

**Jiangsu Recbio Technology Co., Ltd.**

**Articles of Association**

**March 2022**

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# Jiangsu Recbio Technology Co., Ltd.

## Articles of Association

### CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to regulate the organization and behaviors of Jiangsu Recbio Technology Co., Ltd. (the “**Company**”), and maintain the legitimate rights and interests of its shareholders and creditors, the Articles of Association has been hereby formulated in accordance with Chinese laws, administrative regulations and rules (the “**laws and regulations**”), including the Company Law of the People’s Republic of China (the “**Company Law**”), the Special Provisions of the State Council Concerning the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “**Special Provisions**”), the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (the “**Mandatory Provisions**”), the Letter on Opinions on Supplementary Amendments to the Articles of Association of Companies Going Listed in Hong Kong, the Opinions to Further Promote the Standard Operation and Deepening Reform of Overseas Listed Companies, the Reply of State Council Approving the Adjustment to the Term of Notice and Other Matters of General Meeting of Overseas Listed Companies, and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

**Article 2** The Company is a joint stock limited company established under the Company Law, the Special Provisions and other national laws, regulations and normative documents.

The Company was established by subscription of shares. On 25 May 2021, the Company obtained the business license issued by Taizhou Medical High-Tech Industry Development Zone Administration for Market Regulation, with the Unified Social Credit Code: 91321291595642925C.

The subscribers of the Company include the following forty-eight parties: Taizhou Yuangong Technology Partnership (Limited Partnership), Shanghai Chaorui Medical Technology Partnership (Limited Partnership), Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership), Nanjing Zhaoyin Modern Industry II Equity Investment Fund (Limited Partnership), LYFE Niagara River Limited, Shenzhen Fuhai Xincal Phase II Venture Capital Investment Fund Partnership (Limited Partnership), Shenzhen Yingkejin Investment Management Partnership (Limited Partnership), Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership), Zhuhai Junlian Yongshuo Equity Investment Enterprise (Limited Partnership), SCC Growth VI Holdco C (HK) Limited, Shenzhen Fuhai Juanyong II Venture Capital Enterprise (Limited Partnership), Lianyungang Ruibaitai Medical Technology Partnership (Limited Partnership), Jiangsu Jiequan Zhongwei Tengyun Medical Health Industry Investment Fund (Limited Partnership), Shanghai Jiyue Enterprise Management Partnership (Limited Partnership), Shanghai Jixuan

Enterprise Management Consulting Partnership (Limited Partnership), Ningbo Meishan Bonded Port Area Haojin Zhitong Equity Investment Partnership (Limited Partnership), Xiangfeng (Xiamen) Investment Partnership (Limited Partnership), Taizhou China Pharmaceutical City Class I New Drug R&D Investment Fund Partnership (Limited Partnership), Ganzhou Haojin Zhiyuan Equity Investment Center (Limited Partnership), Liuyang Woyang Health Industry Investment Partnership (Limited Partnership), Changsha Woyang Phase II Health Industry Investment Partnership (Limited Partnership), Wuhan Chengyelian Equity Investment Enterprise (Limited Partnership), Suzhou Industrial Park Xinjianyuan Phase III Venture Capital Enterprise (Limited Partnership), Haitong Innovation Securities Investment Co., Ltd., Healthy Prestige Limited, Ma An Shan Lingnuo Jishi Equity Investment Partnership (Limited Partnership), Nanjing Tsingsong Medical Health Industry Investment Partnership (Limited Partnership), Shenzhen Tsingsong Chengtong Investment Partnership (Limited Partnership), YUN Ruilin, Nanjing Zhenyuan III Equity Investment Partnership (Limited Partnership), Suzhou Ruishi Nisheng Equity Investment Center (Limited Partnership), Shenzhen Fuhai Juanyong III Venture Capital Enterprise (Limited Partnership), Shenzhen Qianhai Kekong Fuhai Youxuan Venture Capital Partnership (Limited Partnership), Jiangsu Taizhou Guangkong Industry Investment Partnership (Limited Partnership), WO Jiuhua, LIU Hongyan, Shenzhen Fuhai Youxuan II High-tech Venture Capital Partnership (Limited Partnership), Shenzhen Luwei Investment Management Partnership (Limited Partnership), ZHAO Jiayi, Nanjing Xinrui Technology Partnership (Limited Partnership), Hongxun ABZYMO Nantong Equity Investment Center (Limited Partnership), Taizhou Xinchuanlv Enterprise Management Partnership (Limited Partnership), Shanghai Jinru Culture Development Co., Ltd., Jiangsu Zhongwei Tengyun Venture Capital Management Co., Ltd., Shenzhen Nanshan Oriental Fortune Small and Medium Size Venture Capital Investment Partnership (Limited Partnership), Shenzhen Zhaoyin Gongying Equity Investment Partnership (Limited Partnership), LIU Yong and Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership).

- Article 3** The registered name of the Company:  
Full Name in Chinese : 江蘇瑞科生物技術股份有限公司  
Full Name in English: Jiangsu Recbio Technology Co., Ltd.
- Article 4** Company Domicile: Room A217, Vaccine Engineering Center, China Medical City, Taizhou City  
Postal Code: 225323  
Tel: 0523-86818860  
Fax: 0523-86818860.
- Article 5** The registered capital of the Company is RMB483,732,500.
- Article 6** The Company is a joint-stock limited company with perpetual existence.
- Article 7** The Chairman of Board of Directors is the legal representative of the Company.
- Article 8** All registered capital of the Company is divided into equal shares, and any shareholder shall be liable to the Company in proportion to its shares subscribed, while the Company shall be liable for all the corporate debts to the extent of total assets. The Company may invest in other limited liability companies or joint stock limited companies, and shall be liable to such invested companies to the extent of its investment amount, provided that the Company shall not be a contributor individually and jointly liable for the debts of the invested companies, unless otherwise specified by laws or regulations.
- Article 9** The Articles of Association are the code of conduct of the Company, to take effect from the date of the listing of overseas listed foreign shares issued by the Company on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), upon adoption by a special resolution at the general meeting of the Company. The original Articles of Association and its modifications will be invalidated accordingly. Since the effective date, the Articles of Association shall constitute a document with the legal binding force governing the organization and conducts of the Company, the right-obligation relationship between the Company and its shareholders, and between the shareholders, with binding effects on the Company, its shareholders, directors, supervisors and senior management members.
- Pursuant to the Articles of Association, a shareholder hereunder may take a legal action against another shareholder, or against a director, supervisor, general manager or other senior management members of the Company, or against the Company, while the Company may take a legal action against a shareholder, director, supervisor, general manager or other senior management members of the Company.
- The foregoing legal action may include filing a lawsuit to a court or submitting an application for an arbitration to an arbitration tribunal.
- Article 10** For the purpose of the Articles of Association, a “senior management member” herein may refer to general manager, vice general manager, secretary to the Board of Directors, chief financial officer, financial controller or other member of senior management recognized by the Board of Directors.

