

**WUXI APPTEC CO., LTD.**  
**ARTICLES OF ASSOCIATION**  
**(2024 REVISION)**

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# WuXi AppTec Co., Ltd.

## Articles of Association

### Chapter 1 General Provisions

**Article 1** To protect the legal rights and interests of the Company, shareholders and creditors, and regulate the organization and behavior of WuXi AppTec Co., Ltd. (hereinafter referred to as “the Company”), these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “the Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as “the Securities Law”), Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, the Guidelines for the Articles of Association of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (hereinafter referred to as “Listing Rules of SSE”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”) and other relevant regulations.

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

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

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

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

**Article 4** Registered name of the Company  
Chinese name: 無錫藥明康德新藥開發股份有限公司  
English name: WuXi AppTec Co., Ltd.

**Article 5** The Company's address is Mashan No. 5 Bridge, Binhu District, Wuxi City, Jiangsu Province, with a postal code of 214092.

**Article 6** The registered capital of the Company is RMB2,933,336,997.

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

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

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

**Article 10** The Articles of Association shall come into effect on the date of consideration and approval at the general meeting of the Company. From the effective date of the Articles of Association, the former articles of association of the Company shall automatically go out of effect.

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

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

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

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

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

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

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

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

**Article 14** Business objects of the Company

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

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

## Chapter 3 Shares

### Section 1 Share Issuance

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

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

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

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

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

**Article 19** The Company may issue stocks to domestic investors or overseas investors based on the procedures specified in applicable laws of the place where the stocks of the Company are listed.

**Article 20** The domestic shares or A-shares stated in the Articles of Association refer to ordinary shares issued by the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi.

The overseas listed foreign shares or H-shares stated in the Articles of Association refer to the stocks issued by the Company which are listed and traded on HKEX.

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

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

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

| <b>No.</b> | <b>Name of sponsor</b>                                      | <b>Number of shares subscribed (shares)</b> | <b>Shareholding ratio</b> | <b>Mode of capital contribution</b> | <b>Time of capital contribution</b> |
|------------|---|---|---------------------------|-------------------------------------|-------------------------------------|
| 1          | G&C V Limited   | 41,390,100                                  | 4.4137%                   | Net assets converting into shares   | January 31, 2017                    |
| 2          | G&C VI Limited  | 81,000,000                                  | 8.6375%                   | Net assets converting into shares   | January 31, 2017                    |
| 3          | G&C VII Limited   | 21,435,000                                  | 2.2857%                   | Net assets converting into shares   | January 31, 2017                    |
| 4          | Jiaxing Houyi Investment Partnership (Limited Partnership)  | 4,664,700                                   | 0.4974%                   | Net assets converting into shares   | January 31, 2017                    |
| 5          | Jiaxing Houyu Investment Partnership (Limited Partnership)  | 4,664,700                                   | 0.4974%                   | Net assets converting into shares   | January 31, 2017                    |
| 6          | Jiaxing Houzi Investment Partnership (Limited Partnership)  | 846,000                                     | 0.0902%                   | Net assets converting into shares   | January 31, 2017                    |
| 7          | Jiaxing Houjin Investment Partnership (Limited Partnership) | 846,000                                     | 0.0902%                   | Net assets converting into shares   | January 31, 2017                    |
| 8          | Shanghai Houshen Investment Center (Limited Partnership)    | 19,445,250                                  | 2.0735%                   | Net assets converting into shares   | January 31, 2017                    |
| 9          | Shanghai Houyue Investment Center (Limited Partnership)     | 601,500                                     | 0.0641%                   | Net assets converting into shares   | January 31, 2017                    |
| 10         | Shanghai Houyuan Investment Center (Limited Partnership)    | 603,000                                     | 0.0643%                   | Net assets converting into shares   | January 31, 2017                    |
| 11         | Shanghai Houyong Investment Center (Limited Partnership)    | 801,750                                     | 0.0855%                   | Net assets converting into shares   | January 31, 2017                    |
| 12         | Shanghai Houzhen Investment Center (Limited Partnership)    | 618,750                                     | 0.0660%                   | Net assets converting into shares   | January 31, 2017                    |

| <b>No.</b> | <b>Name of sponsor</b>                                   | <b>Number of shares subscribed (shares)</b> | <b>Shareholding ratio</b> | <b>Mode of capital contribution</b> | <b>Time of capital contribution</b> |
|------------|--|---|---------------------------|-------------------------------------|-------------------------------------|
| 13         | Shanghai Houyao Investment Center (Limited Partnership)  | 586,500                                     | 0.0625%                   | Net assets converting into shares   | January 31, 2017                    |
| 14         | Shanghai Housong Investment Center (Limited Partnership) | 531,750                                     | 0.0567%                   | Net assets converting into shares   | January 31, 2017                    |
| 15         | Shanghai Houling Investment Center (Limited Partnership) | 376,500                                     | 0.0401%                   | Net assets converting into shares   | January 31, 2017                    |
| 16         | G&C IV Hong Kong Limited                                 | 59,234,400                                  | 6.3164%                   | Net assets converting into shares   | January 31, 2017                    |
| 17         | WuXi AppTec (BVI) Inc.                                   | 81,000,000                                  | 8.6374%                   | Net assets converting into shares   | January 31, 2017                    |
| 18         | ABG-WX Holding (HK) Limited                              | 74,043,000                                  | 7.8955%                   | Net assets converting into shares   | January 31, 2017                    |
| 19         | Glorious Moonlight Limited                               | 88,851,600                                  | 9.4746%                   | Net assets converting into shares   | January 31, 2017                    |
| 20         | HCFII WX (HK) Holdings Limited                           | 62,725,500                                  | 6.6887%                   | Net assets converting into shares   | January 31, 2017                    |
| 21         | SUMMER BLOOM INVESTMENTS (I) PTE. LTD.                   | 81,447,300                                  | 8.6851%                   | Net assets converting into shares   | January 31, 2017                    |
| 22         | Yunfeng II WX Limited                                    | 12,340,800                                  | 1.3159%                   | Net assets converting into shares   | January 31, 2017                    |
| 23         | SCC Growth III Holdco B, Ltd.                            | 12,340,800                                  | 1.3159%                   | Net assets converting into shares   | January 31, 2017                    |
| 24         | L & C Investment Limited                                 | 4,191,300                                   | 0.4469%                   | Net assets converting into shares   | January 31, 2017                    |
| 25         | Eastern Star Asia Investment Limited                     | 5,217,473                                   | 0.5563%                   | Net assets converting into shares   | January 31, 2017                    |



| No. | Name of sponsor   | Number of shares subscribed (shares) | Shareholding ratio | Mode of capital contribution      | Time of capital contribution |
|-----|---|--------------------------------------|--------------------|-----------------------------------|------------------------------|
| 26  | Fertile Harvest Investment Limited  | 16,464,710                           | 1.7557%            | Net assets converting into shares | January 31, 2017             |
| 27  | Pearl WX HK Limited   | 14,808,600                           | 1.5791%            | Net assets converting into shares | January 31, 2017             |
| 28  | Shanghai Jinyao Investment Management Co., Ltd.   | 49,362,300                           | 5.2637%            | Net assets converting into shares | January 31, 2017             |
| 29  | Jiaying Yumin Investment Partnership (Limited Partnership)                                | 12,339,900                           | 1.3159%            | Net assets converting into shares | January 31, 2017             |
| 30  | Jiaying Yuxiang Investment Partnership (Limited Partnership)                              | 37,021,500                           | 3.9478%            | Net assets converting into shares | January 31, 2017             |
| 31  | Jiashi Kangheng (Tianjin) Investment Partnership (Limited Partnership)                    | 71,892,000                           | 7.6661%            | Net assets converting into shares | January 31, 2017             |
| 32  | Shanghai Jiehuan Investment Center (Limited Partnership)                                  | 12,340,800                           | 1.3159%            | Net assets converting into shares | January 31, 2017             |
| 33  | Shanghai Yingyi Investment Center (Limited Partnership)                                   | 10,478,700                           | 1.1174%            | Net assets converting into shares | January 31, 2017             |
| 34  | Guoshou Chengda (Shanghai) Health Industry Equity Investment Center (Limited Partnership) | 12,500,000                           | 1.3329%            | Net assets converting into shares | January 31, 2017             |
| 35  | Taikang Insurance Group Co., Ltd.   | 12,500,000                           | 1.3329%            | Net assets converting into shares | January 31, 2017             |
| 36  | Tangshan Jingji Health Industry Fund Partnership (Limited Partnership)                    | 3,750,000                            | 0.3999%            | Net assets converting into shares | January 31, 2017             |
| 37  | Shenzhen Pingan Real Estate Investment Co., Ltd.  | 5,000,000                            | 0.5332%            | Net assets converting into shares | January 31, 2017             |
| 38  | LCH Investment Limited  | 5,130,865                            | 0.5471%            | Net assets converting into shares | January 31, 2017             |

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

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

The Company issued 121,795,400 H-shares in 2018 for the first time upon approval of CSRC. After the abovementioned issuance, the total number of shares of the Company is 1,170,062,286, all being ordinary shares.

The shareholding of the Company is: 2,933,336,997 ordinary shares, including 2,546,260,847 shares held by A-share shareholders; 387,076,150 shares held by H-share shareholders.

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

**Article 24** Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of laws and regulations upon resolution of the shareholders' meeting:

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

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

**Article 25** The Company may reduce the registered capital. The Company's reduction of registered capital shall be handled in accordance with the Company Law, other relevant regulations and the procedures stipulated in the Articles of Association.

**Article 26** Where the Company finds it necessary to reduce its registered capital, it must work out balance sheets and property inventory.

