

**ARTICLES OF ASSOCIATION**

**OF**

**NANJING SINOLIFE UNITED COMPANY LIMITED**

**As amended by the special resolutions passed at the extraordinary general meeting  
held on 15 April 2016 and became effective on the same date**

(These Articles of Association are written in both Chinese and English, and the English version is only an English translation of the Chinese version. In case of inconsistency, the Chinese version shall prevail.)

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## CHAPTER 1 GENERAL

**Article 1** These Articles of Association are drawn up in accordance with the “Company Law of the People’s Republic of China” (the “Company Law”), the “Securities Law of the People’s Republic of China” (“Securities Law”), “Special Regulations of the State Council Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares” (the “Special Regulations”), “Mandatory Provisions for these Articles of Association of the Companies to be Listed Overseas” (“Mandatory Provisions”), “Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong” (“Supplementary Comments”), “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (“Listing Rules”) and other relevant laws and regulations to maintain the legitimate interests of Nanjing Sinolife United Company Limited (the “Company”) and its shareholders and creditors, and to regulate the organization and conducts of the Company.

The Company is a joint stock limited liability company established in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the People’s Republic of China (“China”).

The Company is a joint stock limited liability company which was converted from the former 南京中科生物研究所有限公司. The Company was established by way of promotion. It was registered with and has obtained a business license from Nanjing Administration for Industry and Commerce in China on 26 October 2012. The Company’s business license number is: 320100000114488.

The promoters of the Company are: Gui Pinghu, Wu Yanmei and Nanjing Zhongyan Investment Limited Partnership.

**Article 2** The registered name of the Company:

In Chinese: 南京中生聯合股份有限公司

In English: Nanjing Sinolife United Company Limited

**Article 3** The address of the Company: 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing

Zip: 210018

Tel: (86) 25-86819188

Fax: (86) 25-86819167

**Article 4** The Company’s legal representative is the general manager of the Company.

**Article 5** The Company is a joint stock limited liability company (listed) which has perpetual existence.

**Article 6** These Articles of Association shall become effective as of the date on which the overseas-listed foreign-invested shares are listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”); the original Articles of Association of the Company shall automatically expire on the effective date of these Articles of Association.

From the date on which these Articles of Association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders.

**Article 7** These Articles of Association are binding on the Company, its shareholders, directors, supervisors, manager and other senior management personnel; all of whom are entitled to make claims concerning the affairs of the Company in accordance with these Articles of Association.

The shareholders of the Company may pursue actions against the Company pursuant to these Articles of Association; the Company may pursue actions against its shareholders pursuant to these Articles of Association; the shareholders may pursue actions against other shareholders pursuant to these Articles of Association; the shareholders of the Company may pursue actions against the directors, supervisors, manager and other senior management personnel of the Company pursuant to these Articles of Association.

The legal actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

**Article 8** The Company may invest in other enterprises. However, unless otherwise provided by any applicable law, it shall not become liable for the debts of the enterprises in which it invests.

## **CHAPTER 2 THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS**

**Chapter 9** The business philosophy of the Company is to spread health concepts and improve the health management awareness of the public and, with its operation objective of "improving the physical status of people under sub-health condition", be committed to become a leader in China's nutrition and healthcare food industry. From the international perspective, the Company will continue to strengthen its competitive advantages in research and development, production, service and management, offer quality products and services to the public, provide its employees with a broader career development platform and create the maximal value of sustainable development for shareholders.

**Article 10** The Company's scope of business shall be as approved by the authorities responsible for the registration of the Company.

The Company's scope of business includes: licensed operations: sales of healthcare food; production and processing (consignment processing) of healthcare food under our Keda brand and Weisi capsules under our Guishi brand; sales of packaged food.

General operations: research, development and consulting of medical devices; research, development and consulting of healthcare food; sales of healthcare devices and commodities; research, development and sales of cosmetics; importing and exporting by ourselves or as an agent of various commodities and technologies (exclusive of the commodities and technologies the operation, import and export of which are restricted by the State).

### CHAPTER 3 SHARES AND REGISTERED CAPITAL

**Article 11** There must, at all times, be ordinary shares in the Company. Subject to the approval of authorities authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

**Article 12** The shares issued by the Company shall each have a nominal value of Renminbi 0.1 yuan.

“Renminbi” as mentioned above means the legal currency of the People’s Republic of China.

**Article 13** Shares of the Company are in the form of share certificates. Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors. The issue of shares by the Company shall adhere to the principle of openness, equality and fairness. Shares of the same class shall have the same rights. Shares issued at the same time shall be equal in price and shall be subject to the same conditions. The price paid by any organization or individual for each share shall be the same.

“Foreign Investors” referred to in the preceding paragraph mean those investors who subscribe for the Company’s shares and who are located in foreign countries and in the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. “Domestic Investors” mean those investors who subscribe for the Company’s shares and who are located within the People’s Republic of China.

**Article 14** Shares which the Company issues to Domestic Investors for subscription in Renminbi are called “Domestic-Invested Shares”. Shares which the Company issues to Foreign Investors for subscription in foreign currencies are called “Foreign-Invested Shares”. Foreign-invested Shares which are listed overseas are called “Overseas-listed foreign-invested shares”.

Foreign currency referred to in the preceding paragraph shall mean the lawful currencies in other countries or regions, other than RMB, which are recognized by the State’s foreign exchange supervisory department and which may be used for payment of the amounts for share purchases to the Company.

Holders of Domestic-Invested Shares and Overseas-listed foreign-invested shares are all ordinary shareholders of the Company, having the same rights and obligations. Domestic-Invested Shares and Overseas-listed foreign-invested shares issued by the Company have equal rights in any profit distribution in the form of a dividend or any other form.

**Article 15** As approved by the governmental bodies authorized by the State Council, the Company issued 55,000,000 shares at a par value of RMB1 each to its promoters upon its establishment. Such shares were acquired and held by the promoters.

Upon the establishment of the Company, the name of the promoters, their number of shares held, equity interest, method of investment and date of investment were as follows:

No.	Name of promoter	Number of shares held (‘0000 shares)	Equity interest (%)	Method of investment	Date of investment
1	Gui Pinghu	4,766.85	86.67	personal assets	8 October 2012
2	Wu Yanmei	529.65	9.63	personal assets	8 October 2012
3	Nanjing Zhongyan Investment Limited Partnership	203.50	3.70	personal assets	8 October 2012
Total		5,500	100		

**Article 16** In May 2013, the Company upon its establishment issued 6,111,100 ordinary shares (at a par value of RMB1 each), representing 10% of the Company’s then total ordinary shares, to Shanghai Fosun Chuangfu Shareholding Fund Limited Partnership.

As approved by the securities authorities of the State Council, the Company may issue not more than 234,370,000 overseas listed foreign invested shares at a par value of RMB0.1 each, all being ordinary shares. In 2014, the Company issued to the public 227,058,000 overseas foreign shares (including the over-allotted shares) which are listed on the Hong Kong Stock Exchange.

After completion of the first allotment of domestic shares of the Company in 2016, the share capital structure of the Company: there is a total of 900,886,770 ordinary shares, of which 477,126,590 shares are held by Gui Pinghu, one of the promoters, 52,965,000 shares are held by Wu Yanmei, one of the promoters, 143,737,180 shares are held by other holders of the domestic shares and 227,058,000 shares are held by the holders of overseas foreign listed shares.

**Article 17** The Company’s board of directors may take all necessary actions for the separate issuance of the Overseas-listed foreign-invested shares and Domestic-Invested Shares after the proposals for the same have been approved by the securities regulatory authorities of the State Council.

The Company may implement its proposals to issue Overseas-listed foreign-invested shares and Domestic-Invested Shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authorities of the State Council.

**Article 18** Where the Company separately issues Overseas-listed foreign-invested shares and Domestic-Invested Shares, and the total number of shares to be issued is within the issuance proposals, the shares should be fully allotted in one issuance. If this is not possible due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued on separate occasions.

**Article 19** The registered capital of the Company is RMB90,088,677.

**Article 20** The Company may, based on its operational and development needs, authorize the increase of its capital pursuant to these Articles of Association.

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by general investors;
- (2) by placement of new shares to existing shareholders;
- (3) by allotting bonus shares to existing shareholders;
- (4) by issuing new shares to specific investors;
- (5) by increasing the share capital out of the common reserve fund;
- (6) by any other means which is permitted by the laws, administrative regulations and authorized by the securities regulatory authorities of the State Council.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of these Articles of Association, the issuance should be made in accordance with the procedures set out in the relevant laws and administrative regulations.

**Article 21** Unless otherwise stipulated in the relevant laws or administrative regulations, shares in the Company shall be freely transferable and are not subject to any lien. The transfer of Foreign-Invested Shares listed in Hong Kong shall be registered accordingly with the local share registrar in Hong Kong appointed by the Company.

With the approval of the securities supervisory authority of the State Council, shareholders holding unlisted shares of the Company may list shares held thereby abroad for trading. The foregoing shares shall be listed and traded on the foreign stock exchange in accordance with the regulatory procedures, provisions and requirements of such foreign stock exchange.

## **CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

**Article 22** According to the provisions of these Articles of Association, the Company may reduce its registered capital. In doing so, it shall act according to the Company Law, other relevant regulations and these Articles of Association.

**Article 23** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of the date of the Company's resolution for reduction of capital and shall publish an announcement in newspaper(s) within 30 days. Creditors are entitled to request the Company to repay its debts or to provide a corresponding guarantee for such debt within 30 days of receipt of notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement.



The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law.

**Article 24** The Company may, in accordance with the provisions of laws, administrative regulations, Listing Rules, regulations of competent authorities and these Articles of Association and with the approval of the relevant competent authority, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares of the company;
- (3) rewarding the employees of the Company with shares;
- (4) when requested by any shareholder to purchase his shares because this shareholder objects to any resolution of merger or division made by the Company at shareholders' general meeting;
- (5) other circumstances permitted by laws and administrative regulations.