## **CHAPTER 2 BUSINESS PHILOSOPHY AND SCOPE**

**Article 11** The business philosophy of the Company is to realize the vision of everybody enjoying a good health and become an enterprise needed for human health by innovating and popularizing biotechnology.

**Article 12** The business scope of the Company (to be finally determined by the local administration for market regulation) covers: biotechnology research & development, technology transfer, technology consultation, self-operated and proxy import and export of commodities and technologies (except for commodities and technologies that are restricted by the state or prohibited from import and export). (Business activities subject to approval in accordance with the laws can only be carried out after approval by relevant authorities).

The Company may lawfully adjust the business scope and make relevant procedures concerning such adjustment based on the domestic and international market changes, the corporate development and capabilities, with approval from the general meeting and from relevant governmental authorities (if necessary).

## **CHAPTER 3 SHARES**

### **Section 1 Issuance of Shares**

**Article 13** The shares of the Company shall be issued in the form of shares certificates. The Company shall issue ordinary shares at any time, and when necessary, may issue other class of shares, with approval from competent authorities authorized by the State Council.

**Article 14** The Company shall issue shares in an open, equal and fair manner, and every share of the same class shall have the same rights.

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

**Article 15** All the shares issued by the Company shall have a nominal value, with each share having a nominal value of RMB1.00.

**Article 16** With approval by securities regulatory authorities by the State Council, the Company may issue shares to both domestic and overseas investors.

The term “overseas investors” under the preceding sentence may refer to investors subscribing shares of the Company who are from foreign countries or China Hong Kong, Macao and Taiwan; “domestic investors” may refer to investors subscribing shares of the Company who are from mainland China, other than the foregoing regions.

**Article 17** The Company issues RMB-denominated shares to domestic investors and other eligible investors, which are called “domestic shares”. The Company issues foreign currency-denominated shares to overseas investors, which are called “foreign shares”. The foreign shares listed overseas are called overseas listed foreign shares, where those listed on the Hong Kong Stock Exchange are called H shares. H shares refer to the shares listed on the Hong Kong Stock Exchange upon approval, denominated in RMB, but subscribed and traded in HKD. With approval from the State Council or its authorized agency, and with consent of the Hong Kong Stock Exchange, domestic shares may be converted into H shares.

The foregoing “foreign currency” may refer to the legal currency of other countries or regions other than RMB, to be used for subscription of shares, recognized by the State Administration of Foreign Exchange (SAFE).

Both domestic shareholders and foreign shareholders are ordinary shareholders, enjoying the same rights and bearing the same obligations.

**Article 18** Subscribers have subscribed shares of the Company in consideration of the audited net assets value in proportion to the rights and benefits of the former Jiangsu Rec-Biotechnology Co., Ltd. (江蘇瑞科生物技術有限公司) enjoyed by the subscribers. The registered capital has been fully paid at the time of registration. The names, number of shares subscribed, percentages of shareholding, mode of contribution, time of contribution and other information are listed below:

S/N	Subscriber's name	Country	Certificate type	Certificate number	Number of shares subscribed (10k)	Percentage of shareholding	Mode of contribution	Time of contribution
1	Taizhou Yuangong Technology Partnership (Limited Partnership)	China	Unified Social Credit Code	91321291MA1X6H4546	828.6362	20.72%	Net assets converted into shares	9 May 2021
2	Shanghai Chaorui Medical Technology Partnership (Limited Partnership)	China	Unified Social Credit Code	91321291MA1WXJA62R	373.9003	9.35%	Net assets converted into shares	9 May 2021
3	Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91110108MA01D0BA0A	283.3942	7.08%	Net assets converted into shares	9 May 2021
4	Nanjing Zhaoyin Modern Industry II Equity Investment Fund (Limited Partnership)	China	Unified Social Credit Code	91320105MA1WEMRM69	204.4616	5.11%	Net assets converted into shares	9 May 2021
5	LYFE Niagara River Limited	Cayman Islands	Company Number	2967402	168.517	4.21%	Net assets converted into shares	9 May 2021
6	Shenzhen Fuhai Xincai Phase II Venture Investment Fund Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300MA5EHA1A76	159.4663	3.99%	Net assets converted into shares	9 May 2021



S/N	Subscriber's name	Country	Certificate type	Certificate number	Number of shares subscribed (10k)	Percentage of shareholding	Mode of contribution	Time of contribution
7	Shenzhen Yingkejin Investment Management Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300360044293N	135.7618	3.39%	Net assets converted into shares	9 May 2021
8	Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300MA5FU6YR7D	134.4250	3.36%	Net assets converted into shares	9 May 2021
9	Zhuhai Junlian Yongshuo Equity Investment Enterprise (Limited Partnership)	China	Unified Social Credit Code	91440400MA559YH51R	128.8660	3.22%	Net assets converted into shares	9 May 2021
10	SCC Growth VI Holdco C (HK) Limited	Hong Kong, China	Company Number	2979284	109.0404	2.73%	Net assets converted into shares	9 May 2021
11	Shenzhen Fuhai Juanyong No. 2 Venture Capital Enterprise (Limited Partnership)	China	Unified Social Credit Code	91440300MA5G61MC4F	109.0404	2.73%	Net assets converted into shares	9 May 2021
12	Lianyungang Ruibaitai Medical Technology Partnership (Limited Partnership)	China	Unified Social Credit Code	91320723MA25EA1J0P	107.6923	2.69%	Net assets converted into shares	9 May 2021
13	Jiangsu Jiequan Zhongwei Tengyun Medical and Health Industry Investment Fund (Limited Partnership)	China	Unified Social Credit Code	91320105MA1T9G5F25	90.5079	2.26%	Net assets converted into shares	9 May 2021
14	Shanghai Jiyue Enterprise Management Partnership (Limited Partnership)	China	Unified Social Credit Code	91310000MA1FL7ET2R	83.1880	2.08%	Net assets converted into shares	9 May 2021
15	Shanghai Jixuan Enterprise Management Consulting Partnership (Limited Partnership)	China	Unified Social Credit Code	91310000MA1FL3U068	80.2934	2.01%	Net assets converted into shares	9 May 2021
16	Ningbo Meishan Bonded Port Area Haojin Zhitong Equity Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91330206MA2CJ34GXM	79.3778	1.98%	Net assets converted into shares	9 May 2021