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

**Article 27** The Company may acquire shares of the Company in accordance with the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association in the following circumstances:

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

The conditions imposed in item (VI) above shall be determined in accordance with applicable laws, administrative regulations and the relevant provisions of CSRC and the stock exchange where the stocks of the Company are listed.

Except for the above, the Company shall not acquire any shares of the Company.

**Article 28** The Company may choose one of the following ways to acquire the shares of the Company:

- (I) through open centralized trading;
- (II) through issuing an offer;

(III) through entering into agreements outside stock exchange according to the laws and regulations of the place where the stocks of the Company are listed and the listing rules of the stock exchange;

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

If the Company acquires its corporate shares in accordance with Article 27 (III), (V) and (VI) of the Articles of Association, it shall be conducted through open centralized trading.

**Article 29** When formulating a repurchase plan with clear and detailed arrangements for the repurchase process according to the applicable laws and regulations and the relevant provisions of CSRC and the stock exchange where the stocks of the Company are listed, the Board shall comprehensively consider the financial situation, production and operation conditions, the stock price of the Company and the interests of its shareholders and other factors.

If the Company acquires its corporate shares as described in Article 27 (I), (II) of the Articles of Association, it shall be subject to the resolution of the general meeting of shareholders. If the Company acquired its cooperate shares as described in Article 27 (III), (V) and (VI) of the Articles of Association, it can be resolved and approved by more than two-thirds of the directors present at a board meeting.

After the Company acquires its corporate shares in accordance with the provisions of Article 27 of the Articles of Association, the shares acquired under the circumstances of paragraph (I) shall be cancelled within ten days from the date of acquisition; the shares acquired under circumstances of paragraphs (II) and (IV) shall be transferred or cancelled within six months. After the Company acquires its corporate shares as described in Article 27 (III), (V) and (VI), the total number of corporate shares held by the Company shall not exceed 10% of the total issued shares of the Company. All corporate shares so acquired shall be transferred or cancelled within three years.

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

### Section 3 Transfer of Shares

**Article 30** Unless otherwise specified in the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed, the shares of the Company are freely transferrable and are not subject to any lien.

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

**Article 31** All the H-shares with paid-up share capital may be freely transferred in accordance with the Articles of Association; but unless the following conditions are met, the Board may refuse to admit any transfer document without stating any reason:

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

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

**Article 32** All the transfers of H-shares shall adopt written transfer instruments in a general or ordinary format or any other format accepted by the Board (including standard transfer format or ownership transfer form specified by HKEX from time to time); such transfer instruments may only adopt manual signing or be affixed with a valid seal of the Company (if the transferer or transferee is a company). If the transferer or transferee is a recognized clearing house defined in relevant regulations that are validated from time to time in accordance with Hong Kong law (hereinafter referred to as “recognized clearing house”) or its agent, the transfer instruments may be signed in form of manual signing or machine printing.

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

**Article 33** The Company does not accept the shares of the Company as the subject of pledge rights.

**Article 34** The shares of the Company held by the sponsors shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one year from the date of the Company's shares listing on the stock exchange.

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

**Article 35** If the directors, supervisors, senior management of the Company and shareholders holding more than 5% of the Company's shares sell the shares of the Company or other securities with an equity nature they held within six months after the purchase, or purchase again within six months after sale, the proceeds thereon shall be owned by the Company and the Board of the Company will recover the proceeds. However, if a securities company holds more than 5% of the shares after purchasing the remaining shares upon underwriting and other circumstances stipulated by the China Securities Regulatory Commission 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 Company's Board does not comply with the provisions of the first paragraph, the shareholders shall have the right to request the Board to execute within thirty days. If the Company's Board fails to execute within the above-mentioned time limit, the shareholders shall have the right to file a lawsuit directly with the people's court in their own name for the benefit of the Company.

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

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

**Article 36** The Company or its subsidiaries (including affiliated companies of the Company) shall never provide any financial aid by means including gifts, advance, guarantee, compensation or loan for anyone who purchases or intends to purchase the shares of the Company.

The provision in this article are not applicable to the circumstances described in Article 38 hereof.

**Article 37** The financial aid stated in the Articles of Association includes without limitation the following forms:

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

**Article 38** The following acts are not deemed as the acts forbidden in Article 36 of the Articles of Association:

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



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

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

**Article 39** The share certificates of the Company adopt a registered form, and it shall be in paper form or in other forms prescribed by the securities regulatory authority of the State Council. The share certificates of the Company shall state the information required by the Company Law and the stock exchange where the stocks of the Company are listed.

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

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

**Article 40** Stocks shall be signed by the chairman of the Board. If the stock exchange where the stocks of the Company are listed requires other senior management officers of the Company to sign stocks, the stocks shall be signed by other relevant senior management officers, too. The stocks will take effect after being affixed with the seal of the Company or affixed with a seal in a printing form. Affixing the seal of the Company onto stocks shall be authorized by the Board. The signatures of the chairman or other relevant senior management officers of the Company on stocks may also adopt a printing form.

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

**Article 41** The Company shall prepare a register of shareholders based on vouchers provided by securities registries, which registers the following information according to the relevant rules of the place where the stocks of the Company are listed (if applicable):

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

Register of shareholders is sufficient evidence proving a shareholder holds shares of the Company.

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

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

**Article 42** The Company may, based on the understanding or agreement reached between the securities regulatory authority of the State Council and overseas securities regulatory authority, store the register of shareholders of overseas listed shares of the Company abroad, and authorize an overseas agency to manage it. The original of the register of shareholders of H-shares shall be kept in Hong Kong for the inspection of shareholders. The register of shareholders may be closed according to the relevant provisions under the Hong Kong Companies Ordinance.

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

In case of inconsistency, the original shall prevail.

**Article 43** Where the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed have provisions on occasions when no change of registration of the register of shareholders shall be conducted before convention of a general meeting or before the base date of dividend distribution decided by the Company, such provisions shall prevail.

**Article 44** Where a shareholder of overseas listed shares loses stocks and applies for reissuance, the matter may be handled in accordance with the laws and regulations of the place where the original of the register of shareholders of overseas listed shares is stored, the rules of the stock exchange, or other relevant regulations.

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

### **Section 1 Shareholders**

**Article 45** The shareholders of the Company are the people who hold shares of the Company according to law and their names are registered in the register of shareholders.

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

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

**Article 46** When the Company convenes a general meeting, distributes dividends, undergoes liquidation and engages in other activities requiring the identification of shareholders, the Board or the convener of the general meeting shall decide the equity registration date. Shareholders whose names appear on the register at the close of trading on the equity registration date shall be the shareholders enjoying relevant rights and interests.

**Article 47** The shareholders of ordinary shares of the Company shall have the following rights:

- (I) to receive dividends and profit distributions in any other form in proportion to the shares they hold;
- (II) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting right;
- (III) to supervise, present suggestions on or make inquiries about the operations of the Company;
- (IV) to transfer, gift or pledge their shares in accordance with the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed, and the Articles of Association;
- (V) to inspect the Articles of Association, register of shareholders, stubs of corporate bonds, minutes of general meetings, resolutions of Board meetings, resolutions of Supervisory Committee meetings and financial and accounting reports;
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;
- (VII) to require the Company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the Company;
- (VIII) to enjoy other rights stipulated by the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

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

**Article 48** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company will provide the information as required by the said shareholder upon verification of the said shareholder's identity.

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

**Article 49** If any resolution of the general meeting or the Board of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution.

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

**Article 50** If any director or senior management officer violates the laws, administrative regulations or the Articles of Association in fulfilling their duties, thereby incurring any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for no less than 180 days continuously shall have the right to submit a written request to the Supervisory Committee to institute legal proceedings to the people's court; if the Supervisory Committee violates the laws, administrative regulations or the Articles of Association in fulfilling its duties, thereby incurring any loss to the Company, the shareholders shall have the right to request the Board in writing to institute legal proceedings to the people's court.

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

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

**Article 51** If any director or senior management officer violates laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may institute legal proceedings to the people's court.

**Article 52** The shareholders of ordinary shares of the Company shall have the following obligations:

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

If any shareholder of the Company abuses his/her shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company abuses the Company's position as an independent legal person or shareholder's limited liability protection for the purpose of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint and several liabilities for the Company's debts.

**Article 53** If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**Article 54** Except the obligations required in the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed, when the controlling shareholder exercises its power of shareholder, it shall not make any decision detrimental to the interests of all or some of shareholders on the following issues in order to exercise its voting right:

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

**Article 55** The controlling shareholders and de facto controllers of the Company shall not use the connected relations to the detriment of the interests of the Company; otherwise, they shall be liable for compensation for any loss incurred to the Company.

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

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

## Section 2 General Provisions for General Meetings

**Article 56** The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to the laws:

- (I) to decide on the Company's business policy and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives, and determine the remunerations of directors and supervisors;
- (III) to consider and approve the reports of the Board;
- (IV) to consider and approve the reports of the Supervisory Committee;
- (V) to consider and approve the Company's annual financial budgets, final accounts;
- (VI) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (VII) to resolve on increase or decrease of the registered capital of the Company;
- (VIII) to resolve on issuance of corporate bonds;
- (IX) to resolve on the merger, division, dissolution, liquidation or transformation of corporate form of the Company;
- (X) to amend the Articles of Association;
- (XI) to resolve on appointment or dismissal of the Company's accounting firm;
- (XII) to consider the proposals of shareholders severally or jointly holding above 3% of the shares of the Company with voting right;
- (XIII) to consider and approve material transactions specified in Article 57 of the Articles of Association;
- (XIV) to consider and approve financial assistance stipulated in Article 58 of the Articles of Association and guarantees stipulated in Article 59 of the Articles of Association;



- (XV) to consider any connected transaction (excluding the provision of guarantee by the Company, receipt by the Company of cash donation, and any transaction that simply relieves the Company of obligatory debt) between the Company and the connected parties, the amount of which is more than RMB30 million and which accounts for more than 5% of the absolute value of the latest audited net assets of the Company;
- (XVI) to consider the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (XVII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;
- (XVIII) to consider equity incentive plans and employee stock ownership plan;
- (XIX) to resolve on the acquisition of corporate shares as described in Article 27 (I) and (II) of the Articles of Association;
- (XX) to consider and approve the matters relating to purchase of liability insurance for directors and senior management;
- (XXI) to consider other matters which, in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the stocks of the Company are listed or the Articles of Association, shall be approved by the general meeting.