**Article 25** The Company may repurchase shares in one of the following ways, with the approval of the relevant competent authority:

- (1) by making an offer for the repurchase of shares to all its shareholders on a pro-rata basis;
- (2) by on-market repurchase;
- (3) by off-market repurchase through an agreement;
- (4) by any other means which is permitted by competent authorities.

**Article 26** The Company must obtain the prior approval of the shareholders in a shareholders' general meeting in the manner stipulated in these Articles of Association before it can effect an off-market repurchase through an agreement. The Company may, by obtaining the prior approval of the shareholders in a shareholders' general meeting (in the same manner), rescind or vary any contract which has been so entered into or waive any right thereunder.

A contract for the repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement which causes the Company to become entitled or obliged to repurchase its shares.

The Company may not assign any contract for the repurchase of its shares or any right contained in such contract.



Where the Company has the right to repurchase redeemable shares:

- (1) repurchases not made through market or by tender shall be limited to a maximum price; and
- (2) if repurchases are made by tender, tenders shall be made to all shareholders alike.

**Article 27** If the Company repurchases its shares due to reasons provided in Articles 24(1) to (3), such repurchase shall be approved by the shareholders' resolution at a shareholders' general meeting. Where shares of the Company are repurchased in accordance with Article 24(1), they shall be canceled within 10 days of being repurchased; where shares of the Company are repurchased in accordance with Articles 24(2) or (4), they shall be transferred or canceled within 6 months of being repurchased.

Shares repurchased in accordance with Article 24(3) shall not exceed 5% of the total issued shares of the Company; the repurchase shall be made from the after-tax profit of the Company; the repurchased shares shall be transferred to employees of the Company within one year.

In the event of share cancellation, the Company shall apply to the relevant authority for registration of the change in its registered capital.

The aggregate nominal value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 28** Unless the Company is in liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

- (1) where the Company repurchases shares at nominal value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose;
- (2) where the Company repurchases its shares of the Company at a premium, payment up to the nominal value may be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose. Payment of the premium shall be effected as follows:
  1. if the shares being repurchased were issued at nominal value, payment shall be made out of the book balance of the distributable profits of the Company;
  2. if the shares being repurchased were issued at a premium, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose, provided that the amount paid out of the proceeds from the new issue shall not exceed the premium received by the Company on the issue of the repurchased shares nor shall it exceed the amount of the Company's premium account (or capital common reserve fund account) (including any premiums on the new issue) at the time of the repurchase;

- (3) the Company shall make any payment for the following purposes out of the Company's distributable profits:
  1. acquisition of the right to repurchase its own shares;
  2. variation of any contract for the repurchase of its shares;
  3. release of the Company's obligation(s) under any contract for the repurchase of shares;
- (4) after the Company's registered capital has been reduced by the aggregate nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the nominal value of shares which have been repurchased shall be recorded in the Company's premium account (or capital common reserve fund account).

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES IN THE COMPANY**

**Article 29** The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of acquisition of shares in the Company.

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance for the purposes of reducing or discharging the obligations assumed by any person as a result of acquisition of shares in the Company.

This Article shall not apply to the circumstances specified in Article 31 of this Chapter.

**Article 30** For the purposes of this Chapter, "financial assistance" includes (but is not limited to) the following:

- (1) gifts;
- (2) guarantee (including the assumption of obligations of another or provision of assets to secure the performance of obligations by another), compensation (other than compensation arising out of the Company's own fault) or release or waiver of any right;
- (3) provision of a loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract;
- (4) any other form of financial assistance given by the Company when the Company is unable to pay its debts, has no net assets or when its net assets would be reduced by a material extent.

For the purposes of this Chapter, assumption of obligations by a person includes the assumption of obligations by way of contract or other arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligations are borne jointly with other persons) or by any other means which results in a change in his financial position.

**Article 31** The following acts shall not be deemed to be acts prohibited by Article 29 of these Articles of Association:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith and in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
- (2) the lawful distribution of the Company's assets as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the shareholding structure of the Company effected in accordance with these Articles of Association;
- (5) the provision of loans by the Company for its normal operations within its normal scope of business (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, if it does reduce the net assets of the Company);
- (6) contributions made by the Company to employee share schemes (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, if it does reduce the net assets of the Company).

## **CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 32** Share certificates of the Company shall be in registered form.

The share certificates of the Company shall bear the following main items:

- (1) name of the Company;
- (2) date of registration and establishment of the Company;
- (3) type of share, nominal value and the number of shares it represents;
- (4) number of the share certificate;
- (5) other matters as required by the Company Law, Special Regulations, Rule 19A.52 of the Listing Rules and the stock exchange(s) on which the shares are listed.

**Article 33** The share certificates of the Company may be transferred, gifted, inherited and pledged in accordance with relevant laws, administrative rules, regulations of competent authorities as well as these Articles of Association.

The assignment or transfer of shares shall be registered with the share registrar appointed by the Company.

**Article 34** The Company does not accept the pledging of its share certificates.

**Article 35** Share certificates of the Company shall be signed by the chairman of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require other senior management personnel of the Company to sign, the share certificates shall also be signed by such officer(s). The share certificates become effective after being sealed or imprinted with the seal of the Company, or with the seal sign in printed form. The share certificate shall only be sealed with the Company's seal under the authorization of the board of directors. The signatures of the chairman of the board of directors or other senior officer(s) of the Company may be in printed form.

**Article 36** The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) the name and address (residence), the occupation or type of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) the share certificate number(s) of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) the date on which any shareholder ceased to be a shareholder.

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

**Article 37** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory organizations, maintain the register of shareholders of Overseas-listed foreign-invested shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of Overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate register of shareholders for the holders of Overseas-listed foreign-invested shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate registers of shareholders at all times.

If there is any inconsistency between the original and the duplicate registers of shareholders of Overseas-listed foreign-invested shares, the original register of shareholders shall prevail.

**Article 38** The Company shall keep a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) the register of shareholders which is maintained at the Company's residence (other than those share registers which are described in sub-paragraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of Overseas-listed foreign-invested shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (3) the register of shareholders which is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 39** Different parts of the register of shareholders shall not overlap. While transferred shares continue to be registered in one part of the register of shareholders, they shall not be registered in another part of the register.

Amendments or rectification of the register of shareholders shall be made in accordance with the laws of the place where the register of shareholders is maintained.

All Overseas-listed foreign-invested shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with these Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any document of transfer and would not need to provide any reason therefor:

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the document of transfer only relates to Overseas-listed foreign-invested shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the document of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;

- (5) if it is intended that the shares be transferred to joint holders, the maximum number of joint holders shall not be more than four (4); and
- (6) the Company does not have any lien on the relevant shares.

All Overseas-listed foreign-invested shares listed in Hong Kong shall be transferred by an instrument in writing in the usual or common form or any other form which the board of directors may accept. The instrument of transfer of any share may be executed by hand without seal, or if the assignor or the assignee is a recognized clearing house as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“Recognized Clearing House”) or its agent, the share transfer form may be executed by hand or in mechanically-printed form. All share transfer forms shall be maintained in the Company or other places designated by the board of directors from time to time.

**Article 40** No change may be made in the register of shareholders as a result of a transfer of shares within 30 days prior to the date of a shareholders’ general meeting or within five days before the determination date for the Company’s distribution of dividends.

**Article 41** When the Company needs to convene a shareholders’ meeting for the purposes of dividend distribution, liquidation or for any other purpose for which shareholdings need to be determined, the board of directors shall determine a record date for the determination of shareholdings. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such record date.

**Article 42** Any person who disputes the register of shareholders and asks for inclusion of his name in or removal of his name from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 43** For any person who is a registered shareholder or who claims to be entitled to have his name entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”). Where power is taken to issue share warrants to bearer, no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

Application by a holder of Domestic-Invested Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the relevant requirements of the Company Law.

Application by a holder of Overseas-listed foreign-invested shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of Overseas-listed foreign-invested shares is maintained, the rules of the stock exchange or other relevant regulations.

The issuance of a replacement share certificate to a shareholder of Overseas-listed foreign-invested shares listed in Hong Kong, who has lost his share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of loss, and the declaration that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every 30 days within a period of 90 consecutive days in such newspapers as may be prescribed by the board of directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days.

In the case of an application which is made without the consent of the registered shareholder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee has been provided by the applicant.

**Article 44** Where the Company issues a replacement share certificate pursuant to these Articles of Association, a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a holder of the shares (if he is a bona fide purchaser), his name shall not be removed from the register of shareholders.



**Article 45** The Company shall not be liable for any damage sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove fraud on the part of the Company.

## **CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

**Article 46** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy equal rights and assume the same class of obligations.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who have direct or indirect interests therein have failed to disclose such to the Company.

For joint shareholders, upon the death of any joint shareholder, only the surviving shareholder(s) shall be deemed by the Company to have the ownership of the related shares, but the board of directors is entitled to request for the provision of a death certificate as it may deem fit for the purpose of revising the shareholders' register. For joint shareholders of any shares, only the first-named shareholder in the shareholders' register has the right to receive the share certificates for the relevant shares, receive notices from the Company, attend the shareholders' general meeting and exercise voting rights; and any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint shareholders of the relevant shares.

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

- (1) to receive dividends and other forms of distributions of benefits in proportion to their shareholdings;
- (2) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;
- (3) to supervise and manage the Company's business operations, to make proposals and to raise queries;
- (4) to transfer shares in accordance with laws, administrative regulations and the provisions of these Articles of Association;
- (5) subject to production of the relevant documents evidencing the class and quantity of shares held and verification of their identities as shareholders by the Company, to obtain relevant information in accordance with law, administrative regulations and the provisions of these Articles of Association, including:
  1. a copy of these Articles of Association, subject to payment of costs;

2. the right to inspect and copy, subject to payment of a reasonable fee:
  - (i) all parts of the register of shareholders;
  - (ii) personal particulars of each of the Company's directors, supervisors, manager and other senior management personnel including:
    - (a) present and former names and aliases;
    - (b) principal address (place of residence);
    - (c) nationality;
    - (d) primary and all other part-time occupations and duties;
    - (e) identification documents and numbers;
  - (iii) status of the Company's share capital;
  - (iv) reports showing the aggregate nominal value, quantity, highest and lowest prices paid in respect of each class of shares repurchased by the Company since the previous accounting year and the aggregate amount paid by the Company for this purpose;
  - (v) counterfoil of the Company's debentures;
  - (vi) minutes of shareholders' general meetings.
- (6) in the event of the winding-up or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (7) the Company is required to purchase its own shares from its shareholders who vote against the resolutions on the merger and de-merger with other company at a shareholders' general meeting;
- (8) shareholders individually or jointly holding 3% or more of the Company's shares can make a provisional resolution in writing to the board of directors 10 days before the date of shareholders' general meeting;
- (9) other rights conferred by law, administrative regulations and these Articles of Association.