S/N	Subscriber's name	Country	Certificate type	Certificate number	Number of shares subscribed (10k)	Percentage of shareholding	Mode of contribution	Time of contribution
17	Xiangfeng (Xiamen) Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91350211MA33YNR05N	79.3022	1.98%	Net assets converted into shares	9 May 2021
18	Taizhou China Pharmaceutical City Class I New Drug R&D Investment Fund Partnership (Limited Partnership)	China	Unified Social Credit Code	91321200MA1N5GG37N	77.5782	1.94%	Net assets converted into shares	9 May 2021
19	Ganzhou Haojin Zhiyuan Equity Investment Center (Limited Partnership)	China	Unified Social Credit Code	91360702MA3998LJ02	64.9484	1.62%	Net assets converted into shares	9 May 2021
20	Liuyang Woyang Health Industry Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91430181MA4RFKJJ10	62.4504	1.56%	Net assets converted into shares	9 May 2021
21	Changsha Woyang Phase II Health Industry Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91430181MA4T5J4PXA	60.9386	1.52%	Net assets converted into shares	9 May 2021
22	Wuhan Chengyelian Equity Investment Enterprise (Limited Partnership)	China	Unified Social Credit Code	91420102584860927Q	55.5115	1.39%	Net assets converted into shares	9 May 2021
23	Suzhou Industrial Park Xinyuan Phase III Venture Capital Enterprise (Limited Partnership)	China	Unified Social Credit Code	91320594MA1XT1UW20	55.3331	1.38%	Net assets converted into shares	9 May 2021
24	Haitong Innovation Securities Investment Co., Ltd.	China	Unified Social Credit Code	91310000594731424M	49.5638	1.24%	Net assets converted into shares	9 May 2021
25	Healthy Prestige Limited	Hong Kong, China	Company Number	2977056	49.5638	1.24%	Net assets converted into shares	9 May 2021
26	Ma An Shan Lingnuo Jishi Equity Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91340500MA2RL8KB9R	29.7383	0.74%	Net assets converted into shares	9 May 2021
27	Nanjing Tsingsong Medical Health Industry Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91320113MA21DH7W5M	27.6665	0.69%	Net assets converted into shares	9 May 2021
28	Shenzhen Tsingsong Chengtou Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300MA5GC77XXQ	27.6665	0.69%	Net assets converted into shares	9 May 2021

S/N	Subscriber's name	Country	Certificate type	Certificate number	Number of shares subscribed (10k)	Percentage of shareholding	Mode of contribution	Time of contribution
29	YUN Ruilin	China	Personal identity card number	152601196107281019	25.8594	0.65%	Net assets converted into shares	9 May 2021
30	Nanjing Zhenyuan III Equity Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91320105MA22A194XP	22.7308	0.57%	Net assets converted into shares	9 May 2021
31	Suzhou Ruishi Nisheng Equity Investment Center (Limited Partnership)	China	Unified Social Credit Code	91320500572603835J	22.1332	0.55%	Net assets converted into shares	9 May 2021
32	Shenzhen Fuhai Juanyong III Venture Capital Enterprise (Limited Partnership)	China	Unified Social Credit Code	91440300MA5GAJLC93	20.7692	0.52%	Net assets converted into shares	9 May 2021
33	Shenzhen Qianhai Kekong Fuhai Youxuan Venture Capital Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300MA5GCP039U	19.8255	0.50%	Net assets converted into shares	9 May 2021
34	Jiangsu Taizhou Guangkong Industry Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91321291MA20G54L97	19.8255	0.50%	Net assets converted into shares	9 May 2021
35	WO Jihua	China	Personal identity card number	32022319630922051X	19.3946	0.48%	Net assets converted into shares	9 May 2021
36	LIU Hongyan	China	Personal identity card number	530103196401132553	17.9404	0.45%	Net assets converted into shares	9 May 2021
37	Shenzhen Fuhai Youxuan II High-tech Venture Capital Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300MA5GLQH20L	13.8462	0.35%	Net assets converted into shares	9 May 2021
38	Shenzhen Luewei Investment Management Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300360040460Q	12.8866	0.32%	Net assets converted into shares	9 May 2021
39	ZHAO Jiayi	China	Personal identity card number	610103198308222422	12.8146	0.32%	Net assets converted into shares	9 May 2021
40	Nanjing Xinrui Technology Partnership (Limited Partnership)	China	Unified Social Credit Code	91320191MA1Y273P3R	12.8146	0.32%	Net assets converted into shares	9 May 2021

S/N	Subscriber's name	Country	Certificate type	Certificate number	Number of shares subscribed (10k)	Percentage of shareholding	Mode of contribution	Time of contribution
41	Hongxun ABZYMO Nantong Equity Investment Center (Limited Partnership)	China	Unified Social Credit Code	91320600MA1N38G26H	12.8146	0.32%	Net assets converted into shares	9 May 2021
42	Taizhou Xinchuanlv Enterprise Management Partnership (Limited Partnership)	China	Unified Social Credit Code	91321292MA21X6D00N	10.6910	0.27%	Net assets converted into shares	9 May 2021
43	Shanghai Jinru Culture Development Co., Ltd.	China	Unified Social Credit Code	91310117MA1J22WQ9Y	10.6910	0.27%	Net assets converted into shares	9 May 2021
44	Jiangsu Zhongwei Tengyun Venture Capital Management Co., Ltd.	China	Unified Social Credit Code	91320105MA1P5K1W1P	10.0000	0.25%	Net assets converted into shares	9 May 2021
45	Shenzhen Nanshan Oriental Fortune Small and Medium Venture Capital Fund Partnership (Limited Partnership)	China	Unified Social Credit Code	91440300MA5EUTWN3G	9.9128	0.25%	Net assets converted into shares	9 May 2021
46	Shenzhen Zhaoyin Gongying Equity Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	914403003590908824	3.7496	0.09%	Net assets converted into shares	9 May 2021
47	LIU Yong	China	Personal identity card number	370102197209172553	2.5859	0.06%	Net assets converted into shares	9 May 2021
48	Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership)	China	Unified Social Credit Code	91320105MA1YP1BRXF	1.8846	0.05%	Net assets converted into shares	9 May 2021
<b>Total</b>					<b>4000.0000</b>	<b>100.00%</b>	-	-

**Article 19** Upon completion of the issuance of overseas listed foreign shares (including the full exercise of the over-allotment option), the Company has the registered capital of RMB483,732,500, divided into a total of 483,732,500 shares, including 377,322,880 domestic shares, accounting for 78.00% of registered capital; and 106,409,620 foreign shares, accounting for 22% of registered capital; and 94,409,620 H shares, accounting for 19.52% of registered capital; and the foregoing shares are all ordinary shares.

**Article 20** Upon the Company's plan for issuing overseas listed foreign shares and domestic shares being approved by the securities regulatory authorities by the State Council, the Board of Directors may arrange for implementation of such plans by separate issues.

The Company may separately implement its plan for issuing the overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by securities regulatory authorities by the State Council.

**Article 21** Where the Company issues overseas listed foreign shares and domestic shares respectively within the total number of shares specified in the issue plan, the respective shares shall be fully subscribed for in one go. Where it is impossible for respective shares to be fully subscribed for in one go under exceptional circumstances, the shares may be issued in several tranches subject to the approval of the securities regulatory authorities by the State Council.

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

**Article 22** The Company may, based on demand for corporate operation and development and in accordance with relevant laws and regulations, increase its registered capital by any of the following means upon resolutions being adopted by the general meetings:

- (1) Public offering of shares;
- (2) Non-public offering of shares;
- (3) Placing shares to its existing shareholders;
- (4) Distributing bonus shares to its existing shareholders;
- (5) Capitalizing its capital common reserve;
- (6) Other means permitted by laws and regulations, or approved by competent authorities.