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

**Article 57** The Company's transactions (excluding financial assistance, the provision of guarantee, receipt of cash donation by the Company, any transaction that waives the debt of the Company or other transactions without involving any payment of consideration or attachment of any obligations, and the "Daily Transactions" stipulated in the Listing Rules of SSE) meeting one of the following standards shall be submitted to the general meeting for consideration upon consideration and approval by the Board:

- (I) the total asset value involved in the transaction (the higher of the book value and the assessed value as the case may be) accounts for more than 50% of the latest audited total assets of the Company;
- (II) the net assets of the transaction subject (e.g. equity) (if both book value and appraised value exist, whichever is higher) account for more than 50% of the latest audited net assets of the Company, with the absolute amount of more than RMB50 million;

- (III) the concluded transaction amount (including debts and expenses undertaken) accounts for more than 50% of the latest audited net assets of the Company, with the absolute amount of more than RMB50 million;
- (IV) the transaction profit accounts for more than 50% of the audited net profit of the Company in the most recent fiscal year, with the absolute amount of more than RMB5 million;
- (V) the related operating income of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 50% of the audited operating income of the Company in such fiscal year, with the absolute amount of more than RMB50 million;
- (VI) the related net profit of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 50% of the audited net profit of the Company in such fiscal year, with the absolute amount of more than RMB5 million.
- (VII) transactions meeting the following criteria according to the definitions and relevant calculation methods under the Hong Kong Listing Rules;
  - 1. major transactions;
  - 2. very substantial disposals;
  - 3. very substantial acquisitions;
  - 4. reverse takeovers.

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

**Article 58** The Company's financial assistance (including interest bearing or non-interest bearing loans and consigned loans) meeting one of the following standards shall be submitted to the general meeting for consideration upon consideration and approval by the Board;

- (I) the amount of a single financial assistance exceeding 10% of the latest audited net assets of the Company;
- (II) the gearing ratio of the target of the financial assistance according to the latest financial statements exceeding 70%;
- (III) the total amount of financial assistance in the last 12 months exceeding 10% of the latest audited net assets of the Company;

(IV) other circumstances specified in the listing rules of the stock exchange in the place where the stocks of the Company are listed or in the Articles of Association;

If the target of financial assistance is a subsidiary consolidated in the Company's financial statement and other shareholders of the subsidiary do not include any controlling shareholder and de facto controller of the Company and their respective connected persons, it is not subject to the above requirements.

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

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

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

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

In case of any violation of the approval authority of the general meeting and the Board for external guarantee as stipulated under this article and causing loss to the Company, relevant officer shall be liable for economic compensation. If the case is serious and constitutes a crime, it shall be submitted to the judicial authority according to the relevant laws.

**Article 60** General meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

**Article 61** In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

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

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

**Article 62** The venue of the general meeting of the Company shall be the domicile of the Company or principal place of business of the Company (or its subsidiary) otherwise determined by the Company.

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

**Article 63** When holding a general meeting, the Company shall engage lawyers to give legal opinions and make an announcement on the following matters:

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

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

**Article 64** Independent directors shall have the right to propose to the Board to hold an extraordinary general meeting. The Board shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within ten days after receipt of the proposal of the independent director to hold such a meeting.

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

**Article 65** The Supervisory Committee shall have the right to propose to the Board to hold an extraordinary general meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within ten days after receipt of the proposal.

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

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

**Article 66** Shareholder(s) severally or jointly holding more than 10% shares of the Company shall have the right to request the Board to hold an extraordinary general meeting or class meeting, and shall put forward such request to the Board in writing and state the topic of the meeting. The Board shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting or class meeting within ten days after receipt of the request.

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

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

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

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

**Article 67** Where the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file with the stock exchange in the place where the stocks of the Company are listed.

Prior to the disclosure of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10% of the total share capital of the Company.

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

**Article 68** With regard to the general meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the Board and its secretary shall offer cooperation. The Board shall provide a register of shareholders as of the equity registration date. Where the Board does not provide a register of shareholders, the convener may apply for obtaining it to the securities registration and clearing institution in the place where the stocks of the Company are listed by providing relevant announcement on convention of a general meeting. The register of shareholders obtained by the convener may not be used for other purposes except convention of a general meeting.

**Article 69** If the Supervisory Committee or shareholders itself/themselves convene a general meeting, the expenses necessary for the meeting shall be borne by the Company.

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

**Article 70** The content of a proposal shall be determined by the general meeting, have definite topics and specific resolutions, and shall comply with the relevant provisions of the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

**Article 71** Where the Company convenes a general meeting, the Board, Supervisory Committee, and shareholder(s) severally or jointly holding more than 3% shares of the Company shall have the right to make proposals to the Company.

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

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

Proposals not set out in the notice of general meeting or not complying with Article 70 of the Articles of Association shall not be voted or resolved at the general meeting.

**Article 72** When the Company is to convene an annual general meeting, it shall send written notice twenty workdays prior to the date of the general meeting; when the Company is to convene an extraordinary general meeting, it shall send written notice ten workdays or fifteen days (whichever is longer) prior to the date of the general meeting. Such notice shall specify the matters to be considered and the date and place of the meeting.

The aforesaid “twenty workdays”, “ten workdays” or “fifteen days” period counted by the Company shall not include the day on which the meeting is convened and the day on which the notice is issued.

**Article 73** The notice of a general meeting shall include the following information:

- (I) the time, place and period of the meeting;
- (II) the matters and proposals submitted to the meeting for consideration;
- (III) the statement in explicit words: all shareholders are entitled to attend the general meeting and appoint proxies in writing to attend and vote at such meeting and that such proxies need not be shareholders of the Company;
- (IV) the equity registration date of shareholders entitled to attend the general meeting; the interval between equity registration date and meeting date shall be not more than seven workdays. Equity registration date once determined may not be changed;
- (V) the name and telephone number of the permanent contact person of the meeting;
- (VI) the voting time and voting procedure over network or of other means.

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



**Article 74** If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for directors or supervisors, which information shall at least include:

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

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

**Article 75** After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two workdays prior to the date on which the meeting is originally scheduled.

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

**Article 76** The Board of the Company or any other convener shall take necessary measures to ensure the proper order of the general meeting. The Board or any other convener shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 77** All common shareholders or their proxies in the register of shareholders on the equity registration date shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

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

**Article 78** An individual shareholder attending a general meeting in person shall present his/her identity card or other valid identity certificates or share account card; a proxy attending a general meeting on behalf of an individual shareholder shall present his/her identity card and power of attorney of the shareholder.

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

**Article 79** A shareholder shall authorize a proxy in a written form.

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

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

**Article 80** A power of attorney shall state clearly that the proxy shall be entitled to vote or not at his discretion in the absence of specific instructions from the shareholder.

**Article 81** The power of attorney for voting shall be prepared at the Company's domicile or at such other place as specified in the notice of the meeting at least 24 hours prior to the convention of the meeting at which the power of attorney authorizes to vote, or 24 hours prior to the designated voting time. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the Company's domicile or at such other place as specified in the notice of the meeting.

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

**Article 82** Where the principal is deceased, or loses capacity for act, or withdraws appointment, or withdraws the authorization to endorse appointment, or relevant shares have been transferred before voting, as long as the Company does not receive written notice on such matter before commencement of the meeting, the vote made by the shareholder proxy according to the power of attorney shall be still valid.

**Article 83** Attendees' register shall be prepared by the Company. The attendees' register shall state the names (or names of the corporations), identification card number and the address of the attendees, the number of voting shares held or represented, names of the principals (or names of the corporations) and so on.

**Article 84** The convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing organization, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the total number of their voting shares.

**Article 85** All directors, supervisors and secretary to the Board shall attend general meetings of the Company, and the manager (president and CEO) and other senior management officers shall be present at the meetings.

**Article 86** General meetings shall be convened by the Board. General meetings shall be presided over by the chairman. Where the chairman cannot or does not fulfil the duty thereof, the vice chairman shall preside over the meeting; where the vice chairman cannot or does not fulfil the duty thereof, more than half of the directors may jointly elect a director to preside over the meeting.

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

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

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

**Article 87** The Company shall formulate rules of procedure for general meetings defining in details the convening and voting procedure of general meetings, covering notification, registration, consideration of proposal, voting, counting of votes, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle and contents of authorization of the Board on general meetings. The rules of procedure for general meetings shall be appendix to the Articles of Association and shall be formulated by the Board and approved on the general meeting.

**Article 88** The Board and the Supervisory Committee shall report their work in the preceding year at the annual general meeting. The Board and the Supervisory Committee shall report their fulfillment of duties, the evaluation results of their performance and remuneration to the general meeting. The above details shall also be disclosed by the Company. Every independent director shall also make his work report.

**Article 89** Directors, supervisors and senior management officers shall make explanations in relation to the inquiries and suggestions made by shareholders at general meetings.

**Article 90** The presider shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 91** Minutes of a general meeting shall be kept by the secretary to the Board. The minutes of the meeting shall specify:

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

**Article 92** The convener shall ensure the minutes of the meeting are true, accurate and complete. The attending directors, supervisors, secretary to the Board, convener or representative thereof, and presider shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting over network or other means shall be kept for 10 years.