**Article 48** The shareholders of ordinary shares of the Company shall assume the following obligations:

- (1) to comply with these Articles of Association;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;

- (3) other obligations imposed by law, administrative regulations and provisions of these Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms agreed by the subscriber of the relevant shares at the time of subscription.

**Article 49** In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder, in exercising its shareholder's rights, shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or a portion of the shareholders of the Company:

- (1) to exempt a director or supervisor from the obligation of acting honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual interest of other shareholders, including (but not limited to) any rights to distributions and voting rights (excluding a restructuring which has been submitted for approval by the shareholders in a shareholders' general meeting in accordance with these Articles of Association).

**Article 50** For the purpose of the foregoing Article, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- (1) a person who, when acting alone or in concert with others, has the power to appoint more than half of the directors;
- (2) a person who, when acting alone or in concert with others, has the power to exercise 30% or more of the voting rights or has power to control the exercise of 30% or more of the voting rights in the Company;
- (3) a person who, when acting alone or in concert with others, holds 30% or more of the issued shares of the Company;
- (4) a person who, when acting alone or in concert with others, has de facto control of the Company in any other way.

## **CHAPTER 8 SHAREHOLDERS' GENERAL MEETINGS**

**Article 51** The shareholders' general meeting holds the powers of the Company and shall exercise its functions and powers in accordance with the law.

**Article 52** The shareholders' general meeting shall have the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to appoint and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to appoint and replace supervisors who are not representatives of the employees and to decide on matters relating to the remuneration of supervisors;
- (4) to consider and approve the board of directors' reports;
- (5) to consider and approve the board of supervisors' reports;
- (6) to consider and approve the Company's proposed and final annual financial budgets;
- (7) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (8) to pass resolutions on the increase or reduction of the Company's registered capital;
- (9) to pass resolutions on matters such as merger, division, dissolution, liquidation or change of the corporate form of the Company;
- (10) to pass resolutions on the issue of debentures by the Company;
- (11) to pass resolutions on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (12) to amend these Articles of Association;
- (13) to consider motions raised by shareholders, individually or jointly, holding 3% or more of the total number of voting shares of the Company;
- (14) to consider the guarantees provided under Article 53;
- (15) to consider the purchase and sale of major assets with value exceeding 30% of the total assets of the Company as shown in the latest published audited financial statements of the Company;
- (16) to consider and approve the change of use of proceeds;
- (17) to consider equity incentive plans;
- (18) to decide on other matters required by laws, administrative regulations and the Articles of Association to be resolved by the shareholders' general meeting;
- (19) to decide on other matters as the Listing Rules requires.

**Article 53** The following provisions of guarantees to external parties by the Company are subject to the review and approval of the shareholders' general meeting:

- (1) any guarantee provided after the total amount of guarantee to external parties provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net asset value;
- (2) any guarantee provided after the total amount of guarantee to external parties provided by the Company has reached or exceeded 30% of the Company's latest audited total assets;
- (3) a guarantee provided to a party with an asset-liability ratio of over 70%;
- (4) a single guarantee that exceeds 10% of the Company's latest audited net assets;
- (5) the guarantee to be provided in favour of shareholders, beneficial controllers and their related parties.

**Article 54** The Company shall not, without the prior approval of the shareholders' general meeting, enter into any contract with any person, who is not a director, supervisor, manager or other senior management personnel of the Company, to give to such a person the responsibility for the management of the whole or a substantial part of the business of the Company.

**Article 55** Shareholders' general meetings are divided into annual general meetings and shareholders' extraordinary general meetings. Shareholders' general meetings are called by the board of directors. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

The board of directors shall convene a shareholders' extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) when the number of directors is less than that prescribed by the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (2) when the losses of the Company amount to one-third of its share capital;
- (3) when shareholder(s) individually or collectively holding 10% or more of the outstanding shares of the Company carrying voting rights request so in writing;
- (4) when deemed necessary by the board of directors or when requested by the board of supervisors;
- (5) when proposed by more than two independent directors;
- (6) any other circumstances stipulated in the laws, administrative regulations, regulations of competent authorities, the Listing Rules or the Articles of Association.

**Article 56** When the Company convenes a shareholders' general meeting, it shall give written notice, at least 45 days prior to the date of the meeting, to all Shareholders registered in its share register. Such notice shall contain details of the matters proposed to be considered at the meeting and the date and venue of the meeting. Shareholders who intend to attend the meeting shall deposit at the Company written replies confirming their intention to attend at least 20 days prior to the date of the said meeting.

**Article 57** When the Company convenes an annual general meeting, shareholder(s) holding 3% or more of the total number of the shares of the Company carrying voting rights shall have the right to propose a new motion to the Company and propose the same to the convener in writing. The convener shall, within two days after receiving the proposed motion, issue a supplemental notice of shareholders' general meeting to notify other Shareholders and include those matters which are within the scope of duties of the shareholders' general meeting into the agenda to be considered thereat.

**Article 58** The Company shall, based on the written replies which it receives from the shareholders 20 days before the date of the shareholders' general meeting, calculate the number of voting shares held by the shareholders and the authorized proxies who intend to attend the meeting. If the number of voting shares held by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the shareholders' general meeting; if not, then the Company shall, within five days, notify the shareholders by way of public announcement the matters to be considered, and the place and date for, the shareholders' general meeting. The Company may then hold the shareholders' general meeting after publication of such announcement.

Matters which are not specified in the notice shall not be decided at an EGM.

**Article 59** The notice of a shareholders' general meeting shall satisfy the following requirements:

- (1) it should be in writing;
- (2) specifies the place, date and time of the meeting;
- (3) sets out the matters to be discussed at the meeting;
- (4) provides the shareholders with such information and explanation as necessary to enable the shareholders to make an informed decision on the proposals put before them. This includes (but is not limited to) where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with contracts (if any) and the cause and effect of such proposal must be properly explained;
- (5) contains a disclosure of the nature and extent of the material interests of any director, supervisor, manager and other senior management personnel in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders, if it is different from the effect on the interests of shareholders of the same class;

- (6) contains the full text of any special resolution to be proposed at the meeting;
- (7) contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy needs not be a shareholder;
- (8) specifies the time and place for lodging proxy forms for the meeting.

**Article 60** Notices of shareholders' general meetings shall be delivered by any methods as permitted by the stock exchange of the place where the Company's shares are listed (including but not limited to post, email, fax, announcement, release on the websites of the Company or the stock exchange of the locality where the Company's shares are listed) to Shareholders (whether or not such Shareholders have a voting right at the shareholders' general meeting). In case of delivery by post, the addresses of the recipients shall be those registered in the share register. For shareholders of Domestic-Invested Shares, the notice of the meeting may also be given by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council during the period between 45 and 50 days before the date of the meeting. Once the announcement is made, all the shareholders of Domestic-Invested Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 61** If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

**Article 62** Any shareholder who is entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more persons (whether such person is a shareholder or not) as his proxy or proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:

- (1) the shareholders' right to speak at the meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

**Article 63** The instrument appointing a proxy shall be in writing and shall be under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person, either under its seal or under the hand of a director or a duly authorized attorney.

**Article 64** The proxy form shall be lodged at the Company's premises or such other place as specified in the notice convening the meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the principal, the power of



attorney or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged at the Company's premises or such other place as specified in the notice convening the meeting.

If the proxy is a legal person, his legal representative or any representative authorized by the board of directors or by other decision-making body shall attend the shareholders' meeting of the Company on its behalf.

If the said shareholder is a recognized clearing house (or its agent), the shareholder may authorize one or more suitable persons to act as its representative at any shareholders' general meeting or any class meetings of shareholders; however, if more than one person are authorized, the proxy form shall clearly indicate the number and types of shares each person is authorized in relation to. The persons after such authorization may represent the recognized clearing house (or its agent) to exercise the rights, as if they were the individual shareholders of the Company.

**Article 65** Any form given to a shareholder by the directors for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favour of or against the motions, separate instructions being given in respect of each matter to be voted on at the meeting. Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he thinks fit.

**Article 66** A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the relevant meeting.

**Article 67** The shareholders who request to convene an EGM or class meeting shall follow the following procedures:

- (1) Shareholders who separately or jointly hold 10% or more of the voting shares of the Company may request the board of directors to convene an EGM or class meeting by signing a written request (signing in counterparts is acceptable) explaining the matters to be discussed at the EGM. The board of directors shall convene an EGM or class meeting as soon as practicable upon receipt of the foresaid written request. The shareholdings of the requesting shareholders shall be calculated as at the date of the submission of the written requirement.
- (2) In the event that the board of directors cannot or fails to perform its duty to convene a meeting, the board of supervisors shall convene and chair the meeting promptly; if the board of supervisors fails to convene and chair the meeting for more than 90 consecutive days, shareholders who separately or jointly hold more than 10% of the voting shares of the Company may convene and chair the meeting themselves.

If the shareholders call and convene a meeting by themselves since the board of directors cannot convene a meeting in accordance with the foresaid requirement, the expenses reasonably incurred shall be borne by the Company and be deducted from the amounts due to the defaulting directors.

**Article 68** Shareholders who separately or jointly hold more than 3% of the shares of the Company may submit a proposal to the board of directors in writing 10 days before the date of the shareholders' general meeting; the board of directors shall notify other shareholders within two days of receiving the proposal and include it for consideration at the shareholders' general meeting. The matters stated in the proposal must be within the functions and powers of the shareholders' general meeting and it shall have a clear subject and specific resolutions.