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

**Article 23** The Company may decrease its registered capital. The Company may decrease its registered capital in accordance with the procedures stipulated in the Company Law and the Articles of Association.

**Article 24** The Company may repurchase its shares in accordance with provisions of relevant laws, regulations, rules of the Hong Kong Stock Exchange and the Articles of Association, in any of the following events:

- (1) Reduction of registered capital of the Company;
- (2) Merger with other company holding shares of the Company;
- (3) Use of shares for the purpose of employees stock ownership scheme or equity incentive scheme;
- (4) Repurchase of the shares held by shareholders, who vote against any resolutions proposed in any general meeting on the merger or division of the Company, upon their request;
- (5) Conversion of shares into convertible corporate bonds issued by the Company that could be converted into shares;
- (6) Necessity of the Company to maintain corporate value and shareholders' interests; or
- (7) Other events permitted by laws, regulations, governing rules at the place of listing among other requirements.

The Company shall not repurchase its shares in other event than the above.

**Article 25** Any such repurchase shall be made in the manner permitted by relevant laws and regulations.

**Article 26** Any repurchase of shares of the Company under Article 24 (1) or (2) hereof shall be approved by the general meeting; any repurchase under Article 24 (3), (5) or (6) hereof shall be authorized by the general meeting or pursuant to the Articles of Association, and approved by a resolution of the Board meeting attended by more than two thirds of directors.

Upon any repurchase under Article 24 (1), the repurchased shares of the Company shall be deregistered within ten (10) days from the date of repurchase; upon any repurchase under Article 24 (2) or (4), such shares shall be transferred or deregistered within six (6) months from repurchase; upon any repurchase under Article 24 (3), (5) or (6), such shares shall be transferred or deregistered within three (3) years from the repurchase, provided that shares of the Company held by the Company in total shall not exceed 10% of the shares issued by the Company in total.

The Company shall be liable for information disclosure of such repurchase.

**Article 27** The Company may repurchase its shares at the requirements of relevant laws or regulations or with approval of competent authorities, by any of the following means:

- (1) Repurchase offers in the same proportion to entire shareholders;
- (2) Repurchase through public trading at a stock exchange;
- (3) Repurchase by agreement outside of a stock exchange;
- (4) Other means permitted by laws, regulations or relevant authorities.

**Article 28** Any repurchase by agreement outside of a stock exchange shall be approved by the general meeting under the Articles of Association. With prior approval in the same manner from the general meeting, the Company may cancel or modify the aforesaid agreement, or waive any rights thereunder.

The aforesaid repurchase agreement referred to in the preceding paragraph shall include but not limited to any agreement to undertake the obligations and acquire the rights underlying the repurchased shares.

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

With regard to the redeemable shares that the Company has the right to redeem, if they are not repurchased by tendering or not through the market, the purchase prices of these shares shall not exceed a maximum price; in case of repurchase by tendering, such tenders shall be available and proposed to entire shareholders indiscriminately.

**Article 29** After the shares are repurchased by the Company pursuant to the laws, the Company shall deregister the repurchased shares within the period prescribed by relevant laws or regulations, and shall apply for change of registered capital to the original company registration authorities for registration.

The total nominal value of deregistered shares of the Company shall be deducted from the registered capital of the Company.

**Article 30** Unless the Company is undergoing the liquidation process, any repurchase of outstanding shares of the Company shall comply with the following requirements:

- (1) In case of shares repurchased at nominal value, the amount thereof shall be deducted from the book balance of distributable profits and/or the proceeds of a new issue of shares made for the repurchase of shares;
- (2) In case of shares repurchased at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of distributable profits and/or the proceeds of a new issue made for the repurchase of shares, while the portion in excess of the nominal value shall be:
  - a. Deducted from the book balance of distributable profits, if the repurchased shares were issued at nominal value; or
  - b. Deducted from the book balance of distributable profits and/or from the proceeds of a new issue made for the repurchase of shares, if the repurchased shares were issued at a price higher than nominal value; provided that the amount of deduction from the proceeds of new issue of shares shall not exceed the total amount of premium received by the Company at the time of the shares repurchased, or exceed the amount of premium account (or capital common reserve account) of the Company at the time of repurchase (including the amount of premium on the new issue of shares);
- (3) The expenses for the following purposes shall be charged to the distributable profits of the Company:
  - a. Obtaining the acquisition right to repurchase shares of the Company;
  - b. Modifying the share repurchase agreement of the Company;
  - c. Releasing of any of the Company's obligations under the repurchase agreement for repurchasing its shares.

- (4) After the total nominal value of the deregistered shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount of consideration to repurchase the nominal value of shares deducted from the distributable profits shall be recognized in the premium account (or capital common reserve account) of the Company. If there is any other provision for the accounting treatment of the aforementioned shares repurchase under relevant laws, regulations or other normative documents, as well as the rules of securities commission and stock exchange of the listing place, such provisions shall prevail.

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

**Article 31** Shares of the Company may be transferred at freedom, without any liens in accordance with laws, unless otherwise specified by laws, regulations, provisions of the securities regulatory authorities in the places where the shares of the Company are listed or stock exchange rules.

The transfer of H shares shall be registered by the Hong Kong local share registrar appointed by the Company.

**Article 32** The Company shall not accept its own shares as the subject matter of a pledge.

**Article 33** The shares of the Company held by subscribers shall not be transferred within one (1) year from the date of incorporation of the Company.

Any director, supervisor or senior management of the Company shall report his or her shareholding and any change thereof, the number of shares transferred by him or her every year shall not exceed 25% of the total number of Company shares held by him or her during his or her terms of office; shares of the Company held by him or her shall not be transferred within one (1) year from the date of the listing of shares of the Company on a stock exchange. Any director, supervisor or senior management of the Company shall not transfer any shares of the Company held by him or her within half a year after he or she terminates service with the Company, unless otherwise specified by the local listing rules in the places where the shares of the Company are listed concerning the restrictions on H shares transfer.

If there is any other provision for the restrictions on the transfer of overseas listed shares of the Company under the rules of securities regulatory authorities in the places where the shares of the Company are listed, such provisions shall prevail.

**Article 34** Any fully paid H shares can be transferred at freedom under the Articles of Association, provided that the following conditions are satisfied, or else the Board of Directors may reject any transfer instrument without any reason:

- (1) Any transfer instrument and other documents relating to or influencing the ownership of any H share shall be registered, with relevant cost paid to the Company at the criteria under the Hong Kong Listing Rules, the amount of which shall not exceed the maximum cost specified by the Hong Kong Listing Rules from time to time;
- (2) The transfer instrument only involves H shares;
- (3) The transfer instrument has paid the due stamp duty;



- (4) The share certificate and other evidence reasonably required by the Board of Directors to prove the transferor has the right of share transfer shall be provided;
- (5) When the shares are to be transferred to joint holders, there are not more than four (4) joint shareholders registered of such shares;
- (6) Relevant shares are free from all liens of the Company.