**Article 93** The convener shall ensure that a general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary measures to resume the general meeting as soon as possible or directly terminate the general meeting and make a responsive announcement. Meanwhile, the convener shall report to the local office of the securities regulatory authority of the State Council in the locality of the Company and the stock exchange in the place where the stocks of the Company are listed.

### **Section 6 Voting and Resolutions of General Meetings**

**Article 94** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

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

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

**Article 95** The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the Board and the Supervisory Committee;
- (II) the Company's profit distribution plan and loss recovery plan;
- (III) appointment and dismissal of the members of the Board and the Supervisory Committee, their remunerations and the method of payment thereof;
- (IV) the Company's annual budgets, final accounts, balance sheets, income statements and other financial statements;

- (V) material transactions specified in Article 57 of the Articles of Association;
- (VI) external guarantees specified in Article 59 of the Articles of Association (excluding Item (III));
- (VII) any connected transaction (excluding the provision of guarantee by the Company, receipt by the Company of cash donation, and any transaction that simply relieves the Company of obligatory debt) between the Company and the connected parties, whose amount is more than RMB30 million and accounts for more than 5% of the absolute value of the latest audited net assets of the Company;
- (VIII) consideration and approval of matters relating to the changes in the use of proceeds from share offerings;
- (IX) resolution on appointment or dismissal of the Company's accounting firm and the remuneration or the basis of remuneration of the accounting firm;
- (X) other matters than those that should be passed by special resolutions pursuant to laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

**Article 96** The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or decrease of the registered capital of the Company;
- (II) division, spin-off, merger or transformation of organizational form of the Company;
- (III) termination, dissolution, liquidation or extension of business term of the Company;
- (IV) amendment to the Articles of Association;
- (V) the Company's purchase, sale of major assets or guarantee within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (VI) equity incentive plans;
- (VII) the acquisition of the corporate shares of the Company in accordance with Articles 27 (I) and (II) of the Articles of Association;
- (VIII) adjust the profit distribution policy of the Company;

(IX) any other matter specified in the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.

**Article 97** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote.

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

The aforesaid medium and small investors are shareholders other than the Company's directors, supervisors, senior management officers and shareholder(s) severally or jointly holding more than 5% (inclusive) shares of the Company.

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

If a Shareholder purchases any voting shares of the Company in violation of paragraphs 1 and 2 of article 63 of the Securities Laws, voting rights of the shares exceeding the prescribed percentage shall not be exercisable within 36 months after the purchase, and such shares shall not be counted in the total number of voting shares at the general meeting.

The Board, independent directors, Shareholders holding more than 1% of the total voting shares of the Company or investor protection corporation established in accordance with laws, administrative rules and the provisions of the China Securities Regulatory Commission may publicly collect voting rights from shareholders. They shall adequately disclose specific information including voting intents to the persons whose voting rights are collected when collecting voting rights from shareholders. It is prohibited to collect voting rights from shareholders with compensation or compensation in disguised form. Save for the statutory conditions, the Company and the convener of the general meeting shall not set minimum shareholding percentage limit for collection of voting rights. The collection of voting rights shall be conducted free of charge and shareholders whose voting rights are being collected shall disclose information of specific voting preferences. Paid or indirectly paid collection of voting rights is not permitted.

**Article 98** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares they represent shall not be counted in the total number of valid voting shares; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.



**Article 99** Unless the Company is in a crisis or any special circumstance, the Company may not enter into any contract with anyone other than a director, manager (president and CEO) or other senior management officer to have all or significant part of the Company's business in the care of the said person, unless with the approval by special resolutions at a general meeting.

**Article 100** List of nominations for the candidates for directors or supervisors shall be submitted by way of proposal at general meetings for voting. The Board shall provide shareholders with the brief biographies and background information of the candidates for directors or supervisors. The election of directors and supervisors shall sufficiently take into account the opinions of medium and minority shareholders.

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

- (I) The total number of valid votes casted by each shareholder attending the meeting in election of directors or supervisors shall be equal to the number of voting shares held by the shareholder multiplied by the number of directors or supervisors to be elected;
- (II) Each shareholder may cast all his votes on single candidate for director or supervisor or spread his votes on different candidates for director or supervisor;
- (III) Votes for single candidate of director or supervisor may be more or less than the number of voting shares held by the shareholder, which do not need to be integral multiples of the number of his shares. However, the accumulative number of the votes for all candidates for directors or supervisors shall not exceed the entitled total number of the valid voting rights;

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

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

Cumulative voting system shall be adopted if a single shareholder and its parties in concert are interested in 30% or above of the shares of the Company, or when more than two independent directors are to be elected at a general meeting.

**Article 101** Save under the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is terminated or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

**Article 102** No amendment shall be made to a proposal when it is considered at a general meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the general meeting.

**Article 103** The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 104** The vote at a general meeting shall be conducted by open ballot.

**Article 105** If the matter on which voting by ballot is requested is to elect a meeting presider or discontinue the meeting, voting by ballot shall be conducted at once; for other matters on which voting by ballot is requested, the meeting presider will decide on when to conduct the voting, and the meeting may be continued to discuss other matters, and the voting results will still be deemed as resolutions passed at the meeting.

**Article 106** During voting by ballot, the shareholders (including shareholder proxies) with two or more votes don't have to cast all votes yes or all votes no.

**Article 107** Before proposals are voted on at the general meeting, two shareholders' representatives shall be elected to count and monitor counting of the votes. Where any shareholder has connected relations with any matter considered, the said shareholder and proxy thereof shall not participate in counting and monitoring of votes.

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

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

**Article 108** A general meeting shall not conclude earlier at the venue than over the network or otherwise, and the presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result.

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

**Article 109** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention. The securities registration and clearing organization shall be the nominal holder of shares under the Mainland China and Hong Kong Stock Connect scheme, except where declaration is made in accordance with the actual holder's intent.

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

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

**Article 110** If the presider has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the votes counted. If the presider has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the result, demand that the votes be counted and the presider shall have the votes counted immediately.

**Article 111** Resolutions of the general meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every proposal and the details of each of the resolutions passed.

**Article 112** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 113** Where a proposal on election of directors or supervisors is passed at the general meeting, the directors elected or supervisors elected shall take office on the date when the resolution is passed at the general meeting, save as otherwise specified by the general meeting.

**Article 114** Where a proposal on cash dividends, bonus shares or increase of equity capital by way of transfer from capital reserves is passed at the general meeting, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

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

**Article 115** Those shareholders who hold different classes of shares are class shareholders.

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

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

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

**Article 116** Rights conferred on any class shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by relevant class shareholders at a separate meeting conducted in accordance with Article 118 to 122 of the Articles of Association.

**Article 117** The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class shareholder:

- (I) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to those of shares of that class;
- (II) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;

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

**Article 118** Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall have the right to vote at class meeting in respect of matters concerning items (II) to (VIII) and (XI) to (XII) of Article 117 of the Articles of Association, but interested shareholder(s) shall not be entitled to vote at such class meetings.

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

- (I) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a securities exchange pursuant to Article 28 of the Articles of Association, a controlling shareholder within the meaning of Article 259 of the Articles of Association;
- (II) in the case of a repurchase of shares by an off-market agreement pursuant to Article 28 of the Articles of Association, a shareholder related to such agreement;

(III) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on other shareholders of that class under the proposed restructuring or who has an interest different from the interests of other shareholders of that class.

**Article 119** Resolutions of a class of shareholders shall be passed by affirmative votes representing more than two-thirds of the voting rights of shareholders of that class present at the relevant meeting who, according to Article 118, are entitled to vote thereat.

**Article 120** Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders in accordance with the provisions on notice period of annual general meetings and extraordinary general meetings under Article 72. Such notice shall give such shareholder notice of the matters to be considered at such meeting and the date and place of the class meeting.

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

**Article 121** Notice of class meetings need only be served on shareholders entitled to vote thereat.

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

**Article 122** The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

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

## Chapter 5 Board of Directors

### Section 1 Directors

**Article 123** Directors shall be elected or replaced at general meetings and shall each serve a term of three years. A director may seek re-election upon expiry of the said term. A director, before his term of office expires, may be dismissed by the general meeting. However, the general meeting of shareholders may remove any director before the expiration of the term of office in the form of ordinary resolution subject to the relevant laws and regulations in the place where the stocks of the Company are listed as well as the listing rules of the stock exchange (however, the claim for damages in accordance with any contract is not affected).

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

The Company shall enter into contracts with directors to specify the rights and obligations of the Company and directors.

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

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

**Article 124** Directors shall observe laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, and fulfil the following obligations of honesty to the Company:

- (I) not to abuse his official powers to accept bribes or other unlawful income, and not to expropriate the Company's property;
- (II) not to embezzle monies of the Company;
- (III) not to open in their own names or in others' names any bank account for the purpose of depositing any of the Company's assets or monies;
- (IV) not to lend monies of the Company to other persons or provide guarantee for other persons with the property of the Company counter to the Articles of Association or without the consent of the general meeting or the Board;

- (V) not to conclude any contract or conduct any transaction with the Company counter to the Articles of Association or without the consent of the general meeting;
- (VI) without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct for themselves or others any businesses similar to those of the Company;
- (VII) not to take as their own any commission for any transaction between the Company and others;
- (VIII) not to disclose any secret of the Company without permission;
- (IX) not to use their connected relations to damage the interests of the Company;
- (X) to fulfil other obligations of honesty stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed, and the Articles of Association.