Apart from aforesaid matters, the convener shall not amend the proposals stated in the notice of the shareholders' general meeting or add new proposals upon issuance of the announcement on the notice of the shareholders' general meeting.

**Article 69** The shareholders' general meeting shall be convened by the board of directors and chaired by the chairman; if the chairman cannot or fails to perform his duties, the shareholders' general meeting shall be chaired by a director co-elected by more than half of the directors. If the board of directors cannot or fails to perform its duty to convene the shareholders' general meeting, the board of supervisors shall convene and chair the meeting promptly; if the board of supervisors cannot or fails to perform its duty to convene the shareholders' general meeting for more than 90 consecutive days, the shareholders who separately or jointly hold more than 10% of the Company's voting shares may convene and chair the meeting by themselves. If the shareholders cannot elect a chairman due to any reason, the shareholder (including his proxy) present at the meeting who holds the highest number of voting rights shall act as the chairman of the meeting.

**Article 70** A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the voting shares which he represents. Each share shall have one vote.

No voting rights shall attach to the Company's shares held by itself, and such shares shall be excluded for the purpose of calculating the total number of voting shares held by the shareholders present at the shareholders' general meeting.

Where any shareholder, under applicable laws, regulations and the listing rules of the stock exchange on which the Company's shares are listed, is required to abstain from voting on any particular resolution or is required to vote only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 71** At any shareholders' general meeting, a resolution shall be decided on a show of hands, unless a poll is demanded before or after a vote is carried out by a show of hands by any of the following:

- (1) by the chairman of the meeting;

- (2) by at least two shareholders present in person or by proxy and being entitled to vote;
- (3) by one or more shareholders present in person or by proxy and holding 10% or more of all voting shares present at the meeting solely or jointly.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the passing of such resolution. There is no need to prove the number or proportion of votes in favour of or against such resolution.

The Company shall announce the results of the poll voting only when required by laws, administrative regulations, relevant regulatory authorities or the Listing Rules.

The demand for a poll may be withdrawn by the person who demands the same.

**Article 72** A poll demanded to decide on the chairman of the meeting, or to adjourn the meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any other business may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 73** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 74** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

**Article 75** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by more than half of all votes held by the shareholders (including their proxies) present at the meeting.

A special resolution must be passed by more than two-thirds of all votes held by the shareholders (including their proxies) present at the meeting.

**Article 76** The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors and the board of supervisors;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) appointment and removal of members of the board of directors and supervisors assumed by non-representatives of the employees, their remuneration and manner of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;

- (5) matters other than those which are required by law and administrative regulations or by these Articles of Association to be adopted by special resolution.

**Article 77** The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation or change of corporate form of the Company;
- (4) amendment of these Articles of Association;
- (5) review and implementation of equity incentive plans;
- (6) any other matters considered by the shareholders at a shareholders' general meeting, and resolved by way of an ordinary resolution, to be of a nature which have a material impact on the Company and should be adopted by special resolutions.

**Article 78** When a shareholders' general meeting reviews connected transactions, the related shareholders shall not participate in voting and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes; the voting result announcement of the shareholders' general meeting shall fully disclose the voting by unrelated shareholders.

For connected transactions to be considered at the shareholders' general meeting, connected shareholders shall voluntarily apply for abstaining before the consideration at the shareholders' general meeting; non-connected shareholders are entitled to submit to the shareholders' general meeting an application on the abstaining of the connected shareholders before the consideration at the meeting. Shareholders shall submit the application for abstaining in written and specify the reasons for the abstaining of connected shareholders, and the shareholders' general meeting shall firstly review the application for abstaining submitted by the non-connected shareholders before the consideration at the meeting.

If, after the shareholders' general meeting, connected shareholders were found by other shareholders involved in the voting relating to the connected transactions, or other shareholders disagree on whether it should apply to abstain from voting, the shareholders have the rights to bring an action on such resolution in accordance with the relevant provisions of Article 7 of the Articles of Association.

If the connected shareholders have expressed their intention to abstain from voting, the connected transaction shall be voted by other shareholders. The voting results shall have the same legal effect of other resolutions passed at shareholders' general meeting.

**Article 79** The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

**Article 80** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' general meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 81** If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minutes.

The meeting minutes, signature record of shareholders present at the meeting and proxy forms shall be kept at the Company's place of residence.

**Article 82** Meeting minutes setting out the resolutions on the matters considered at a shareholders' general meeting shall be prepared, and shall be signed by the chairman of the meetings and attending directors. The meeting minutes shall be kept at the Company's place of residence together with the shareholders' attendance lists and proxy forms for the Company's records.

**Article 83** Copies of the minutes of proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven days after receipt of reasonable fees.

## **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS**

**Article 84** 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 these Articles of Association and its appendices.

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.

Where the equity capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

**Article 85** Rights conferred on any class of shareholders (“class rights”) may not be varied or cancelled save with the approval of a special resolution of shareholders in a shareholders’ general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 85 to 89 hereof. The quorum required for such shareholders’ general meetings shall be the holders of at least one-third of the issued shares of that class.

**Article 86** The following circumstances shall be deemed to be variation or cancellation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having equal or better voting, distribution or other special rights to those of shares of that class;
- (2) 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;
- (3) to remove or reduce the rights to accrued dividends or to cumulative dividends attaching to shares of that class;
- (4) to reduce or remove preferential rights attaching to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attaching to shares of that class;
- (6) to remove or reduce rights to receive payment from the Company in specific currencies attaching to shares of that class;
- (7) to create a new class of shares having equal or better voting, distribution or other rights to those of the shares of that class;
- (8) to impose or increase restrictions on the transfer or ownership of shares of that class;
- (9) to issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of this Chapter.

**Article 87** Affected class shareholders, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 84 hereof, but interested shareholder(s) shall not be entitled to vote at such class meetings.

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

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of an on-market repurchase pursuant to Article 25, an interested shareholder is a "controlling shareholder" within the meaning of Article 51;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 25 hereof, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligations than the obligations imposed on shareholders of the same class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 88** Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 85, are entitled to vote.

**Article 89** A 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 45 days before the date of the class meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company 20 days before the date of the class meeting. When calculating the time limit, the date of meeting shall not be included. The quorum required for any shareholders' class meeting held for considering changes of the rights of that particular class shares shall be at least one third of the holders of issued shares of that class.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five days give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

**Article 90** Notice of class meetings need only be served on shareholders entitled to vote at the meetings.

Class meetings shall be conducted in the same manner as shareholders' general meetings, to the extent possible. The provisions of these Articles of Association and its appendices relating to the manner for the conduct of shareholders' general meetings are also applicable to class meetings.



**Article 91** Apart from the holders of other classes of shares, the holders of the Domestic-Invested Shares and holders of Overseas-listed foreign-invested shares shall be deemed to be holders of different classes of shares.

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

- (1) where the Company issues, upon the approval by special resolution of its shareholders in a shareholders' general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued Domestic-Invested Shares and Overseas-listed foreign-invested shares;
- (2) where the Company's plan to issue Domestic-Invested Shares and Overseas-listed foreign-invested shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authorities of the State Council;
- (3) where unlisted shares held by shareholders of the Company become listed for trading overseas with the approval of the securities regulatory authorities of the State Council.

## **CHAPTER 10 BOARD OF DIRECTORS**

**Article 92** The Company shall have a board of directors, the board of directors shall consist of eight directors, including three independent directors and a chairman.

The board of directors shall have at least three members as independent directors, and independent directors shall comprise of more than one-third of the members of the board of directors and at least one of them shall be an accounting professional (has senior professional titles or qualifications of Certified Public Accountants). Independent directors shall perform their duties independently and shall not be influenced by substantial shareholders and de facto controllers of the Company or other units or individuals having interests in the Company and its substantial shareholders and de facto controllers. Independent directors shall faithfully perform their duties and protect the interests of the Company, in particular ensuring that the lawful interests of the public shareholders shall not be prejudiced.

**Article 93** Directors shall be elected by shareholders at the shareholders' general meeting and their terms of office shall be three years. Directors are eligible for re-election upon expiry of their terms of office, while the successive terms of office of independent directors shall not exceed six years. Independent directors shall be elected, by Shareholders at the shareholders' general meetings, from members of the Board of directors and the Board of Supervisors or candidates nominated by the Shareholder(s) holding more than 1% (1% included) of the issued Shares of the Company; and other directors shall be elected, by shareholders at the shareholders' general meetings, from members of the board of directors or candidates nominated by the shareholder(s) holding more than 5% (5% included) of the issued shares of the Company.

Written notices concerning proposed nomination of director candidate and indication of the candidate's intention to accept the nomination shall be sent to the Company no later than seven days prior to the date of the shareholders' general meeting. The seven-day notice period shall commence no earlier than the day immediately following the date of despatch of the notice of shareholders' general meeting concerning the election of directors and shall end no later than the day falling seven days prior to the date of the shareholders' general meeting.

The term of office of a director shall commence from the date on which the said director assumes office to the expiry of the current session of the board of directors. If the term of office of a director expires but re-election is not made correspondingly on a timely basis, the said director shall continue fulfilling the duties as a director pursuant to the requirements of the laws, administrative regulations, regulations of competent authorities and the Articles of Association until a new director is elected.

A director shall not be removed from his or her office without cause by the shareholders' general meeting prior to the expiration of his or her term. Subject to compliance with the relevant laws, administrative regulations and regulations of competent authorities, the shareholders' general meeting may, by ordinary resolution, remove any director prior to the expiry of his term of office (but claims for compensation under any contract shall not be affected by this provision).

A director may resign before his/her term of office expires. If a director resigns, he/she shall submit a resignation report in writing to the board of directors, a resigning Independent Director shall also give explanations on matters related to his/her resignation or any other matters that he may consider necessary to be brought to the attention of the shareholders and creditors of the Company. If the resignation of a director leads to the quorum of directors falling lower than the statutory number under the PRC Company Law or two thirds of the number required in the Articles of Association, or leads to the number of independent directors falling lower than that required in the Articles of Association, the director's resignation shall not take into effect until after the filling of the vacancy by a newly elected director. The independent director proposing resignation may cease to perform his/her duties if the shareholders' general meeting failed to be held by the board of directors within two months' period after the proposing resignation.

