within 30 days. The creditor may request the Company to pay off its debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement for those who have not received the notice.

**Article 240** Upon the completion of a merger, the respective accounts payable and receivable will be inherited by the continuing company, or the newly formed company after the merger.

**Article 241** As for the division of the Company, the properties thereof shall be divided accordingly.

When the Company is divided, the parties to the division shall sign a division agreement, and a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days from the date of making the division resolution, and make an announcement on the website of the Shenzhen Stock Exchange and newspapers that meet the conditions prescribed by the CSRC within 30 days.

**Article 242** Debts owed by the Company prior to the division shall be jointly assumed by the companies in existence after the division, save as otherwise agreed by written agreement on settlement of debts with creditors prior to the division.

**Article 243** When the Company needs to reduce its registered capital, it must prepare a balance

sheet and a property list.

The Company shall notify the creditors within ten days from the date of making the resolution to reduce the registered capital, and make an announcement on the website of the Shenzhen Stock Exchange and newspapers that meet the conditions prescribed by the CSRC within 30 days. The creditor may request the Company to pay off its debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement for those who have not received the notice.

The registered capital of the Company after capital reduction shall not be lower than the statutory minimum amount.

**Article 244** If the Company is merged or divided, and the registered items are changed, it shall go through the modification registration with the Company registration authority in accordance with the law; if the Company is dissolved, it shall go through the deregistration of the company in accordance with the law; if a new company is established, it shall go through the company establishment registration in accordance with the law.

If the Company increases or decreases its registered capital, it shall go through modification registration with the company registration authority in accordance with the law.

**Article 245** For the merger or division of the Company, the Board of the Company shall propose a plan, and after it is approved in accordance with the procedures stipulated in the Company's Articles of Association, relevant approval procedures shall be handled in accordance with the law. Shareholders who oppose the Company's merger or division plan have the right to require the Company or shareholders who agree to the Company's merger or division plan to purchase its shares at a fair price. The content of the merger or division resolution of the Company shall be made into a special document for shareholders to consult.

## Section 2 Dissolution and Liquidation

**Article 246** The Company shall be dissolved for the following reasons:

- (I) the business period stipulated in the Articles of Association expires or other Circumstance for dissolution specified in the Articles of Association arises;
- (II) the general meeting has resolved to dissolve the Company;
- (III) merger or division of the Company requires a dissolution;
- (IV) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;
- (V) the business license is revoked in accordance with the law, or the Company is ordered to close or is cancelled due to violation of laws and administrative regulations; and
- (VI) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found

through any other means, the shareholders holding ten percent or more of the total voting rights of the Company may request the People's Court to dissolve the Company.

**Article 247** In the circumstance set out in Item (I) of Article 246 of the Articles of Association, the Company may continue to subsist by amending the Articles of Association.

An amendment to the Articles of Association according to the provisions as mentioned in the preceding paragraph requires affirmative votes by more than two thirds of the votes held by shareholders attending the general meeting.

**Article 248** Where the Company is dissolved under the circumstances set out in Items (I), (II) and (VI) of Article 246 of the Articles of Association, it shall establish a liquidation group within 15 days from the date when the cause of dissolution appears and start liquidation. The liquidation group shall be composed of Directors or persons determined by the shareholders' general meeting. If the Company fails to establish a liquidation committee on time, creditors may request the people's court to designate certain persons to form a liquidation committee to perform liquidation.

Where the Company is dissolved under the circumstance set out in Item (IV) of Article 246 of the Articles of Association, the people's court shall, according to the applicable laws, order the formation of a liquidation committee comprising shareholders, relevant authorities and professionals to process the liquidation.

Where the Company is dissolved under the circumstance set out in Item (V) of Article 246 of the Articles of Association, relevant competent authority shall order the formation of a liquidation committee comprising shareholders, relevant authorities and professionals to process the liquidation.

Where the Company is dissolved under the circumstance set out in Item (III) of Article 246 of the Articles of Association, the liquidation shall be handled by the parties to the merger or division in accordance with the contract signed at the time of the merger or division.

**Article 249** After the establishment of the liquidation group, the functions and powers of the Board and the general manager shall cease immediately. Where the Board of Directors resolves to liquidate the Company for any reason other than bankruptcy, the Board of Directors shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

The Board of Directors of the Company shall lose its powers immediately after the resolution for liquidation is passed at the general meeting.

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

**Article 250** The liquidation committee shall exercise the following functions and powers:



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

**Article 251** The liquidation committee shall notify all creditors within ten days after its establishment and shall publish announcements at the website of the Shenzhen Stock Exchange and newspapers that meet the conditions prescribed by the China Securities Regulatory Commission within 60 days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within forty-five days after the announcement if the creditors have not received the notice.

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

**Article 252** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or people's court for confirmation.

The Company's property shall be distributed according to the types and proportions of the shares held by the shareholders after paying the liquidation expenses, employees' salaries, social insurance expenses and statutory compensations, outstanding taxes and the Company's debts.

During the liquidation period, the Company remains in existence; however, it shall not commence any business activity that is unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to settling debts pursuant to the foregoing provision.