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

**Article 125** Directors shall observe laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, and fulfill the following obligations of diligence to the Company:

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



**Article 126** The method and procedure for nominating directors are:

- (I) the candidates for directors (excluding independent directors) of the Board shall be nominated by the Board or shareholder(s) severally or jointly holding more than 3% of the total number of the voting shares of the Company, and shall be elected at a general meeting of the Company.
- (II) the candidates for independent directors shall be nominated in the way and procedure as specified by laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.
- (III) for nomination by shareholders according to item (I) of this article, the written notice on intention for nominating candidates for directors and nominees' willingness to accept the nominations shall be sent to the Company no earlier than the issue date of the notice of the general meeting and no later than the 7th day prior to the date of the general meeting. The Company shall give relevant nominators and their nominated candidates for directors at least seven notice days to submit the aforesaid notice and document (this period is calculated from the day after the issue date of the notice of the general meeting).
- (IV) The candidates for directors who accept the nominations shall promise that the information publicly disclosed about them is true and complete, and that they will diligently fulfill the duties as directors if elected;

**Article 127** If any director fails to attend Board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his duties, and the Board shall suggest that the general meeting dismiss the said director.

**Article 128** A director may resign from his office prior to the expiry of his term of office and shall tender a written resignation to the Board. The Board will disclose relevant information within two days.

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

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

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

**Article 129** If resignation of a director takes effect or if his term of office expires, the said director shall go through all handover formalities with the Board. The obligations of honesty of a director towards the Company and the shareholders do not necessarily cease within the reasonable period after the expiry of his term of office. The obligations of confidentiality in respect of trade secrets of the Company survive the expiry of his term of office until such trade secrets become publicly known. Other obligations may continue for such period as the principle of fairness may require.

**Article 130** Save as specified in the Articles of Association or properly authorized by the Board, no director shall act on behalf of the Company or the Board in his personal name. If a director acts in his own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his standpoint and capacity.

**Article 131** If any director violates the laws, administrative regulations and departmental rules in the place where the stocks of the Company are listed or the Articles of Association in fulfilling his duties, thereby incurring any loss of the Company, the said director shall be liable for compensation.

## **Section 2 Independent Directors**

**Article 132** The Company shall establish an independent director system. At least one third of the membership of the Board shall be independent directors, which shall include at least one accountant. The composition of independent directors shall also comply with the listing rules of the stock exchange in the place where the stocks of the Company are listed.

**Article 133** Independent directors shall fulfil the obligations of honesty and diligence to the Company and all the shareholders thereof. Independent directors shall, pursuant to the relevant laws and the Articles of Association, independently perform their duties, to fully understand the operation of the Company and the details of the proposals of Board meeting and protect the interests of the Company and shareholders as a whole, in particular the legitimate rights and interests of the minority shareholders. In case of disagreement between shareholders and directors which may have material effects on the operation of the Company, independent directors shall perform their duties and protect the interest of the Company as a whole. Independent directors shall perform duties independently and shall not be influenced by the Company's major shareholders, de facto controllers or other units or persons having interest relations with the Company. The Company shall ensure that the independent directors may perform their duties in accordance with laws. An independent director shall ensure that they have sufficient time and energy to effectively fulfil duties as independent directors.

**Article 134** An independent director shall meet the following basic conditions:

- (I) having the qualifications as director of listed companies in accordance with the laws, administrative regulations and other relevant provisions;

- (II) having the basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules;
- (III) having the independence as required by the laws and regulations;
- (IV) having more than five years' experience in legal, accounting and economic work or other work required for fulfilling duties as independent director;
- (V) having good personal character, and have no negative records of major dishonesty;
- (VI) other conditions specified in the laws and regulations and the Articles of Association.

**Article 135** Independent directors shall not hold any other positions other than members of special committees of the Board. Independent directors shall not have any relationship with the Company and substantial shareholders which may hinder their independent and objective judgement.

**Article 136** The term of office of independent directors is the same as other directors, and the term is renewable upon re-election when it expires, but the renewed term shall not exceed six years.

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

If any independent director resigns so that the number of independent directors or the membership of the Board, or the proportion of independent directors on the Board or its special committees falls short of that specified in the Articles of Association or the quorum, or there is a lack of accounting professionals among the independent directors, such resignation shall not become effective until the vacancy is filled up by a succeeding director (except where the independent director resigns due to loss of independence and is legally dismissed) and the Company shall complete the by-election in accordance with the provisions of laws and regulations. If the independent directors of the Company at any time do not meet the requirements for the number of people, qualification or independence specified in Hong Kong Listing Rules, the Company must inform HKEX immediately, and explain the details and reason by means of announcement, and shall, within three months after non-compliance with the relevant provisions, appoint enough independent directors to meet the requirements of Hong Kong Listing Rules.

**Article 137** An independent director shall work in the Company for at least 15 days every year, including attending general meetings, Board meetings and meetings of special committees, special meetings of independent directors, regularly obtaining information on the operation of listed companies, listening to the management reports, communicating with the heads of internal auditors and intermediaries such as accounting firms undertaking the audit business of listed companies, on-site inspections, and communicating with minority shareholders.

**Article 138** An independent director shall perform the following duties:

- (I) to participate in the decision-making of the Board and provide clear opinions on matters discussed;
- (II) to supervise the potential material conflicts of interest between the Company and its actual controllers, directors and senior management as stipulated in the Measures for the Administration of Independent Directors of Listed Companies and other laws and regulations, promote the decision-making of the Board to conform to the overall interests of the Company, and protect the legitimate interests of minority shareholders;
- (III) to provide professional and objective suggestions for the Company's operation and development, and promote the improvement of the decision-making level of the Board;
- (IV) to perform other duties stipulated by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed, and the Articles of Association.

**Article 139** An independent director shall exercise the following special powers:

- (I) to engage an independent intermediary to audit, consult or verify the Company's special issues;
- (II) to propose to convene an extraordinary general meeting to Board;
- (III) to propose to convene a Board meeting;
- (IV) to openly collect rights from shareholders in accordance with the law;
- (V) to express independent opinions on issues that may harm the rights and interests of the Company or minority shareholders;
- (VI) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

Independent directors shall seek the consent of more than half of all the independent directors before exercising the powers under (I)–(III) above.

The Company shall disclose in a timely manner when the powers stated under paragraph (I) above are exercised by independent directors. If the above-mentioned powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 140** At the annual general meeting of the Company, independent directors shall submit their yearly work reports, make a statement on their fulfilment of duties. The yearly work reports of independent directors shall be disclosed no later than the time of the notice of annual general meeting issued by the Company.

**Article 141** Independent directors are entitled to appropriate allowances from the Company, unless otherwise specified by laws and policies. Other than that, independent directors shall not obtain any other additional and undisclosed interests including equity incentives from the company they work in and its substantial shareholders, actual controllers or other interested units and persons. The standard of allowances shall be formulated by the Board, and considered and approved by the general meeting.

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

**Article 142** The Company shall have a Board of Directors (“the Board”) which shall be accountable to the general meeting and responsible for implementing resolution(s) of the general meeting.

**Article 143** The Board shall comprise 12–13 directors. Among them, independent directors shall not be less than one-third of the total number of directors.

The Board shall have one chairman, and may have one vice chairman.

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

**Article 144** The Board shall exercise the following functions and powers:

- (I) to convene general meetings and report on its work to the general meetings;
- (II) to implement resolutions passed at the general meetings;
- (III) to resolve on or make material amendments to the Company’s business plans and investment plans;
- (IV) to formulate the Company’s annual financial budgets and final accounting plans;
- (V) to formulate the Company’s profit distribution proposals and loss recovery proposals;
- (VI) to formulate the proposals for increase or decrease of the Company’s registered capital, and proposals for issue of bonds, other securities and listing;
- (VII) to formulate proposals for material acquisitions, purchase of shares of the Company as described in Articles 27 (I) and (II) of the Articles of Association, merger, division, dissolution or transformation of the Company;

- (VIII) to decide on the external investment, purchase and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, donations etc. within the authority permitted under the laws, regulations and these Articles of Association or the authority granted by the general meeting;
- (IX) to decide on the establishment of the Company's internal management bodies;
- (X) to decide on the appointment or dismissal of the Company's manager (president and CEO), secretary to the Board and other senior management and determine their remunerations and matters related to incentives and punishment; to decide on the appointment or dismissal of the Company's joint CEO, vice president, chief financial officer and other senior management officers as nominated by the manager (president and CEO) and decide on their remunerations, rewards and punishments;
- (XI) to formulate the Company's fundamental management system;
- (XII) to formulate the proposals for any amendment to the Articles of Association;
- (XIII) to manage matters relating to information disclosure of the Company;
- (XIV) to propose to the general meeting to appoint or replace the accounting firm which audits the Company's accounts;
- (XV) to listen to the work reports of the Company's manager (president and CEO) and examine the work thereof;
- (XVI) to formulate the equity incentive plan and employee stock ownership plan of the Company;
- (XVII) to resolve the acquisition of the shares of the Company as described in Article 27 (III), (V) and (VI) in the Articles of Association;

(XVIII) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

Other than the resolutions of the Board in respect of other matters which shall be passed by the affirmative vote of more than two-thirds of all directors as provided by laws, administrative regulations, departmental rules, listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, the resolutions of the Board in respect of all other matters may be passed by the affirmative vote of more than half of all the directors.

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

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

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

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

**Article 145** The Board shall make explanations to the general meeting in relation to the nonstandard audit opinions produced by certified public accountants on the financial reports of the Company.



**Article 146** The Board shall formulate rules of procedure for Board meetings to ensure execution of resolutions of the general meeting, enhance the work efficiency, and ensure scientific decision making of the Board.