Subject to the relevant laws, regulations and regulatory rules of the place where the Company is listed, if the board of directors appoints a new director to fill up any interim vacancy or increase the members of the board of directors, the term of office of such newly-added director shall expire at the next shareholders' general meeting and he/she is eligible for re-election.

Other than the circumstances set out in the preceding paragraph, resignation of a director shall take effect at the time of submission of the resignation report to the board of directors.

The chairman of the board of directors shall be elected and removed by more than half of all directors. The term of office of the chairman shall be three years and is eligible for re-election.

The directors shall be a natural person and not be required to hold shares in the Company.

**Article 94** The board of directors, who are accountable to shareholders' general meetings, shall exercise the following functions and powers:

- (1) to be responsible for the convening of the shareholders' general meetings and to report on its work to the shareholders at shareholders' general meetings;
- (2) to implement the resolutions passed by the shareholders at shareholders' general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's annual preliminary and final financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of the Company's bonds;
- (7) to formulate plans for the merger, de-merger or dissolution of the Company;
- (8) to decide on the Company's internal management structure;
- (9) to appoint or remove the Company's president and to appoint or remove the vice president and the chief financial officer of the Company according to the recommendations of the president; to appoint or remove the secretary to the board of directors and to decide on their remuneration;
- (10) Determine the salaries, benefits, rewards and punishment for the staff of the Company;
- (11) Approve the Company to appoint or change directors and shareholder representative supervisors of wholly-owned subsidiaries of the Company, appoint, change or recommend representatives of the shareholders, directors (candidate), and shareholder representative supervisors (candidate) of entities controlled or invested in by the Company;
- (12) Set our basic management systems;
- (13) Make the modification plan to this Articles of Association;
- (14) Determine the establishment of the Company's domestic or overseas sub-branches;
- (15) Decide on the matters such as merger, division or reorganization of entities wholly-owned or controlled by the Company;
- (16) Decide on the establishment of special committees under the Board and to appoint or remove its person-in-charge;

- (17) Propose at shareholders' general meetings a resolution in respect of candidates for independent directors and replacement of independent directors;
- (18) to propose in shareholders' general meetings to appoint, re-appoint or dismiss the accounting firm which undertakes auditing work of the Company;
- (19) to consider the general manager's work report and supervise the general manager's work;
- (20) to manage the disclosure of information of the Company;
- (21) Formulate the equity incentives plan;
- (22) Decide the bank loans of the Company representing more than 10% but less than 30% of the latest audited total assets;
- (23) Exercise decision-making power on issues in respect of external investment (including increase in investment and equity transfer), financing, venture investment, entrusted wealth management, provision of external guarantees, save and except for those decisions to be decided by the shareholders' general meeting pursuant to the law, regulations and the Articles of Association;
- (24) Decide on other major affairs of the Company, save for matters to be resolved at shareholders' general meetings as required by the PRC Company Law and the Articles of Association;
- (25) Decide on and to monitor the implementation of the Company's risk management system, including risk assessments, financial control, internal audit and legal risk control;
- (26) other powers conferred by the Articles of Association or the shareholders' general meetings;
- (27) other matters authorized by the laws, administrative regulations, regulations of competent authorities and the Listing Rules.

Other than resolutions in respect of the matters specified in sub-paragraphs (6), (7) and (13) of this Article, which shall be passed by more than two-thirds of all the directors, the board of directors' resolutions in respect of all other matters may be passed by over half of the directors.

**Article 95** The board of directors of the Company shall explain the qualified audit reports issued by registered accountants in respect of the Company's financial reports at the shareholders' general meeting.

**Article 96** The board of directors shall formulate the rules of procedure of the board of directors in order to ensure that the board of directors implements the resolutions of the shareholders' general meeting, thereby improving work efficiency and ensuring scientific policy making.

**Article 97** Independent directors shall attend board meetings on a regular basis, understand the business and operation conditions of the Company, actively investigate and obtain the relevant information required for making a decision. Independent directors shall submit an annual report of all the independent directors at the annual general meeting of the Company and state the circumstances for the performance of their powers and duties.

**Article 98** The Company shall establish a working system of independent directors, and the secretary of the board of directors shall actively support independent directors over their performance of duties. The Company shall take steps to ensure that independent directors will enjoy the right to know to the same extent as that of other directors, provide on a timely basis relevant materials and information to independent directors, and report regularly to the independent directors on the Company's operation, and (where necessary) organise on-site inspections for independent directors.

**Article 99** An independent director shall exercise the following special functions and powers in addition to those conferred by the Company Law, other relevant laws, administrative rules and these Articles of Association:

- (1) material connected transactions to be considered by the board of directors or the shareholders' general meeting (determined according to the effective rules issued from time to time by the stock exchange where the Company's shares listed) shall, after the recognition by independent directors, be submitted to the board of directors for discussion. Resolutions of the board of directors on connected transactions can be only in effect signed by independent directors. The independent non-executive directors may, before making a judgment, engage an intermediary to issue an independent financial advisor report for them to rely upon in making the judgment;
- (2) to propose to the board of directors to engage or remove an accounting firm;
- (3) propose to the board of directors to convene an EGM;
- (4) to propose the convention of a meeting of the board of directors;
- (5) to engage an external auditing or advisory firm independently;
- (6) to collect voting rights from shareholders prior to the convening of a shareholders' general meeting.

The exercise of the above duties and powers referred to in (1) and (2) by the independent directors shall be obtained firstly by the consent of more than half of all the independent directors, and then be submitted to the board of directors for discussion. The exercise of the above duties and powers referred to in (3), (4) and (6) by the independent directors shall obtain the consent of more than one-half of all the independent directors. The exercise of the duties and powers referred to in (5) above by the independent directors shall obtain the consent of all the independent directors. The related expenses occurred in exercising these powers by independent directors shall be borne by the Company. If the above proposal is not accepted or the above duties and powers cannot be normally exercised, the Company shall disclose the relevant circumstances.

If remuneration, audit and nomination committees are established under the board of directors of the Company, independent directors shall account for more than one-half of the members of such committees.

**Article 100** Apart from executing the above duties, an independent director shall also express an independent opinion to the board of directors or shareholders' meeting on the following matters:

- (1) nomination, appointment and removal of directors;
- (2) appointment or dismissal of senior managers;
- (3) remuneration of the Company's directors and senior managers;
- (4) existing or future loans or other monetary transactions with the Company's shareholders, beneficial controller and their associates for a total value which requires approval from the board of directors or the shareholder's general meeting (determined according to the effective rules issued from time to time by the stock exchange where the Company's shares listed), and whether the Company has taken effective measures for collection of the receivables;
- (5) matters which an independent director considers detrimental to the rights and interests of small and medium-sized shareholders.

An independent director shall express one of the following opinions on the above matters:

- (1) approval;
- (2) qualified opinion with an explanation of the reasons therefor;
- (3) opposition with an explanation of the reasons therefor;
- (4) refraining from expressing an opinion with an explanation of the reasons thereof.

If the matter is required to be disclosed, a public announcement of the opinions of independent directors shall be made by the Company. If independent directors fail to reach a unanimous agreement due to divided opinions, the opinions of each of the independent directors shall be disclosed individually by the Company.

**Article 101** The board of directors shall not dispose of or agree to dispose of any fixed assets without approval by the shareholders' general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months before such proposed disposal of the fixed assets exceeds thirty three percent of the value of the fixed assets as shown on the latest balance sheet considered and approved at the shareholders' general meeting.

Disposals of fixed assets mentioned herein include transfer of certain asset interests, but do not include provision of security interests by pledge of fixed assets.

The effectiveness of the Company's disposal of fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 of this Article.

**Article 102** The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) to review the implementation of resolutions passed by the board of directors;
- (3) to sign the securities issued by the Company;
- (4) to exercise other powers conferred by the board of directors.

In the event that the Chairman shall not fulfill his/her duties, a director designated by the Chairman shall fulfill the Duties.

**Article 103** The meetings of the board of directors shall be convened at least four times a year and be called by the chairman of the board of directors. A notice of meeting shall be served to all directors 10 days before the meeting is convened.

The chairman of the board of directors shall convene an extraordinary board meeting within ten days since receiving the proposal in case of the occurrence of any one of the following events:

- (i) When the shareholders representing over 10% of voting rights make a proposal;
- (ii) When over one third of directors make a proposal;
- (iii) When the chairman of the board of directors deems necessary;
- (iv) When two or more independent non-executive directors make a proposal;
- (v) When the board of supervisors makes a proposal;
- (vi) When the president makes a proposal.

**Article 104** The time limit and means of notification of convening a board meeting and extraordinary board meeting are as follows:

Notice of a regular board meeting shall be given to all the directors, supervisors and the general manager 14 days before the date of meeting. Notice of an extraordinary meeting shall be given to all the directors, supervisors and the general manager 5 days before the date of meeting. The office of the Board shall send the written notice of meeting affixed with its seal to all the directors, supervisors and the general manager by hand, fax, e-mail or other means. Where the notice is not served by hand, telephone acknowledgement and records shall be made accordingly.



In emergency situations where an extraordinary meeting needs to be convened as soon as possible, notice of the meeting may be given by telephone or by other means of verbal communication at any time. The convener shall provide an explanation for such action at the meeting.

**Article 105** Meetings of the Board shall be held if more than half of the directors are present.

Each director shall have one vote only. Resolutions of the Board shall be passed by a majority vote of all directors.

When the numbers of votes against and in favour of a certain proposal are equal, the Chairman of the Board of Directors shall have a casting vote.

**Article 106** Directors shall attend meetings of the Board in person. In the event of a director is unable to attend a meeting in person for any reason, he may appoint in writing another director to attend the meeting on his behalf. The power of attorney shall specify the scope of authorization.

The proxy shall exercise the rights of a director within the scope of the authorization. A director failing to attend the board meeting in person or by proxy shall be deemed as having waived his voting rights at such meeting.