If the Board of Directors rejects the application for the registration of shares transfer, the Company shall, within two (2) months upon the duly submission of transfer application, deliver a proof of such rejection to the transferor and the transferee.

**Article 35** All transfers of overseas listed foreign shares listed in Hong Kong shall be accompanied with a written transfer instrument in ordinary or common format or in the format acceptable to the Board of Directors (including the standard transfer form specified by the Hong Kong Stock Exchange from time to time); the written transfer instrument must be signed by hand, and if the transferor or the transferee is a corporate entity, the corporate seal shall be attached to the instrument. If the transferor or the transferee is a recognized clearing house defined under the Hong Kong laws effective from time to time (**recognized clearing house**) or its agent, the transfer form may be signed by hand or in machine-imprinted format. All transfer instruments shall be archived at the legal address of the Company or other address designated by the Board of Directors from time to time.

#### **Section 4 Share Certificate and Register of Shareholders**

**Article 36** The share certificates of the Company shall be in registered form. In addition to the particulars provided in the Company Law, the share certificates of the Company shall contain other particulars required by the stock exchange on which the shares of the Company are listed.

Foreign shares issued by the Company may take the form of overseas depository certificates or other derivatives of share certificates according to local laws and securities registration and depository management of the places where the shares of the Company are listed.

If the share capital of the Company includes shares without voting rights, such shares shall be worded “without voting rights”. If the share capital includes shares with different voting rights, each class of shares (except for shares with the most favorable voting rights) shall be worded “restricted voting rights” or “limited voting rights”.

**Article 37** Share certificates shall be signed by legal representative of the Company. Where the signatures of other senior management of the Company are required by the stock exchange in the places where shares of the Company are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become effective after the Company seal is affixed thereto or imprinted thereon. The affixing of the Company seal on the share certificates shall be authorized by the Board of Directors. The signature of legal representative or other senior management on the share certificates may also be in printed form on the share certificates. In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchange in the places where the shares of the Company are listed shall apply.

**Article 38** The Company shall maintain a register of shareholders containing the following particulars, or register the shareholders under the Hong Kong Listing Rules:

- (1) The name, address (domicile), occupation or nature of shareholders;
- (2) The class and number of shares held by each shareholder;
- (3) The amount paid or payable for the shares held by each shareholder;
- (4) The certificate number of the shares held by each shareholder;
- (5) The date on which each shareholder is registered as shareholder; and
- (6) The date on which each shareholder ceases to be a shareholder.

The register of shareholders is adequate evidence of the shareholders' shareholding in the Company, unless there is contrary evidence.

The Company shall timely update the register of shareholders to reflect any change of information.

**Article 39** The Company may deposit the register of holders of overseas listed foreign shares and entrust the administration thereof to an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authorities by the State Council and the overseas securities regulatory authorities. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be deposited in Hong Kong.

The Company shall deposit a copy of the register of holders of overseas listed foreign at its domicile; the entrusted overseas agency shall at any time ensure the consistency between the original and the copy of the register of holder of overseas listed foreign shares. In case of any discrepancy between the original and the copy, the original shall prevail.

**Article 40** The Company shall keep a complete register of shareholders. A register of shareholders shall include the following parts:

- (1) The register of shareholders deposited with the domicile of the Company, other than specified under Article 40 (2) or (3);
- (2) The register of holders of overseas listed foreign shares of the Company deposited in the locale of the stock exchange where such foreign shares are listed; and
- (3) The register of shareholders deposited at other place decided by the Board of Directors for the purpose of listing.

**Article 41** Various parts of the register of shareholders shall not be overlapped. The transfer of shares registered in any part of the register of shareholders shall not be registered in the other parts of the register during the continuance of the registration of such shares.

The change or correction of any part of the register of shareholders shall be carried out in line with the laws of the locale where such part of register is kept.

**Article 42** Any fully paid H shares can be transferred at freedom under the Articles of Association, provided that the following conditions are satisfied, or else the Board of Directors may reject any transfer instrument without any reason:

- (1) Any transfer instrument and other documents relating to or influencing the ownership of any H share shall be registered, with relevant cost paid to the Company at the criteria under the Hong Kong Listing Rules, the amount of which shall not exceed the maximum cost specified by the Hong Kong Listing Rules from time to time;
- (2) The transfer instrument only involves H shares;
- (3) The transfer instrument has paid the due stamp duty;
- (4) The share certificate or other evidence reasonably required by the Board of Directors to prove the transferor has the right of share transfer shall be provided;
- (5) When the shares are to be transferred to joint holders, there are not more than four (4) joint shareholders registered of such shares; and
- (6) Relevant shares are free from all liens of the Company.

**Article 43** No change of register of shareholders due to transfer of shares shall be registered within thirty (30) days before the convention of general meeting or within five (5) days prior to the reference date on which the Company decides to distribute dividends.

**Article 44** When the Company convenes the general meeting, distributes dividends, proceeds to liquidation or makes other act that requires equity determination, the Board of Directors shall appoint a certain day to be the date of equity determination, and upon termination of the equity determination, the registered shareholders become the shareholders of the Company.

**Article 45** Any person who disagrees with the register of shareholders and asks for recording its name in the register of shareholders or asks for deleting its name from the register may apply to local competent court for correction of register of shareholders.

**Article 46** Any shareholder who is recorded in the register of shareholders or any person who asks for recording its name in the register, if its share certificate (the “**original share certificate**”) is lost, may apply to the Company for reissuing the share certificate for the shares lost (the “**relevant shares**”).

In case a holder of domestic shares has lost its share certificate and applies for reissue of share certificate, the reissue shall be made in accordance with the relevant provisions of the Company Law.

In case a holder of overseas listed foreign shares has lost its share certificate and applies for reissue of share certificate, the reissue shall be made in accordance with laws, rules of the stock exchange or other relevant provisions of the place where the original register of holders of overseas listed foreign shares is maintained.

In case a holder of H shares has lost its share certificate and applies for reissue of the share certificate, the reissue shall meet the following requirements:

- (1) The applicant shall file an application in the format specified by the Company, accompanied by a notarial certificate or legal statement specifying the reason for application, the circumstances and evidence of losing the share certificate, as well as the statement that none of other persons may ask for being registered as shareholder of the lost share certificate.
- (2) Before the Company decides to issue new share certificate, the Company has not received any statement from any person other than the applicant, asking for being registered as shareholder of such shares.
- (3) To reissue the share certificate, the Company shall publish the announcement of readiness for such reissue on the newspaper designated by the Board of Directors; the announcement is effective for ninety (90) days, and the announcement shall be published again at least every thirty (30) days.
- (4) Before publishing the announcement of readiness for such reissue, the Company shall deliver a copy of such announcement to the stock exchange where its shares are listed; with the reply of such stock exchange, confirming such announcement is already displayed at the premises of the stock exchange, such announcement may be published on the newspaper. The announcement shall be displayed at the premises of the stock exchange for a period of ninety (90) days. If such application for reissue is made without the consent of the registered holder of relevant shares, the Company shall send the photocopy of the announcement by mail to said shareholder.
- (5) When the display period of ninety (90) days under Article 46 (3) or (4) expires, if the Company has not received any person's disagreement on the reissue, the reissue of share certificate can be made in response to the application.
- (6) To reissue the share certificate hereunder, the Company shall immediately deregister the original share certificate, and record such deregistration and reissue events in the register of shareholders.
- (7) All the costs of such deregistration of the original share certificates and reissue of share certificate by the Company shall be borne by the applicant. Before the applicant provides a reasonable guarantee for such costs, the Company may refuse to take any action.