**Article 147** The Board shall establish audit committee and remuneration and evaluation committee and may establish strategy committee, nomination committee and other special committees according to its needs. The special committees shall be accountable to the Board and perform duties in accordance with the Articles of Association and the authorization of the Board, and their proposals shall be submitted to the Board for consideration and approval. All of the special committees shall consist of directors. In the audit committee, nomination committee, and remuneration and evaluation committee, independent directors shall account for more than half of the members and shall act as conveners, the audit committee shall at least include one accountant as independent director, and the convener shall be an accounting professional. The members of the audit committee shall be directors who do not serve as senior management of the Company. The Board shall formulate the rules of procedures of the special committees to regulate their operation.

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

**Article 148** The Board shall determine the authorization relating to external investment, purchase and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions and donations, and shall establish strict examination and decision making procedure; and organize relevant experts and professionals to make assessments on material investment projects and report to the general meeting for approval.

**Article 149** Transactions (excluding connected transactions, financial assistance, provision of guarantee and other transactions of the Company without involving any payment of consideration or attaching any obligations such as receiving monetary assets as gift and waiver of debts) of the Company meeting any of the following standards shall be submitted to the general meeting for consideration:

- (I) the total asset value involved in the transaction (the higher of the book value and the assessed value as the case may be) accounts for more than 10% of the latest audited total assets of the Company;
- (II) the net assets of the transaction subject (e.g. equity) (if both book value and appraised value exist, whichever is higher) account for more than 10% of the latest audited net assets of the Company, with the absolute amount of more than RMB10 million;

- (III) the concluded transaction amount (including debts and expenses undertaken) accounts for more than 10% of the latest audited net assets of the Company, with the absolute amount of more than RMB10 million;
- (IV) the transaction profit accounts for more than 10% of the audited net profit of the Company in the most recent fiscal year, with the absolute amount of more than RMB1 million;
- (V) the related operating income of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 10% of the audited operating income of the Company in the most recent fiscal year, with the absolute amount of more than RMB10 million;
- (VI) the related net profit of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 10% of the audited net profit of the Company in the most recent fiscal year, with the absolute amount of more than RMB1 million.
- (VII) transactions meeting the following criteria according to the definitions and relevant calculation methods under the Hong Kong Listing Rules:
  - 1. share transactions;
  - 2. discloseable transactions;
  - 3. major transactions;
  - 4. very substantial disposals;
  - 5. very substantial acquisitions;
  - 6. reverse takeovers.

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

“Transactions” as mentioned above in this article include the purchase or disposal of assets; external investment (including consigned financial management, investment in subsidiaries, etc.); lease of assets; asset and business management as consignor or consignee; donating or taking of assets; credit and debt reorganization; conclusion of franchise agreements; transfer of research and development projects as transferor or transferee; the grant, acceptance, transfer, exercise, termination or waiver of rights (including the waiver of the first right of refusal and the right of first offer), etc.

The aforesaid transactions exclude the following transactions relating to daily business operations of the Company: purchase of raw materials, fuels and power; receipt of services; sale of products and goods; provision of services; contracting of projects and other transactions relating to daily business operations. However, any transactions mentioned above that are involved in asset swap shall be included. Transactions relating to daily business operations mentioned above that meet the standards of discloseable transactions under the listing rules of the place where the Company is listed shall be submitted to the Board for approval.

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

The amounts of transactions as mentioned in this article shall be calculated with reference to the relevant provisions in Chapter 6 of the Listing Rules of Shanghai Stock Exchange or Chapter 14 of the Hong Kong Listing Rules, as the case may be.

**Article 150** Any secured transactions of the Company shall be submitted to the Board or the general meeting for deliberation and be disclosed timely. Guarantee related affairs within the scope of authority of the Board shall be subject to the approval of more than half of all the directors and more than two thirds of the attending directors.

**Article 151** In addition to obtaining approval from more than half of all directors, transactions of listed companies relating to financial assistance shall also be considered and approved by more than two-thirds of the directors attending the Board meeting and shall be disclosed in a timely manner. If the transaction meets the conditions as stipulated in article 58 herein, it shall be submitted to the general meeting for deliberation upon approval by the Board.

If the target of financial assistance is a subsidiary consolidated in the Company's financial statement and other shareholders of the subsidiary do not include any controlling shareholder or de facto controller of the Company and their respective connected persons, it is not subject to the above requirements.

**Article 152** The chairman and vice chairman of the Board shall be elected by more than half of all the directors.

**Article 153** The chairman of the Board shall exercise the following functions and powers:

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

**Article 154** If the chairman is unable or fails to perform his duties, the vice chairman shall perform such duties; if the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

**Article 155** The Board discuss matters through Board meetings. Board meetings include regular meetings and provisional meetings.

**Article 156** Regular Board meetings shall be held at least four times a year, and shall be convened by the chairman, with written notice of meeting sent to all the directors and supervisors fourteen days in advance.

**Article 157** Provisional Board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the directors, by more than half of the independent directors, or by the Supervisory Committee. The chairman shall convene and preside over a Board meeting within ten days after receipt of the proposal.

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

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

**Article 158** A notice of provisional Board meetings shall be sent to all the directors and supervisors by letter, fax, email or other means 5 days in advance. Where a provisional Board meeting needs to be convened in emergency, the notice of meeting may be sent at any time by telephone or by other verbal means, but the convener shall make explanations at the meeting.

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

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

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

**Article 160** Unless otherwise provided in the Articles of Association, Board meeting shall be attended by more than half of the directors. Resolutions made by the Board shall be approved by more than half of all the directors unless otherwise specified in the Articles of Association.

Resolutions of the Board shall be voted on as per “one person, one vote” system.

**Article 161** If any director has connection with the enterprise involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself or on behalf of other directors. A Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution made at the Board meeting shall be passed by more than half of the non-connected directors, but if the matter considered is a matter that must be passed by more than two thirds of directors, it must be passed by more than two thirds of non-connected directors. If the number of non-connected directors attending the meetings is less than 3, the issue shall be submitted to the general meeting for deliberation.

**Article 162** Voting on Board meetings may be conducted by open ballot or by a show of hands. Provisional Board meetings may be held and pass resolutions by means of communication, with the resolutions signed by the attending directors, provided that the directors fully express their opinions.

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

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

**Article 163** Directors shall attend Board meetings in person and provide definite opinions on matters discussed. If any director cannot attend the meeting for any reason, he may authorize in writing another director to vote on his behalf according to his intentions who shall independently bear legal liability. The power of attorney shall specify the name of the proxy, the matters delegated, and the scope and term of authorization, and shall bear the signature or seal of the principal.

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

**Article 164** Proxy attendance at Board meetings shall follow the principles below:

- (I) where connected transactions are considered, a non-connected director shall not appoint a connected director to attend the meeting on his behalf, and a connected director shall also not accept the appointment of a non-connected director;
- (II) an independent director shall not appoint a non-independent director to attend the meeting on his behalf, and a non-independent director shall also not accept the appointment of an independent director;
- (III) in relation to voting on proposals, the appointer should specify his opinions on voting for, voting against or being abstain from voting on each of the proposals. A director shall not make or accept the appointment or carte blanche without providing any voting intent on the proposals, or any appointment not well defined;
- (IV) one director shall not accept appointment by more than two directors, and a director shall also not appoint any other director who has been appointed by two other directors to attend the meeting on their behalf.

**Article 165** The Board shall file resolutions as minutes, which shall be signed by the attending directors. The minutes of the Board meetings shall be true, accurate and complete. Any attending director and secretary to the Board shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of the Board meetings shall be kept as archives of the Company for ten years.

**Article 166** The minutes of a Board meeting shall specify:

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

**Article 167** The directors shall sign and be responsible for the resolutions passed at Board meetings. If any resolution of the Board meetings runs counter to the laws, administrative regulations, the Articles of Association or the resolutions of general meetings, thereby incurring material losses to the Company, the directors adopting the said resolution shall be liable for compensating the Company. However, if a director has been proved as having expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, he may be exempt from liability.

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



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

**Article 168** The Company shall have one manager (president and CEO), who shall be appointed or dismissed by the Board. The Company may have one or more joint CEOs, one or more vice presidents and one chief financial officer. The joint CEO, vice presidents and chief financial officer shall be nominated by the manager (president and CEO) and appointed or dismissed by the Board.

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

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

**Article 169** The provisions on directors' obligations of honesty under Article 124 of the Articles of Association and the provisions on directors' obligations of diligence under Items (IV)–(VI) of Article 125 shall also apply to senior management officers.

**Article 170** Members of staff of the controlling shareholders of the Company who serve administrative positions other than director and supervisor shall not serve as senior management officer of the Company.

The senior management officer shall be only entitled to salaries paid by the Company, and the controlling shareholders shall not pay the salaries on behalf of the Company.

**Article 171** The manager (president and CEO) shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 172** The manager (president and CEO) is accountable to the Board and exercises the following functions and powers:

- (I) to manage the business operations of the Company, organize execution of the Board's resolutions, and report to the Board;
- (II) to organize to execute the annual business plans and investment plans of the Company;

- (III) to prepare the plan for the internal management setup of the Company;
- (IV) to formulate the Company's fundamental management system;
- (V) to formulate the specific rules of the Company;
- (VI) to propose to the Board to appoint or dismiss senior management officers other than the secretary to the Board;
- (VII) to decide to appoint or dismiss executives other than those to be appointed or dismissed by the Board;
- (VIII) to exercise other functions and powers conferred in the Articles of Association and by the Board.

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

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

**Article 173** Transactions less than the amount specified in Article 149 of the Articles of Association and subject to deliberation by the Board, shall be reviewed and approved by the manager (president and CEO) authorized by the Board.

“Transactions” in this article shall have the same meaning as the “transactions” set out in Article 149 of the Articles of Association.

**Article 174** The manager (president and CEO) shall formulate relevant working rules, which shall be implemented upon approval by the Board.