**Article 107** Subject to the exceptions specified by laws, regulations and the listing rules of the stock exchange on which the securities of the Company are listed, a director will not vote on any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be countered in the quorum present at the meeting. If less than 3 directors shall vote on the matter, which shall be submitted to general meeting to vote.

**Article 108** The Board shall keep meeting minutes of the resolutions on the matters considered at meetings. The attending directors and the recorders shall sign on the minutes of such meeting. Directors shall undertake the responsibilities for the resolutions of the Board. In the event that any resolution of the Board is in breach of laws, administrative regulations or the Articles, which causes severe loss for the Company, those directors voting for such resolution shall be held liable for such losses. However, where any director has been proved to have expressed dissenting opinions on the voting on such resolution which have been recorded in the meeting minutes, such director may be exempted from such liability.

## **CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS**

**Article 109** The Company shall have a secretary to the board of directors, being a senior management personnel, who shall be accountable to the Company and the board of directors.

**Article 110** The secretary of the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His primary duties include:

- (1) ensuring that the Company has complete organizational documents and records;

- (2) ensuring that the Company prepares and delivers such reports and documents as required by competent authorities in compliance with laws;
- (3) ensuring that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay.

**Article 111** A director or another member of senior management of the Company may concurrently act as the secretary of the Board. An accountant of the accounting firm appointed by the Company shall not concurrently act as the secretary of the Board.

Where the secretary of the Board of the Company is acted by a director concurrently, an action that shall be performed by a director and the secretary of the Board separately shall not be made by the concurrent director and the secretary of the Board in his dual status.

## **CHAPTER 12 GENERAL MANAGER**

**Article 112** The Company shall have one general manager who shall be nominated by the Board of Directors and appointed or removed by the board of directors.

**Article 113** General manager shall be responsible for the Board and exercise the following duties and powers:

- (1) to be in charge of the Company's production, operation and management, to coordinate the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of the branch company of the Company;
- (5) to draft the Company's basic management system;
- (6) to formulate basic rules and regulations for the Company;
- (7) to propose the appointment or dismissal of the Company's senior management personnel, such as vice president, the chief financial officer and etc.;
- (8) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (9) to determine the wages, benefits, rewards and punishments of the Company's staff, to determine the appointment and dismissal of the Company's staff;
- (10) to propose the convening of extraordinary meetings of directors;
- (11) other powers conferred by these Articles of Association and the board of directors.

**Article 114** General manager of the Company shall attend the meetings of the Board; The senior management personnel who are not directors have the right to attend board meetings and to receive notices of meetings and other relevant documents, but do not have any voting rights at board meetings.

**Article 115** In performing functions and powers, General manager shall act honestly and diligently and in accordance with laws, administrative regulations and these Articles of Association. They may not alter the resolutions of a shareholders' general meeting or of a board meeting nor act ultra vires.

## **CHAPTER 13 BOARD OF SUPERVISORS**

**Article 116** The Company shall have a board of supervisors.

**Article 117** The board of supervisors shall compose of five supervisors, one of whom shall act as the chairman of the board of supervisors. The term of office of supervisors shall be 3 years, renewable upon re-election and re-appointment.

The appointment and removal of the chairman of the board of supervisors shall be subject to the approval of not less than two-thirds of its members by voting.

**Article 118** Members of the board of supervisors shall be composed of three shareholder representatives and two staff representatives. The shareholder representatives shall be elected and removed by shareholders in shareholders' general meeting, while the staff representative shall be elected and removed by employees of the Company in the form of democratic election.

**Article 119** Directors, general manager, secretary of the Board, chief financial officer and other senior management officers of the Company shall not concurrently act as supervisors.

**Article 120** The board of supervisors shall hold at least 2 meetings every year, the chairman of the board of supervisors shall be responsible to convene the meeting.

**Article 121** The board of supervisors shall be responsible for the shareholders' general meeting and exercise the following functions and powers in accordance with law:

- (1) to review the Company's financial position;
- (2) to supervise the directors, general manager or the senior management personnel to ensure that they do not act in contravention of any law, regulation or these Articles of Association, and to advise on dismissal of directors or senior management personnel who are in breach of laws, administrative rules, these Articles of Association or resolutions of the shareholders' general meetings;
- (3) to demand the directors, general manager or the senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;

- (4) to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings, and to engage, in the Company's name, certified public accountants and practicing auditors to assist in the review on such information should any doubt arise in respect thereof;
- (5) to propose to convene an EGM, where the board of directors fails to perform the duties in relation to convene or chair a shareholders' general meeting as required by the Company Laws, to convene and chair the shareholders' general meeting;
- (6) to make proposals in a shareholders' general meeting;
- (7) to propose to convene an extraordinary board meeting;
- (8) to represent the Company in negotiations with or in bringing actions against a director or a senior management personnel;
- (9) to investigate into any abnormalities in operation of the Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses shall be borne by the Company;
- (10) other duties and powers as specified in these Articles of Association.

Supervisors attend board meetings and may raise queries or make proposals on matters of board resolutions.

**Article 122** The method for conducting businesses at the meetings of the board of supervisors: each supervisor shall have one vote only and the resolutions shall be passed by open or written ballot.

The voting procedure: a supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his intention by choosing one of the above. The chairman of the meeting shall request any supervisor who fails to choose any of the above or has chosen two or more of the above to vote again, and supervisor shall be regarded as having abstained from voting if he refuses to vote again. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Resolutions of the board of supervisors shall only be passed by the affirmative votes of more than two-thirds of the members of the board of supervisors.

**Article 123** Records shall be made for all supervisors' meetings and be signed by all attending supervisors and the recording person.

**Article 124** All reasonable fees incurred in respect of the engagement of professionals (such as, lawyers, certified public accountants or practicing auditors) which are required by the board of supervisors in the exercise of its functions and powers shall be borne by the Company.

**Article 125** A supervisor shall carry out his duties faithfully in accordance with laws, administrative regulations and these Articles of Association.

**CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS,  
SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR  
MANAGEMENT PERSONNEL OF THE COMPANY**

**Article 126** A person may not serve as a director, supervisor, general manager or a other senior management personnel of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty of for corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, and not more than five years have lapsed since the sentence was served or a person who has been deprived of his political rights and not more than five years have lapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who are personally liable therefore, where less than three years have elapsed since the date of the cancellation of the business license;
- (5) a person who has a relatively large amount of debts which have become due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;
- (7) a person other than a natural person;
- (8) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five years have lapsed from the date of such conviction; and
- (9) other circumstances which are applicable according to laws, administrative regulations, or regulations of the competent authorities.

**Article 127** Independent directors shall satisfy the following basic requirements:

- (1) satisfying the qualifications for holding the position of director in a listed company as stipulated by the laws, regulations and other relevant requirements;
- (2) being independent;
- (3) having basic knowledge about the operation of a listed company and being familiar with the relevant laws, administrative regulations, regulations and rules;
- (4) having more than five years' experiences in law, economics or other working experiences required for performing the duties of an independent director; and
- (5) other conditions as stipulated by the Articles of Association.

With regard to the independence of an independent director, the following persons shall not act as independent directors:

- (1) Persons employed by the Company or the Company's subsidiaries or immediate relatives or persons with main social relation of such persons (immediate relatives mean spouse, parents, children etc.; persons with main social relation mean brothers and sisters, parents in law, daughters and sons in law, spouses of brothers and sisters, brothers and sisters of spouses etc);
- (2) Natural persons who directly or indirectly hold more than 1% of the issued shares of the Company and the immediate relatives of such persons or the natural persons being shareholder of the ten largest shareholders of the Company and the immediate relatives of such persons;
- (3) persons employed by the shareholder who directly or indirectly hold more than 5% of the issued shares of the Company and the immediate relatives of such persons or the persons employed by the five largest shareholders of the Company and the immediate relatives of such persons;
- (4) Person falling within the above three Paragraphs within the latest year;
- (5) Person providing services such as financial, legal, consulting services, etc. to the Company or the Company's subsidiaries;
- (6) Person having already taken up the position of independent director for five listed companies;
- (7) Person regarded by the State Council's securities regulatory and supervisory organisations as not eligible to act as independent director.

**Article 128** The validity of an act carried out by a director, general manager and other senior management personnel of the Company on behalf of the Company shall, as against a bona fide third party, not be affected by any irregularity in his office, election or any defect in his qualification.

**Article 129** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, general manager and other senior management personnel owes a duty to each shareholder, in the exercise of the duties and powers which the Company has entrusted to him:

- (1) not to procure the Company to do anything ultra vires to the scope of business as stipulated in its business license;
- (2) to act honestly and in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including (without limitation to) usurpation of opportunities which may benefit the Company;
- (4) not to deprive of the individual interest of shareholders, including (without limitation to) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders at general meeting for approval in accordance with these Articles of Association.

**Article 130** Each of the Company's directors, general manager and other senior management personnel owes a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 131** Each of the Company's directors, general manager and other senior management personnel shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation to) discharging of the following obligations:

- (1) to act bona fide in the best interests of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to transfer the power to exercise his discretion to others;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in these Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;



- (7) not to abuse his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;
- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (9) to comply with these Articles of Association, to perform his duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in the any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to divulge any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:
  1. disclosure is required by law;
  2. public interests so require;
  3. the interests of the relevant director, general manager and other senior management personnel so requires.

**Article 132** Each director, general manager and other senior management personnel of the Company shall not direct the following persons or institutions ("associates") to act in a manner which a director, general manager and other senior management personnel is prohibited from so acting:

- (1) the spouse or minor children of the director, general manager and other senior management personnel of the Company;
- (2) the trustee of the director, general manager and other senior management personnel or trustee of any person described in sub-paragraph (1) above;
- (3) partners of directors, general manager and other senior management personnel or any person referred to in sub-paragraphs (1) and (2) of this Article;

- (4) a company in which a director, general manager and other senior management personnel, whether alone or jointly with one or more of the persons referred to in sub-paragraphs (1), (2) and (3) of this Article and other directors, general manager and other senior management personnel, has de facto controlling interest;
- (5) the directors, general manager and other senior management of a company which is being controlled in the manner set out in sub-paragraph (4) above.