**Article 47** After reissue of share certificate hereunder, the name of a bona fide purchaser who has acquired the aforementioned new share certificate or the name of a shareholder who is subsequently registered as the owner of the shares (being a bona fide purchaser) shall not be deleted from the register of shareholders.

**Article 48** The Company has no obligation of compensation to any person who suffers damage from the deregistration of original share certificate or the reissue of share certificate, unless the person can prove the Company has committed fraudulent acts.

If the Company issues warrants to bearer holders, it shall not issue any new warrants in lieu of the lost original warrants unless the Company is convinced beyond reasonable doubt that the original warrants have been destroyed.

## **Section 5 Financial Assistance in Purchasing Company Shares**

**Article 49** The Company and its subsidiaries at any time shall not provide any financial assistance in any manner to any person who purchases or intends to purchase shares of the Company. Such person shall include the person who is directly or indirectly obliged for the purchase of Company's shares.

The Company and its subsidiaries at any time shall not provide any financial assistance in any manner to the obliged person in mitigating or relieving its obligations.

This article shall not apply in the events of Article 51 hereof.

**Article 50** The "financial assistance" under Article 49 hereof shall include (without limitation):

- (1) Gifts;
- (2) Guarantee (e.g. the guarantor shall take the liability or provide the property to ensure the obligor will perform the obligations), compensation (excluding compensation at the fault of the Company), release or waiver of rights;
- (3) Grant of a loan or signing of a contract whereby the Company performs its obligations prior to other parties, as well as the change of the loan, the parties to the contract, as well as the transfer of rights in the loan or contract; and
- (4) Financial assistance provided by any other means when the Company is insolvent, has no net assets or has the threat of significantly reduced net assets.

The obligations herein shall include the obligation to be undertaken by the obliged person when its financial conditions are changed by contract or arrangement (regardless of whether such contract or arrangement is enforceable, or whether such person or any other person is jointly liable), or by any other means.

**Article 51** The following acts shall not be deemed as the prohibitions under Article 49 hereof:

- (1) The Company in good faith provides financial assistance in the interests of the Company, not for the purpose of purchasing shares of the Company, or the financial assistance is an incidental part of a certain general plan of the Company;
- (2) The Company distributes its properties as dividends in accordance with the laws;
- (3) The Company distributes dividends in the form of shares;
- (4) The Company reduces its registered capital, repurchases shares, adjusts the shareholding structure, etc. in accordance with the Articles of Association;

- (5) The Company provides loans for its normal business activities within its business scope (provided that such loan shall not reduce the Company's net assets, or even if such loan reduces the Company's net assets, this financial assistance is paid out of the Company's distributable profits); and
- (6) The Company contributes to the employee equity scheme (provided that such contribution shall not reduce the Company's net assets, or even if such contribution reduces the Company's net assets, this financial assistance is paid out of the Company's distributable profits).

## **CHAPTER 4 SHAREHOLDERS AND GENERAL MEETING**

### **Section 1 Shareholders**

**Article 52** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is recorded in the register of shareholders. A shareholder is entitled and obliged in proportion to the class and percentage of shares held by it; different shareholders holding the same class of shares are entitled and obliged equally.

**Article 53** A holder of ordinary shares of the Company is entitled to:

- (1) Receive dividends and other forms of distribution in proportion to its shareholding;
- (2) Attend the general meeting by person or by proxy, and vote at the meeting with the number of shares with voting rights held by it;
- (3) Supervise the business operation of the Company, and give suggestions or inquiries;
- (4) Transfer or pledge the shares held by it in accordance with the laws, regulations and the Articles of Association;
- (5) Gain access to relevant information in accordance with the Articles of Association, including:
  - A. Obtaining a copy of the Articles of Association after paying the costs;
  - B. Reading or photocopying the following after paying a reasonable cost:
    - (A) All parts of the register of shareholders;
    - (B) Personal information of directors, supervisors, general manager and other senior management of the Company, including:
      - (a) Current and previous name or alias;
      - (b) Principal address (domicile);
      - (c) Nationality;



- (d) Full-time and all other part-time occupations and positions;
  - (e) Identification documents and identification numbers.
- (C) Registered capital of the Company;
  - (D) The Company's report of the total nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year, as well as all the costs paid by the Company for such purchase;
  - (E) The minutes of general meeting (only for shareholders to search), the special resolution of general meeting;
  - (F) The latest audited financial statements, directors report, auditors report and supervisors report;
  - (G) A copy of the latest annual declaration submitted to State Administration for Market Regulation or other competent authority;
  - (H) Corporate bond stub, Board of Directors meeting motion, Board of Supervisors meeting motion, financial statements of the Company.

The Company shall make the documents from (A) to (G), except (B), in accordance with the Hong Kong Listing Rules, publicly available at its Hong Kong address, for shareholders' access free of charge.

- (6) With respect to shareholders who disagree with the resolution of merger or division of the Company at the general meeting, the right to demand the Company to repurchase shares of the Company held by it;
- (7) Take part in the distribution of the remaining properties of the Company in proportion to its shareholding, at the time of dissolution or winding up of the Company;
- (8) Other rights hereunder or under relevant laws, regulations, and the relevant rules of the places and stock exchange where the shares of the Company are listed.

The Company shall not exercise any right to freeze or otherwise prejudice any rights attached to the shares held by any person directly or indirectly interested who fails to disclose its interests and benefits to the Company.

A shareholder who is a legal person shall be represented by its legal representative or proxy to exercise its rights on its behalf.

**Article 54** If a shareholder proposes to consult the relevant information mentioned in the preceding article or request materials, it shall provide the Company with a written document certifying the class and number of shares held in the Company, and the Company shall provide such information or materials as required by the shareholder after verifying the identity of the shareholder.



**Article 55** A shareholder of ordinary shares of the Company shall be obliged to:

- (1) Comply with laws, regulations and the Articles of Association;
- (2) Contribute to the share capital according to the number of shares subscribed and the method of subscription;
- (3) Assume liabilities to the Company to the extent of the shares held;
- (4) Not to withdraw its contribution to share capital, except for the circumstances stipulated by laws and regulations;
- (5) Not to abuse its rights as a shareholder against the interests of the Company or other shareholders, and not to abuse the legal personality of the Company and the limited liability of shareholders against the interests of creditors; and
- (6) Other obligations in accordance with the laws, regulations and the Articles of Association.

Subject to the agreed conditions of subscription at the time of shares subscription, a shareholder shall not be liable for any subsequent addition to the share capital of the Company, unless otherwise required by laws or regulations.