**Article 175** The working rules of the president shall specify:

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

**Article 176** The manager (president and CEO) may resign from his office prior to the expiry of his term of office. The procedure and rules for resignation of the manager (president and CEO) shall be specified in the labour contract between the manager (president and CEO) and the Company.

**Article 177** The vice president of the Company shall be nominated by the manager (president and CEO) and decided by the Board, and shall help the manager (president and CEO) with corporate affairs.

**Article 178** The Company shall have a secretary to the Board, who shall be a senior management officer of the Company nominated by the chairman, appointed by the Board and accountable to the Board.

**Article 179** The secretary to the Board shall have necessary professional knowledge and experience.

**Article 180** The secretary to the Board shall be responsible for the preparations for general meetings and Board meetings, keeping of documentation and shareholders' data, information disclosure, investor relations management and other matters of the Company, etc.

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

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

**Article 181** A director or other senior management officer of the Company may serve concurrently as secretary to Board.

**Article 182** If any senior management officer violates the laws, administrative regulations, departmental rules or the Articles of Association, thereby incurring any loss of the Company, the said senior management officer shall be liable for compensation.

**Article 183** The senior management of the Company shall perform their duties faithfully, and protect the best interests of the Company and all shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation according to law.

## **Chapter 7 Supervisory Committee**

### **Section 1 Supervisors**

**Article 184** Members and structure of the Supervisory Committee shall ensure independent and effective performance of duties by the Supervisory Committee. Supervisors shall have corresponding professional knowledge or work experience and shall be able to properly perform duties. Directors, the manager (president and CEO) and other senior management officers shall not serve as supervisors concurrently.

**Article 185** The supervisors shall observe the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, shall fulfil the obligations of honesty and diligence to the Company, and shall not abuse their official powers to accept bribes or other unlawful income or expropriate the Company's property.

**Article 186** A supervisor shall serve a term of three years, and may seek re-election upon expiry of the said term. Supervisors who are shareholder's representatives shall be elected and replaced at general meetings, and supervisors who are employees shall be elected and replaced through democratic election by the employees of the Company.

**Article 187** A supervisor may resign from his office prior to the expiry of his term of office and shall tender a written resignation to the Supervisory Committee.

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

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

**Article 188** The supervisors shall ensure the information disclosed by the Company is true, accurate and complete, and sign written confirmations of the regular reports.

**Article 189** Supervisors shall attend Supervisory Committee meetings in person. If any supervisor cannot attend the meeting for any reason, he may authorize in writing another supervisor to act on his behalf. If any supervisor fails to attend Supervisory Committee meetings in person or by proxy for two consecutive times, the said supervisor shall be deemed as incapable of performing his duties and shall be dismissed at the general meeting (if the supervisor is a shareholder's representative) or at the employee representatives' meeting, employees' meeting or in other forms (if the supervisor is an employee representative).

**Article 190** The supervisors may attend Board meetings and make inquiries about or present suggestions on the resolutions of Board meetings.

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

**Article 191** The supervisors shall not use the connected relations to the detriment of the interests of the Company, and shall be liable for compensation for any loss incurred to the Company.

**Article 192** If any supervisor violates the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association in fulfilling his duties, thereby incurring any loss of the Company, the said supervisor shall be liable for compensation.

## Section 2 Supervisory Committee

**Article 193** The Company shall have a Supervisory Committee, consisting of three supervisors, including one chairman. The appointment or dismissal of the chairman of the Supervisory Committee shall be passed by more than two-thirds of the members of the Supervisory Committee by voting. The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings; where the chairman of the Supervisory Committee cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to convene and preside over Supervisory Committee meetings.

**Article 194** The Supervisory Committee shall comprise shareholder's representatives and an appropriate proportion of corporate representatives, including one employee representative and two shareholder's representatives. The method and procedure for nominating shareholder supervisors are:

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

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

**Article 195** The employee representatives in the Supervisory Committee shall be elected at the employee representatives' meeting.

**Article 196** The Supervisory Committee shall be accountable to general meetings and exercise the following functions and powers:

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

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

The supervisors may attend Board meetings.

**Article 197** Supervisory Committee meetings shall be held at least once six months, with the notice of meeting served in writing to all the supervisors ten days in advance.

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

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

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

**Article 198** The Supervisory Committee shall formulate rules of procedure for meetings of the Supervisor Committee specifying the rules of procedure and voting procedure for Supervisor Committee meetings, to ensure the work efficiency and scientific decision making of the Supervisory Committee.

**Article 199** The Supervisory Committee shall file resolutions as minutes, which shall be signed by the attending supervisors. Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of Supervisory Committee meetings shall be kept as archives of the Company for 10 years.

**Article 200** 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 201** 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 202** Voting at Supervisory Committee meetings shall be conducted by open ballot or a show of hands, and each supervisor shall have the right to one vote. Relevant specific methods are stipulated by the Rules of Procedure for Meetings of the Supervisory Committee.

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

**Article 203** Any person involved in any of the following circumstances shall not serve as a director, supervisor, president or any other senior management officer of the Company:  
The person

- (I) is without capacity or with limited capacity for civil conduct;
- (II) was imposed criminal penalty due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting socialism market economic order and it is less than five years since completion of the enforcement of the criminal penalty; or is deprived of political rights due to offence and it is less than five years since completion of the enforcement of the penalty;



- (III) was ever the director or manager of any company or enterprise which was bankrupted and was responsible for the bankruptcy of such company or enterprise, and it is less than three years since the completion of liquidation for the bankruptcy of the company or enterprise;
- (IV) was ever the legal representative of any company or enterprise whose business license was revoked or which was ordered to close down due to illegal activities and was responsible for such illegal activities, and it is less than three years since the revocation of business license of the company or enterprise;
- (V) has large outstanding personal debts;
- (VI) is under a measure of prohibited access to the securities market imposed by the securities regulatory authority of the State Council, which measure is still effective;
- (VII) is not a natural person;
- (VIII) has other contents specified in laws, administrative regulations, departmental rules, normative documents or the listing rules of the stock exchange in the place where the stocks of the Company are listed.

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

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

**Article 204** The directors, supervisors, manager (president and CEO) and other senior management officers of the Company shall not direct the following persons or organizations (hereinafter referred to as “Associates”) to engage in activities prohibited for directors, supervisors, manager (president and CEO) and other senior management officers:

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

**Article 205** The fiduciary duty of a director, supervisor, manager (president and CEO) and any other senior management officer of the Company may not necessarily cease upon the conclusion of his term, their obligations to keep confidential the business secrets of the Company shall survive the conclusion of this term. The duration of the other obligations and duties shall be determined in accordance with the principle of fairness, taking into account of the lapse between the time when he leaves the office and the occurrence of the relevant event, and the situation and the circumstances and terms under which his relation with the Company was ended.

**Article 206** In addition to the rights and remedies provided by the law and administrative regulations when a director, supervisor, manager (president and CEO) or any other senior management officer of the Company breaches the duties which he owes to the Company, the Company shall be entitled:

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

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

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

**Article 207** The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations and the provisions of the relevant authorities of the state. The Company shall prepare a financial report at the end of each fiscal year and examine and verify it according to law.

**Article 208** The Company shall submit and disclose annual reports to the office of the securities regulatory authority of the State Council and the stock exchange within 4 months from the end of each fiscal year, and submit and disclose interim reports to the office of the securities regulatory authority of the State Council and the stock exchange within 2 months from the end of the first half of each fiscal year.

The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange.

The financial statements of the Company shall be prepared in accordance with PRC Accounting Standards for Business Enterprises and the applicable laws and regulations of the place where the stocks of the Company are listed.

**Article 209** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every shareholder' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

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

**Article 210** The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 211** 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 212** The common reserve of the Company shall be used to recover the losses, enhance the operating scale or increase the capital of the Company, but the capital reserve shall not be used to recover the losses of the Company.

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 213** Basic principles of the profit distribution policy of the Company:

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

**Article 214** The specific profit distribution policy of the Company:

- (I) form of profit distribution: The Company shall distribute dividends in cash or shares or in a way integrating cash and shares. If meeting conditions for cash dividends, the Company shall distribute profits in cash dividends.
- (II) interval of profit distribution: The Company, in principle, adopts an annual profit distribution policy. The Board of the Company may propose an interim profit distribution plan after comprehensively taking into account of the factors such as profitability, cash flow and capital demand plan of the Company, which shall be implemented upon consideration and approval in accordance with the procedures stipulated in the Articles of Association.
- (III) specific conditions for the Company to distribute cash dividends:

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

1. negative net operating cash flow in the current year;
2. any major external investment or capital expenditure plan (excluding fund-raising project) of the Company in the coming 12 months. Major investment plan or capital expenditure refers to the circumstance in which the Company's accumulated capital expenditure for intended external investment, asset acquisition or equipment procurement reaches or exceeds 20% of the audited net assets in the most recent fiscal year;
3. the audit report of the Company for the most recent year is issued with qualified opinion or with an unqualified opinion in connection with paragraphs regarding material uncertainties on the ability of the Company to continue as a going concern;

4. the gearing ratio of the Company at the end of the most recent fiscal year exceeds 80%;
5. other circumstances which the Board believes to be not suitable for distributing cash dividends.

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

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

The Company's cash dividend policy objectives: in any three consecutive years, the profits that the Company have accumulatively distributed in cash shall not be less than 30% of the annual average distributable profits realized in these three years; and generally, the profits annually distributed in cash shall not be less than 10% of the distributable profits in the current year. Share repurchase by means of offering or centralized bidding in consideration of cash shall be deemed as cash dividend and included in the percentage of cash dividend in the current year. The aforesaid "distributable profit" refers to the net profit attributable to the owners of the parent company in the next year (on a consolidated basis) in accordance with PRC Accounting Standards for Business Enterprises. If the shares are repurchased by way of offer or centralized bidding with cash as consideration, it shall be regarded as the amount of cash dividends of the Company and shall be included in the calculation of the relevant proportion of cash dividends for that year.