**Article 133** The duty of a director, general manager and other the senior management personnel to act in good faith does not necessarily terminate on the expiration of their term of office. His duty of confidentiality in respect of trade secrets of the Company survives the termination of his tenure. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and the terms under which the relationship with the Company was terminated.

**Article 134** A director, general manager and other senior management personnel of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a general meeting, save under the circumstances of Article 49 hereof.

**Article 135** Where a director, general manager and other senior management personnel of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his service contract with the Company), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board of directors.

A director shall not vote on a board resolution that approves a contract, transaction, arrangement or any other proposal in which he or any of his associates (refer to the definition in the Listing Rules) is materially interested, the relevant directors shall refrain from voting and not be counted in the quorum for the meeting.

Unless the interested director, supervisor, general manager and other senior management personnel discloses his interests in accordance with the aforesaid provisions of the Article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the director, supervisor, general manager and other senior management personnel is not counted as part of the quorum and refrains from voting the Company shall have the right to cancel such contract, transaction or arrangement except as against a bona fide party who does not have notice of the breach of duty by the interested director, supervisor general manager and other senior management personnel.

A director, supervisor general manager and other senior management personnel of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

**Article 136** Where a director, supervisor general manager and other senior management personnel of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 137** The Company shall not pay taxes for or on behalf of a director, supervisor general manager and other senior management personnel in any manner.

**Article 138** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor general manager and other senior management personnel of the Company or its holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) provision of a loan or guarantee for a loan by the Company to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or other payment to its directors, supervisors, general manager and other senior management personnel to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of service contracts approved by the shareholders at general meetings;
- (3) if the ordinary course of business of the Company includes providing loans or guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to a director, supervisor, general manager and other senior management personnel or his associates in the ordinary course of its business on normal commercial terms.

**Article 139** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 140** A guarantee for repayment of loan provided by the Company in breach of sub-clause 1 of Article 128 shall not be enforceable against the Company, unless:

- (1) the guarantee was provided in connection with a loan to an associate of any of the directors, supervisors, general managers and other senior management members of the Company or of the Company's parent company and the lender were not aware of the relevant circumstances at the time the loan was advanced; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 141** For the purpose of the foregoing paragraph of this Chapter, a guarantee shall include an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 142** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager and other senior management members of the Company is in breach of his duties to the Company, the Company shall have a right to:

- (1) claim damages from the director, supervisor, general manager and other senior management members in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of obligations by such a director, supervisor, manager and other senior management members);
- (3) demand an account of the profits made by the director, supervisor, general manager and other senior management members in breach of his obligations;
- (4) recover any monies received by the director, supervisor, general manager and other senior management members which should otherwise have been received by the Company, including but not limited to commissions; and
- (5) request such director, supervisor, general manager and other senior management members to return the interests accrued or may be accrued on the monies which otherwise should have been paid to the Company.

**Article 143** The Company shall enter into written contract with a director or supervisor in relation to emoluments, which shall be approved in advance by the shareholders in a general meeting. The aforesaid emoluments include:

- (1) emoluments in respect of his service as director, supervisor, or senior management personnel of the Company;
- (2) emoluments in respect of his service as a director, supervisor or senior management personnel of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries;
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

No proceedings may be brought by a director or supervisor against the Company for anything due to him except pursuant to the preceding contracts.

The abovementioned written contracts shall at least include the following provisions:

- (1) Directors, supervisors and senior management members undertake to the Company that they comply with Company Law, Special Regulations, the Articles of Association, Code on Takeovers and Mergers, Code on Share Purchases and other regulations stipulated by the Stock Exchange of Hong Kong, and agree that the Company will be entitled to the remedy measures stipulated in the Articles of Association, the contract and its positions shall not be transferred.
- (2) Directors, supervisors and senior management members undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association; and
- (3) the arbitrary provisions stipulated in the 21 charter of the Constitution.

**Article 144** The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment for his loss of office or retirement. For the purposes of this paragraph, the acquisition of the Company includes any of the following:

- (1) an acquisition offer made by any person to the general body of shareholders;
- (2) an acquisition offer made by any person with a view to make offeror becoming a controlling shareholder within the meaning of Article 51 hereof.

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

## **CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

**Article 145** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

**Article 146** The accounting year of the Company shall adopt the calendar year, i.e. starting from the 1 January of every calendar year and ending on 31 December of every calendar year.

The Company shall adopt Renminbi as its denominated currency for booking and accounting purposes, the account books shall be recorded in Chinese.

At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.

**Article 147** The board of directors of the Company shall submit to the shareholders at every AGM such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.

**Article 148** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to have a copy of the financial reports referred to in this Chapter.

The Company shall deliver or send to each shareholder of Overseas-listed foreign-invested shares by prepaid mail at the address registered in the register of shareholders the aforementioned reports no later than 21 days prior to the date of every annual general meeting of the shareholders.

**Article 149** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with international accounting standards, or the accounting standards of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing its profits after tax for the relevant fiscal year, the lower of the two amounts shown in the financial statements shall be adopted.

**Article 150** Any interim results of operation or financial information published or disclosed by the Company shall also be prepared in accordance with PRC enterprise accounting standards and regulations, and also in accordance with international accounting standards or the accounting standards of the place overseas where the Company's shares are listed.

**Article 151** The Company shall publish its financial reports twice in each fiscal year, that is, the interim financial report shall be published within 90 days after the end of the first six months of each fiscal year; and the annual financial report shall be published within 120 days after the end of each fiscal year.

**Article 152** The Company shall not keep accounts other than those required by law.

**Article 153** When distributing the after-tax profits for the current year, the Company shall allocate ten percent of its profits to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached more than 50 percent of the registered capital of the Company, no allocation will be required.

In the event that the statutory common reserve fund of the Company is insufficient to make up the losses for the previous year, before allocating the statutory common reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first make up the losses by using the profits for the current year.

After allocating the after-tax profits of the Company to the statutory common reserve fund, the Company still can allocate such profits to the discretionary common reserve fund.

The after-tax profits of the Company, after covering the losses and making allocation to the statutory revenue reserve, shall be distributed to the shareholders in accordance with their proportion of shareholdings in the Company.

If it is resolved at the shareholders' general meeting to distribute profit to shareholders before covering the losses and making allocation to the statutory revenue reserve in violation with the provisions of the previous paragraph, the shareholders shall return such distributed profits to the Company.

The Company shall not participate in the profit distribution for holding its own shares.

**Article 154** Capital common reserve fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital common reserve fund by the regulations of the finance regulatory department of the State Council.

**Article 155** The common reserve fund of the Company shall be applied for compensating the losses, expansion of production and operation, or conversion into the capital of the Company. However, the capital common reserve fund of the Company shall not be used to offset loss of the Company.

When the statutory common reserve fund is converted into capital of the Company, the balance of the statutory common reserve fund may not fall below 25 percent of the Company's registered capital prior to such conversions.

**Article 156** The Company can distribute profits by the following means:

- (1) Cash;
- (2) Shares;
- (3) Other means permitted by laws, administrative rules, regulations of competent authorities or listing rules.

**Article 157** The Company shall pay cash dividends and other payments which are payable to holders of Domestic-Invested Shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of Overseas-listed foreign-invested shares in Renminbi, and shall make such payments in foreign currencies. As for the foreign currency needed by the Company for payment of cash dividends and other payments which are payable to the holders of the Overseas-listed foreign-invested shares, it shall be handled in accordance with any related national regulations on foreign exchange control.



Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.

**Article 158** In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the requirements of Taxation Law of China and in consideration of the amount distributed.

**Article 159** The Company shall appoint receiving agents for holders of the Overseas-listed foreign-invested shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas-listed foreign-invested shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place where the Company's shares are listed or the relevant regulations of such stock exchange.

The receiving agents appointed for holders of Overseas-listed foreign-invested shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

In respect of dividends distributed to shareholders, the Company, subject to the requirements of the relevant stock exchanges, has the power to forfeit unclaimed dividends but such power can only be exercised within or after 6 years after the day on which dividend is declared.

The Company shall have the right to cease sending dividend warrants by post to holders of overseas listed foreign-invested shares, if such warrants have not been cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

In relation to the exercise of right to issue warrants to bearer, no warrant thereof shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed. When permitted by laws, the Company has the power to sell the shares of a shareholder who is untraceable under the following circumstances:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of such 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies such intention to the Stock Exchange where the shares are listed.

## CHAPTER 16 APPOINTMENT OF ACCOUNTING FIRMS

**Article 160** The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the founders' meeting before the first shareholders' annual meeting. The term of appointment of the accounting firm shall terminate at the end of the first shareholders' annual meeting.

If the founders' meeting does not exercise its duties and powers according to the aforementioned provisions, then the board of directors shall exercise its duties and powers.

**Article 161** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which it was appointed until the conclusion of the next annual general meeting of shareholders.

**Article 162** The accounting firm appointed by the Company shall be entitled to the following rights:

- (1) to review the books, records or vouchers of the Company at any time, the right to require the directors, general manager or other senior management personnel of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of its duties as an accounting firm;
- (3) to attend to shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accounting firm.

**Article 163** If there is a vacancy in the position of the accounting firm, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period when such a vacancy arises.

**Article 164** The shareholders' general meeting may by ordinary resolution remove the accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm in claiming for damages which arise from its removal shall not be affected thereby.

**Article 165** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a shareholders' general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 166** The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the shareholders in a shareholders' general meeting. Such resolution shall be filed with the securities authority of the State Council.

Where a resolution at a shareholders' general meeting of shareholders is passed to appoint an accounting firm other than an incumbent accounting firm, to fill a casual vacancy in the office of the accounting firm, to reappoint an accounting firm who was appointed by the board of directors to fill a casual vacancy or to remove an accounting firm before expiry of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent (before issue of the notice of shareholders' general meeting) to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year. Reference as leaving herein includes leaving by removal, resignation and retirement.
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received too late) take the following measures:
  - (i) in any notice to shareholders for the resolution, state the fact of the representations having been made by the accounting firm leaving its post; and
  - (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.
- (3) If the Company fails to circulate the accounting firm's representations in the manner set out in sub-paragraph (2) above, such accounting firm may (in addition to its right to be heard) require that the representations be made at the shareholders' general meeting.
- (4) An accounting firm which is leaving its post shall be entitled to attend to the following shareholders' general meetings:
  - (i) the shareholders' general meeting at which its term of office would otherwise have expired;
  - (ii) the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (iii) the shareholders' general meeting which is convened as a result of its voluntary resignation.