A shareholder who misuses its rights and causes any loss to the Company or other shareholders shall be liable for compensation in accordance with the laws. A shareholder who misuses the legal personality of the Company and the shareholder's limited liability to evade debts and severely harm the interest of creditors shall be jointly and individually liable for the debts of the Company.

**Article 56** The controlling shareholder or actual controller of the Company shall not use the connected relations to prejudice the interest of the Company; otherwise, it shall be liable for compensation for the loss suffered by the Company.

The controlling shareholder or actual controller of the Company shall owe fiduciary duties towards the Company and the other shareholders. The controlling shareholder shall strictly exercise its rights as contributor, and shall not prejudice the lawful interest of the Company or other the shareholders by means of profit distribution, asset restructuring, foreign investment, capital occupation, borrowing guarantee or others, and shall not misuse its controlling position against the interest of the Company and the other shareholders.

**Article 57** Subject to the obligations imposed by laws, regulations or rules of stock exchange where the shares of the Company are listed, the controlling shareholder shall not, when exercising its voting rights, make decisions against the interests of all or part of the shareholders on the following matters:

- (1) Releasing the liabilities of a director or supervisor to act in good faith in the best interests of the Company;
- (2) Approving a director or supervisor (for its own benefit or others) to deprive the Company of properties in any form, including but not limited to any opportunity beneficial to the Company;

- (3) Approving a director or supervisor (for its own benefit or others) to deprive other shareholders of their personal rights and interests, including (but not limited to) any distribution rights and voting rights, but excluding the right of proposing the Company reorganization to the general meeting under the Articles of Association.

**Article 58** The aforesaid “controlling shareholder” shall be the person meeting any of the following conditions:

- (1) The person, in person or in concerted action with others, may elect the majority of directors;
- (2) The person, in person or in concerted action with others, may exercise 30% or more voting rights of the Company (or other percentage specified by applicable Chinese laws from time to time, and this percentage is required to trigger a mandatory public offer, or establish legal or administrative control over the Company), or may control the exercise of 30% or more voting rights of the Company;
- (3) The person, in person or in concerted action with others, holds not less than 30% outstanding shares of the Company;
- (4) The person, in person or in concerted action with others, has de facto control of the Company in other ways.

The aforesaid “concerted action” means that two or more persons reach an agreement (whether oral or written), by which one of them has the voting rights to the Company, so as to gain or consolidate the control over the Company.

**Article 59** Any shareholder may apply to the local court for invalidating any resolution made at the general meeting or the Board of Directors, which violates the laws or regulations.

Any shareholder may ask the local court to reject any resolution made at the general meeting or the Board of Directors within sixty (60) days from the date of such resolution whose proceeding or voting is in breach of relevant laws, regulations or the Articles of Association, or whose content is against the Articles of Association.

**Article 60** The shareholder(s) individually or jointly holding 1% or more shares of the Company for consecutively one hundred and eighty (180) days or longer may request the Board of Supervisors in writing to institute legal proceedings to the local court, if any director or senior management works in breach of relevant laws, regulations or the Articles of Association, causing loss to the Company; such shareholder(s) may also request the Board of Directors in writing to institute legal proceedings to the local court, if the Board of Supervisors works in breach of relevant laws, regulations or the Articles of Association, causing loss to the Company.

Such shareholder(s) may directly institute legal proceedings to the local court in its own name, in the interests of the Company, if the Board of Supervisors or the Board of Directors refuses to institute legal proceedings to local court after receipt of the shareholder's written request, or fails to institute legal proceedings within thirty (30) days after receipt of the written request, or in emergency when such failure to institute legal proceedings may cause irrecoverable damage to the interest of the Company.

Such shareholder(s) may institute legal proceedings to the local court under this article, if any person infringes on the lawful interests of the Company, causing loss to the Company.

**Article 61** A shareholder may institute legal proceedings to local court, if any director or senior management violates the laws, regulations or the Articles of Association, against the interests of shareholders.

## **Section 2 General Provisions of General Meeting**

**Article 62** The general meeting shall be the authority of power of the Company, to lawfully exercise the following functions and powers in accordance with the laws:

- (1) To decide on the Company's business operation guidelines and investment plan;
- (2) To elect or replace any director not being a representative of employees, and to determine the remuneration of said director;
- (3) To elect or replace any supervisor not being a representative of employees, and to determine the remuneration of said supervisor;
- (4) To consider and approve/disapprove the directors' report;
- (5) To consider and approve/disapprove the supervisors' report;
- (6) To consider and approve/disapprove the Company's annual budget and final accounts plan;
- (7) To consider and approve/disapprove the Company's profit distribution plan and loss recovery plan;
- (8) To make a resolution on the increase or decrease of registered capital of the Company;
- (9) To make resolutions on the Company's issue of bonds or other securities and its listing plan;
- (10) To make resolutions on matters such as the merger, division, dissolution, liquidation or change of nature of the Company;

- (11) To amend the Articles of Association;
- (12) To decide to engage, dismiss or discontinue the accountant firm as the auditor of the Company;
- (13) To consider the motions of shareholders representing 3% or more of the Company's voting shares;
- (14) To consider and approve/disapprove the external guarantees that require the approval of the general meeting under relevant laws, regulations and the Articles of Association;
- (15) To consider the Company's purchase or sale of major assets exceeding 30% of the its latest audited total assets within one (1) year;
- (16) To review the share incentive schemes;
- (17) To consider and approve/disapprove the connected transactions that require the approval of the general meeting under relevant laws, regulations, the listing rules of the places where shares of the Company are listed and the Articles of Association;
- (18) Other matters to be decided by the general meeting under relevant laws, regulations, rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

**Article 63** Any of the following external guarantees shall be subject to the consideration of the general meeting for approval:

- (1) Any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets of the Company;
- (2) Any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries reaches or exceeds 30% of the latest audited total assets of the Company;
- (3) Any guarantee provided for guarantors whose asset-liability ratio exceeds 70%;
- (4) Any guarantee whose single amount exceeds 10% of the latest audited net assets of the Company;
- (5) Any guarantee provided to shareholders, actual controller and their related parties/related persons;
- (6) Other guarantee events under relevant laws, regulations, the rules of the places where the shares of the Company are listed or the Articles of Association.

Any of the foregoing guarantees shall be considered by the Board of Directors, and upon the adoption by the Board of Directors, it can be submitted to the general meeting for consideration.

The Board of Directors may consider and approve/disapprove the external guarantees other than the foregoing guarantees to be considered by the general meeting.

When the general meeting is considering any resolution of guarantee to a shareholder, actual controller and their related parties/related persons, such shareholder or the shareholder under the control of such actual controller shall not vote on this resolution, and such resolution is adopted when a majority of the voting rights held by the other shareholders present at the meeting.

**Article 64** Without prior approval by the general meeting, the Company shall not enter into a contract with any person other than director, supervisor, general manager or other senior management of the Company, to authorize such person to manage all or some of important businesses.