**Article 253** Liquidation due to dissolution of the company, after the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court to declare the Company bankrupt. Following a ruling by the people's court that the Company is declared bankrupt, the liquidation committee shall hand over all matters relating to the liquidation to the people's court.

**Article 254** Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in

China, submit the same to the general meeting or the people's court in charge for confirmation. Within thirty days from the date of confirmation of the aforementioned documents by the general meeting or the people's court in charge, the liquidation committee shall deliver the same to the company registration authority, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

**Article 255** Members of the liquidation committee shall perform their duties faithfully when carrying out the liquidation in accordance with laws. Members of the liquidation committee shall not abuse their powers by taking bribes or receiving other illegal income and misappropriate the assets of the Company.

A member of the liquidation committee who causes loss to the Company or its creditors due to his/her intentional misconduct or gross negligence shall be liable for damages.

**Article 256** Where a company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the laws on enterprise bankruptcy.

### CHAPTER 13 AMENDMENTS TO ARTICLES OF ASSOCIATION

**Article 257** The Company may amend the Articles of Association pursuant to laws, administrative regulations and the Articles of Association.

**Article 258** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendment has been made to the Company Law or the relevant laws or administrative regulations, the contents of the Articles of Association shall conflict with the amended laws or administrative regulations;
- (II) changes to the Company's situation, which leads to inconsistency with matters recorded in the Articles of Association; or
- (III) general meeting adopts a resolution to amend the Articles of Association.

**Article 259** Where the amendments to the Articles of Association passed by the general meeting require approval of competent authorities, the amendments shall be submitted to the competent authorities for approval. If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws. Amendments to the Articles of Association involving the Mandatory Provisions shall become effective upon approval by the company examination departments authorized by the State Council and securities administration departments of the State Council.

**Article 260** The Board of Directors may amend the Articles of Association in accordance with the resolution of the general meeting in relation to the amendment to Articles of Association and examination and approval opinions from relevant authorities.

**Article 261** Should the matter amended in the Articles of Association require disclosure in accordance with the laws and regulations, an announcement shall be made accordingly.

### CHAPTER 14 SETTLEMENT OF DISPUTES

**Article 262** All disputes and claims between shareholders and the Company, shareholders and the Directors, Supervisors, the general manager or other senior management and among shareholders arising from the Articles of Association or any rights or obligations conferred or imposed by relevant laws and administrative regulations concerning the affairs of the Company, where the competent securities regulatory authorities under the State Council have not reached an understanding or entered into any agreement with relevant overseas securities regulatory agencies in respect of the disputes settlement methods, the parties concerned may resolve such disputes or claims in accordance with laws and administrative regulations, or other methods as agreed by both parties. To resolve the disputes or claims mentioned herein, the laws of the People's Republic of China shall apply.

## CHAPTER 15 MISCELLANEOUS

### **Article 263** Definitions

- (I) the “controlling shareholder” shall refer to a person that satisfies any of the following conditions: 1. he/she, acting alone or in concert with others, has the power to elect half or more of the total number of Directors; 2. being a shareholder holds shares representing more than half of the total share capital of the Company; 3. whose proportion of shareholding is less than fifty percent but the voting rights enjoyed by the shares he/she holds are sufficient to have a significant influence on the resolutions of the general meeting of shareholders, including but not limited to : (1) he/she, acting alone or in concert with others, has the power to exercise or control the exercise of thirty percent (30%) or more of the Company’s voting rights; (2) he/she, acting alone or in concert with others, holds thirty percent (30%) or more of the issued and outstanding shares of the Company; (3) he/she, acting alone or in concert with others, has actual control over the Company in any other manner.
- (II) the “actual controller” refers to that although such controller is not a shareholder of the Company, he/she is a person who can actually dominate the Company through investment relations, agreements or other arrangements.
- (III) the “connected relations” refers to the relationship between the Company’s controlling shareholders, actual controller, Directors, Supervisors, senior management members and those enterprises, which are directly or indirectly controlled by the foregoing parties and such other relationship, which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations because they are all being controlled by the State.

**Article 264** The Board of Directors may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 265** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles Association and the Articles of Association in any other language or of different version, the latest Chinese version of the Articles of Association approved and registered at the Beijing Changping District Market Supervision Administration shall prevail.

**Article 266** The term “or more”, “within”, “below”, as stated in the Articles of Association shall all

include the given figure; the term “not exceeding”, “except”, “less than”, “more than”, “exceeding” shall all exclude the given figure.

**Article 267** The Board of Directors shall be responsible for the interpretation of the Articles of Association. If there is any conflict between the Articles of Association and the laws and regulations and the requirements of the securities regulatory authorities or the stock exchange of the places where the shares or GDRs of the Company are listed, the latter shall apply.

**Article 268** Appendixes to the Articles of Association include the rules of procedure for general meetings, the rules of procedure for meetings of the Board and the rules of procedure for meetings of the Supervisory Committee.

**Article 269** The Articles of Association shall take effect after the approval of the Company’s general meeting and from the date on which the GDRs issued by the Company listed on the SIX Swiss Exchange. The previous Articles of Association of the Company shall lapse automatically once the Articles of Association take effect.

Lepu Medical Technology (Beijing) Co., Ltd.

September 2022