The accounting firm which is leaving its post has the right to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which it attends on any part of the business of the meeting which concerns it as the former accounting firm of the Company.

**Article 167** Prior notice of 15 days should be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the shareholders' general meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a shareholders' general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's domicile a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

Where a notice is deposited under the preceding sub-paragraph, the Company shall within 14 days send a copy of the notice to the relevant competent authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also deliver or send a copy of such statement by way of the methods provided in these Articles of Association or by prepaid mail to every shareholder of overseas-listed Foreign Shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **CHAPTER 17 MERGER AND DIVISION**

**Article 168** In the case of merger or division of the Company, the board of directors of the Company shall provide the proposal, and, upon approval in accordance with the procedures under these Articles of Association, deal with the relevant approval procedures pursuant to laws. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders' shareholding at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company.

Such special documents shall be sent or delivered by mail to holders of Overseas-listed foreign-invested shares.

**Article 169** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's merger resolution which is passed and shall publish a public notice in a newspaper within 30 days of the date of the Company's merger resolution.

After the merger, the rights against debtors and the indebtedness of each of the parties to the merger shall be inherited by the company which survives the merger or the newly established company.

**Article 170** When there is a de-merger of the Company, its assets shall be divided accordingly.

In the event of a de-merger, the parties to the de-merger shall execute a de-merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days and publish an announcement in newspaper at least three (3) times within thirty days of the date of the Company's resolution on a de-merger.

Debts and liabilities of the Company prior to the de-merger shall be assumed by the companies that exist after the de-merger in accordance with the agreement entered into between the parties.

**Article 171** The Company shall, in accordance with law, apply for change in its registration with the companies registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **CHAPTER 18 DISSOLUTION AND LIQUIDATION**

**Article 172** The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:

- (1) the expiry of operating period;
- (2) a resolution that the dissolution is passed by shareholders at a shareholders' general meeting;
- (3) dissolution is necessary due to a merger or de-merger of the Company;
- (4) the Company is declared insolvent in accordance with law due to its failure to repay debts as they become due;
- (5) The Company is ordered to shut down in accordance with law due to its breach of law and administrative regulations.

- (6) The company meets with great difficulties in its operation and management and its continuation may incur great loss to the interest of the shareholders, it cannot be resolved by other means and the shareholders holding more than 10% of the voting share may petition to the people's court for its dissolution.

**Article 173** Where the Company is dissolved under sub-paragraph (1), (2) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days and members of the liquidation committee of the Company shall be determined by an ordinary resolution at shareholders' general meetings.

Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the People's Court shall in accordance with the provisions of relevant laws organize the shareholders, relevant organizations and relevant professional personnel to establish a liquidation committee to proceed the liquidation.

Where the Company is dissolved under sub-paragraph (5) of the preceding Article, the competent authorities shall organize the shareholders, relevant organizations and relevant professional personnel to establish a liquidation committee to proceed with the liquidation.

**Article 174** Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a shareholders' general meeting in relation to the liquidation of the Company, all duties and powers of the board of directors shall cease.

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

**Article 175** The liquidation committee shall, within ten days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish a public announcement in a newspaper. The creditors who have received the notice shall, within 30 days as of its receipt of the notice, and the creditors who fail to receive the notice shall within 45 days as of the date when the announcement was made, declare their creditor's right to the liquidation team.

The creditor who declares the creditor's right shall state the relevant matter in relation to the debt, and provide evidentiary materials. The liquidation committee shall register the creditors' rights.

During the liquidation period, the liquidation committee shall not settle any debt with the creditor.

**Article 176** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to categorise the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after repayment by the Company of its debts;
- (7) to represent the Company in any civil proceedings.

**Article 177** After it has categorized the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant competent authorities for confirmation.

The assets of the Company shall be used to make repayments in the following order: the remaining assets shall, after having paid the liquidation expense, salary of the staff, social insurance expense and the statutory compensation, the tax arrears and settled the Company's debt, be distributed in accordance with the class and proportion of shares held by the shareholders of the Company.

During the liquidation period, The Company shall not carry out new operations.

**Article 178** Where the Company is liquidated by reason of dissolution, upon completion of the categorization of the Company's assets and preparation of a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court in accordance with laws for a declaration of insolvency.

After the Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

**Article 179** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant competent authorities for confirmation.



The liquidation committee shall, within 30 days after the confirmation of the liquidation report by the shareholders' general meeting or the relevant competent authorities, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

## **CHAPTER 19 PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION**

**Article 180** The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and provisions in these Articles of Association.

**Article 181** The Company shall amend these Articles of Association on the occurrence of any of the following events:

- (1) the Company Law or the relevant laws or administrative regulations are amended and these Articles of Association are in conflict with the amended laws or administrative regulations;
- (2) there is change to the Company which makes it not consistent with these Articles of Association;
- (3) it has been approved by the shareholders in a shareholders' general meeting to amend these Articles of Association.

**Article 182** Any amendment of these Articles of Association shall be made in the following manner:

- (1) The Board of directors draw up a proposal for amendment of these Articles of Association in accordance with these Articles of Association;
- (2) The foregoing proposal shall be furnished to the shareholders in writing and a shareholders' meeting shall be convened for voting;
- (3) The amendments shall be approved by a special resolution in a shareholders' general meeting.

The board of directors shall amend these Articles of Association pursuant to the resolution of shareholders in a shareholders' general meeting for amendment of these Articles of Association and the approval opinions of the competent authority.

**Article 183** Amendment of these Articles of Association involving the contents of the Mandatory Provisions shall become effective upon receipt of approvals from the companies approving department authorized by the State Council. If there is any change concerning the registration of the Company, application shall be made for change in registration in accordance with law.

## CHAPTER 20 NOTICE

**Article 184** Notices, communications or any other written materials (including, but not limited to annual reports, interim reports, quarterly reports, meeting notices, listing documents, shareholder circulars, proxy forms, provisional notice, etc.) of the Company may be sent out by the following means:

- (1) by hand;
- (2) by post;
- (3) by fax or email;
- (4) by making announcements in the Company's website and the websites designated by Hong Kong Stock Exchange provided that doing so will be in compliance with laws, administrative regulations and the relevant provisions of listing rules;
- (5) by public announcements on newspaper and other designated media;
- (6) other manners as recognized by securities regulatory authorities at the place where the Company's shares are listed or as provided in these Articles of Association.

Whilst these Articles of Association may have otherwise provided for the delivery or notification methods of any notice, communication or any other written materials, the Company may publish its communications by the means specified in sub-paragraph (4) of this Article to replace the means of sending written documents to each holder of the overseas-listed shares by hand or by prepaid mail provided that doing so will be in compliance with the listing rules in the region where the Company's shares are listed.

**Article 185** When the Company is required to send, mail, pass, deliver, issue or provide relevant documents of the Company in both English and Chinese according to the relevant requirements of the securities regulatory authorities at the place where the Company's shares are listed, if the Company has made appropriate arrangement to ensure whether its shareholders expect to receive an English copy only or a Chinese copy only, the Company may (based on the intention clearly presented by its shareholders) send an English copy or Chinese copy only to relevant shareholders within the scope permitted by applicable laws and regulations and in accordance with such applicable laws and regulations.

**Article 186** Where a notice from the Company is sent out by hand, to be signed or stamped by the recipient on the return receipt of delivery, the date of the recipient's signature shall be deemed to be the delivery date. Where the notice is sent out via post, the delivery date shall be forty-eight hours after such notice is delivered to the post office. Where the notice is sent out by fax or email or published on website, the delivery date shall be the date when the notice is sent out. Where the notice is sent out by public announcement, the delivery date shall be the first date of publication of such announcement provided that such announcement is published in newspapers or websites that meet relevant requirements.

Where a notice sent by the Company is made by way of an announcement, the notice shall be deemed as received by all relevant parties. The announcements sent by the Company to the holder of the overseas-listed foreign-invested shares according to listing rules, shall submit the electric version which can be published immediately to the Stock Exchange of Hong Kong through HK Ex-EPS, so as to publish on the website of the Stock Exchange of Hong Kong.

**Article 187** If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

## **CHAPTER 21 RESOLUTION OF DISPUTES**

**Article 188** The Company shall abide by the following principles for dispute resolution:

- (1) Whenever any disputes or claims arise between: holders of the overseas-listed foreign-invested shares and the Company; holders of the overseas-listed foreign-invested shares and the Company's directors, supervisors, general manager or other senior management personnel; or holders of the overseas-listed foreign-invested shares and holders of Domestic-Invested Shares, in respect of any disputes or claims in relation to the affairs of the Company arising as a result of any rights or obligations arising from these Articles of Association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

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

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

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

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

- (3) If any disputes or claims of rights are referred to arbitration in accordance with subparagraph (1) of this Article, the laws of the People's Republic of China shall apply, save as otherwise provided in the laws and administrative regulations.

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

## **CHAPTER 22 SUPPLEMENTARY**

**Article 189** These Articles of Association are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the latest verified Chinese version registered in the Company registration authority shall prevail.

**Article 190** The expressions of “above”, “within”, “below” shall include the figures mentioned whilst the expressions of “more than”, “short of”, “without” and “less than” shall not include the figures mentioned.

**Article 191** The right to interpret these Articles of Association vests with the board of directors of the Company.

**Article 192** If these Articles of Association are in conflict with the laws, administrative regulations, provisions of other regulatory documents or regulatory provisions in the place where the Company’s shares are listed promulgated, from time to time, such laws, administrative regulations and provisions of other regulatory documents or regulatory provisions in the place where the Company’s shares are listed shall prevail.

**Article 193** In these Articles of Association, references to “accounting firm” shall have the same meaning as “auditors”.

**Nanjing Sinolife United Company Limited**

15 April 2016