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

1. If the Company is fully developed and has no major capital expenditure arrangements, cash dividends shall take up a minimum of 80% in profit distribution;
2. If the Company is fully developed and has major capital expenditure arrangements, cash dividends shall take up a minimum of 40% in profit distribution;



3. If the Company is in a growth stage and has major capital expenditure arrangements, cash dividends shall take up a minimum of 20% in profit distribution;
4. If it is difficult to define the development stage of the Company, but the Company has major capital expenditure arrangements, the preceding provisions may still be followed.

The proportion of cash dividends in the profit distribution shall be cash dividends divided by the sum of cash dividends and share dividends.

**Article 215** Decision-making procedure and system for the profit distribution plan of the Company

- (I) the profit distribution plan of the Company shall be prepared by the management according to the Company's actual profitability, cash flow condition, gearing ratio, future business plan and other factors, and shall be submitted to the Board of the Company for deliberation. The Board shall have an adequate discussion on the reasonability of the profit distribution plan. The profit distribution plan shall be submitted to the general meeting for deliberation after deliberated by the Board.
- (II) when the Company formulates the specific plan for cash dividends, the Board shall carefully study and demonstrate the timing, conditions, minimum ratio and adjustment conditions of the cash dividends, the Company's decision-making procedure and other matters. Independent directors have the right to provide independent opinions if they believe that the specific cash dividend plan may harm the interests of the Company or minority shareholders.
- (III) before the profit distribution plan is considered at the general meeting, the Company will actively communicate and exchange ideas with shareholders, particularly, minority shareholders, through multiple channels and fully listen to the opinions and requests of minority shareholders. In addition to arrangements for listening to opinions of minority shareholders at the general meeting, the Company will also actively communicate and exchange ideas with shareholders, particularly, minority shareholders, through shareholder hotline, investor relations interactive platform and by other means to timely respond to the concerns of minority shareholders, and provides online voting method to shareholders before convening of the general meeting.
- (IV) after full discussion in accordance with Item (I) of this Article, the Company may consider and approve the conditions, upper limit of proportion, and upper limit of the amount of interim cash dividends in the next year when it convenes an annual general meeting to deliberate on the annual profit distribution plan. According to the resolutions of the general meeting, the Board formulates a specific interim dividend plan under the conditions of profit distribution.

**Article 216** Implementation of the profit distribution plan of the Company

After the profit distribution plan is adopted at the general meeting, or the Board formulates a specific plan according to the conditions and upper limit of the interim dividend for the next year deliberated and approved by the general meeting, the distribution of dividends (or shares) shall be finished within 2 months.

**Article 217** Adjustment or modification of the profit distribution policy of the Company

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

The Board shall conduct special discussion on the adjustment to the profit distribution policy made by the Company to study reasons for the adjustment in details and form a written study report. Proposals on adjustment to the profit distribution plan shall be deliberated by the Board of the Company, 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** The Company shall enjoy dividends of any and all shares for which it has already paid prior to the call is made, but the holder of such shares shall have no right to receive the dividends distributed thereafter with respect to the prepaid shares.

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

**Article 219** The Company shall have the right to terminate the serving of dividend warrant to the holders of H-shares in the form of mailing, but it may exercise this right only if the dividend warrant hasn't been served to the addressee at the first time and it returned, the Company may then exercise such right.

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

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

## **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 that are qualified under the 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 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, unless otherwise prescribed in the Articles of Association.

**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 remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by 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.

## **Chapter 10 Notice and Announcement**

### **Section 1 Notice**

**Article 227** The notice of the Company may be served as follows:

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

- (VII) by other means agreed by the Company or the notified party in advance or accepted by the notified party after receipt of the notice;
- (VIII) by other means accepted by the regulators in the place where the stocks of the Company are listed or prescribed in the Articles of Association.

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

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

1. annual reports of the Company (including reports of the Board and the annual account, audit report and financial summary report (if applicable) of the Company);
2. interim reports and interim summary reports (if applicable) of the Company;
3. notices of meetings;
4. listing documents;
5. circulars;
6. proxy form (the definition of which shall be subject to the listing rules of the stock exchange in the place where the stocks of the Company are listed).

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

**Article 228** If a notice of the Company is served by announcement, the said notice shall be deemed as received by all relevant persons once the said notice is announced.

**Article 229** Notice of general meeting of the Company shall be served by announcement.

**Article 230** Notice of Board meeting of the Company shall be served by personal delivery, fax, telephone, email or other means.

**Article 231** Notice of meeting of the Supervisory Committee of the Company shall be served by personal delivery, fax, email or other means.

**Article 232** If the notice of the Company is served by personal delivery, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is served by post, the fifth day after handover to the post office shall be the date of service; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service; if the notice of the Company is sent by fax, the sending date shall be the date of service.

**Article 233** The accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

**Article 234** If the listing rules in the place where the stocks of the Company are listed require the Company to send, mail, distribute, issue, publish or provide by other means the relevant documents of the Company in English and Chinese versions, the Company may (according to the intentions expressed by shareholders) send only English text or only Chinese text to relevant shareholders in the range permitted by the applicable laws and regulations and according to applicable laws and regulations, provided that the Company has made appropriate arrangement to determine whether its shareholders hope to receive only English text or only Chinese text.

## Section 2 Announcement

**Article 235** The Company shall designate media in the scope of media as qualified by laws, regulations or the securities regulatory authority of the State Council to issue announcements and other to-be-disclosed information of the Company to shareholders of A-shares. If an announcement shall be sent to shareholders of H-shares in accordance with the Articles of Association, it shall be published by the methods specified in Hong Kong Listing Rules.

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

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

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

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

**Article 236** The Company may be merged or divided pursuant to laws.

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

**Article 237** In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within ten days after adoption of the merger resolution and shall make announcements in newspapers within thirty days. The creditors may require the Company to repay debts or provide corresponding guarantees within thirty days after receipt of the notice or within forty-five days after the announcement if the creditors haven't received the notice.

**Article 238** The credits and debts of the Company during merger shall be inherited by the company subsisting after merger or by the newly established company.

**Article 239** If the Company is divided, its properties shall be divided accordingly.

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

**Article 240** The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.



**Article 241** Where the Company needs to decrease the registered capital, the Company shall prepare a balance sheet and a property inventory.

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

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

**Article 242** Change in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to law. If the Company is dissolved, it shall be deregistered according to law. If a new company is established, such establishment shall be registered according to law.

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

## **Section 2 Dissolution and Liquidation**

**Article 243** The Company may be dissolved for the following reasons :

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

**Article 244** In the circumstance set out in Item (I) of Article 243 of the Articles of Association, the Company may continue to subsist by amending the Articles of Association.

**Article 245** Where the Company is dissolved pursuant to Items (I), (II), (IV) and (V) of Article 243 of the Articles of Association, it shall establish a liquidation committee within fifteen days after the dissolution circumstance arises and commence liquidation. The liquidation committee shall comprise members determined by the directors or the general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

**Article 246** During liquidation, the liquidation committee shall exercise the following functions and powers:

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

(VI) to dispose of the remaining assets of the Company after repayment of debts;

(VII) to represent the Company in civil proceedings.

**Article 247** The liquidation committee shall notify all creditors within ten days after its establishment and shall make announcements in newspapers within sixty days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within forty-five days after announcement if the creditors haven't received the notice.

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

**Article 248** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for confirmation.

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

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

**Article 249** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court to declare the Company bankrupt according to law. Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

**Article 250** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and submit the same to the general meeting or the people's court for confirmation, and submit to the company registration authority, apply for deregistration of the Company and announce termination of the Company.

**Article 251** Any member of the liquidation committee shall dutifully and lawfully fulfill the liquidation obligation. Any member of the liquidation committee shall not abuse his official powers to accept bribes or other unlawful gains, and not to expropriate the Company's assets.

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

**Article 252** Where the Company declares bankrupt according to law, bankruptcy liquidation shall be conducted pursuant to laws on bankruptcy of enterprises.

## **Chapter 12 Amendment to Articles of Association**

**Article 253** The Company may amend the Articles of Association in accordance with the laws, regulations and the Articles of Association.

**Article 254** The Company shall amend the Articles of Association in any of the following circumstances:

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

**Article 255** Any amendment approved by the general meeting to the Articles of Association shall be submitted to the competent authorities for approval where necessary; changes, if any, shall be registered.

**Article 256** The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant competent authorities.

**Article 257** Where the amendments to the Articles of Association involve matters requiring disclosure by law and regulations, the amendments shall be announced as required.

**Article 258** If the amendment to the Articles of Association involves company registration matters, such change shall be registered according to law.

### **Chapter 13 Supplementary Provisions**

**Article 259** Definitions

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

**Article 260** The Board may formulate rules of articles of association in accordance with the Articles of Association. The rules shall not conflict with the Articles of Association.

**Article 261** The Articles of Association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the Chinese version of Articles of Association latest approved and registered by company registration authority shall prevail.

**Article 262** For the purpose of the Articles of Association, references to “more”, “within” and “less” shall include the actual figures, while references to “other than”, “lower than” and “more than” shall exclude the actual figures.

**Article 263** The Board of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 264** Appendixes to the Articles of Association include rules of procedure for general meetings, rules of procedure for Board meetings and rules of procedure for meetings of the Supervisory Committee.

**Article 265** Where the Articles of Association conflicts with the laws and administrative regulations, the laws and administrative regulations shall prevail.