**Article 65** General meetings consist of annual general meetings and extraordinary general meetings. Annual general meeting shall be held once a financial year, within six (6) months from the end of previous financial year.

**Article 66** The Company shall convene an extraordinary general meeting within two (2) months from the occurrence of any of the following events:

- (1) The number of directors is less than 5, the quorum of Board meeting under the Company Law, or less than two thirds (2/3) of the number of directors specified in the Articles of Association;
- (2) The unrecovered losses of the Company reach one third (1/3) of its total paid-in share capital;
- (3) At the request of shareholder(s) who individually or jointly hold not less than 10% shares with voting rights of the Company;
- (4) The Board of Directors deems it necessary;
- (5) The Board of Supervisors proposes to convene such a meeting;
- (6) Two or more independent non-executive directors propose such a meeting;
- (7) Other events under relevant laws, regulations or the Articles of Association.

The number of shares held by the shareholders specified in Article 66 (3) shall be the number of Company shares held by such shareholders on the very day of request in writing.

**Article 67** The venue of general meeting shall be the domicile, the business place of the Company or other place specified in the notice of meeting.

The meeting shall be convened on site, easily accessible to shareholders by safe, economical or convenient means hereunder or under relevant laws and regulations. A shareholder attending the meeting by any of the above means shall be deemed as present at the meeting,

The venue of meeting shall not be changed without a justifiable reason, after the notice of meeting is sent out. In order to change the venue, if necessary, the caller shall send a prior notice to shareholders at least two (2) days in advance, specifying the reason.

### **Section 3 Call of General Meeting**

**Article 68** The Board of Directors shall lawfully call a general meeting; if the Board of Directors is unable or fails to call a general meeting, then the Board of Supervisors shall timely call and chair the meeting; if the Board of Supervisors fails to hold and chair the meeting, the shareholder(s) individually and jointly holding at least 10% shares with voting rights of the Company for ninety (90) consecutive days or longer may call and chair the meeting on its/their own.

**Article 69** The independent non-executive director may propose an extraordinary general meeting to the Board of Directors. In response to such proposal, the Board of Directors shall give a written reply approving or disapproving such proposal within ten (10) days from the proposal. In case of approval, the Board of Directors shall send a notice of meeting within five (5) days from the resolution of the Board of Directors; in case of disapproval, the Board of Directors shall give out the reason.

**Article 70** The Board of Supervisors may propose an extraordinary general meeting in writing to the Board of Directors. Within ten (10) days from such proposal, the Board of Directors shall give a written reply approving or disapproving such proposal.

In case of approval, the Board of Directors shall send a notice of meeting within five (5) days from the resolution of the Board of Directors, and any modification to the original proposal shall be effective with consent of the Board of Supervisors.

In case of disapproval, or failing to reply within ten (10) days from the proposal, the Board of Directors shall be deemed unable or failing to call the meeting, then the Board of Supervisors may call and chair a meeting on its own.

**Article 71** In the rule of one vote per share, the shareholder(s) individually or jointly holding at least 10% shares with voting rights of the Company may propose an extraordinary general meeting in writing to the Board of Directors, and may propose a motion in the meeting agenda. Within ten (10) days from the proposal, the Board of Directors shall give a written reply approving or disapproving such proposal.

In case of approval, the Board of Directors shall send a notice of meeting within five (5) days from the resolution of the Board of Directors, and any modification to the original proposal shall be effective with consent of the proposing shareholder(s).

In case of disapproval, or failing to reply within ten (10) days from the proposal, the shareholder(s) individually or jointly holding at least 10% shares with voting rights of the Company may propose an extraordinary general meeting in writing to the Board of Supervisors.

To approve the proposal, the Board of Supervisors shall send a notice of meeting within five (5) days from the proposal, and any modification to the original proposal shall be effective with consent of said shareholder(s).

If the Board of Supervisors fails to send a notice of meeting before deadline, which will be deemed as a failure to call and chair the meeting, then the shareholder(s) individually or jointly holding at least 10% shares with voting rights of the Company may call and chair a meeting on its/their own.

**Article 72** To call a general meeting on its/their own, the Board of Supervisors or the shareholder(s) shall send a notice in writing to the Board of Directors. Prior to the announcement of the resolution of the general meeting, the calling shareholder(s) shall hold at least 10% shares with voting rights of the Company.

**Article 73** In case a general meeting is called by the Board of Supervisors or the shareholder(s) on their own, the Board of Directors and the Secretary shall cooperate.

**Article 74** The necessary costs of a general meeting called by the Board of Supervisors or the shareholder(s) on their own shall be borne by the Company.

#### **Section 4 Motion and Notice of General Meeting**

**Article 75** The motion at general meeting shall be governed by the general meeting, with definite subjects and specific matters pending resolution, in compliance with relevant laws, regulations and the Articles of Association.

**Article 76** At the general meeting, the Board of Directors, the Board of Supervisors and the shareholder(s) individually or jointly holding at least 3% shares of the Company may propose a motion to the Company,

Unless otherwise specified herein, the shareholder(s) individually or jointly holding at least 3% shares of the Company shall submit the extraordinary motion to the caller within ten (10) days before the meeting. The call shall send an addition notice of meeting within two (2) days after receiving the motion, specifying the content of motion.

Subject to the above provisions, the caller after sending a notice of meeting shall not modify the motion listed in the notice of meeting, or add a new motion.

The general meeting shall not vote or resolve on a motion not listed in the notice of meeting or not in compliance with Article 75 hereof.



**Article 77** The caller shall send a written notice to all shareholders within at least twenty (20) working days prior to the convention of general meeting, or at least fifteen (15) calendar days or ten (10) working days (whichever is longer) prior to the convention of Extraordinary general meeting, unless otherwise required by relevant laws, regulations and local securities commission rules.

The notice of meeting shall be sent by hand or by mail (prepaid postage) to the shareholder(s) (with or without voting rights at general meeting), addressed to the shareholder(s) as recorded in the register of shareholders. To the holders of domestic shares, the notice of meeting may also be sent by announcement under the laws or regulations.

The notice of meeting, information or written statement sent to holders of overseas listed foreign shares shall be delivered at least twenty (20) working days before the convention of annual general meeting or at least fifteen (15) calendar days or ten (10) working days (whichever is longer) before the convention of extraordinary general meeting, by any of the following means:

- (1) Delivered by hand or by mail to every holder of overseas listed foreign shares, according to the registered address of every such holder;
- (2) Subject to applicable laws, regulations and listing rules, published on the official website of the Company or other website designated by the local securities commission or local stock exchange;
- (3) Sent otherwise under the rules of the stock exchange where the shares of the Company are listed and listing rules.

The foregoing “twenty (20) working days”, “fifteen (15) working days” or “ten (10) working days” shall not include the date of meeting or the date of notice.

**Article 78** The notice of general meeting shall:

- (1) Be made in writing;
- (2) Specify the venue, date and time of meeting;
- (3) Describe the matters and motions to be considered at the meeting;
- (4) Indicate the equity registration date of the shareholders entitled to attend the meeting;
- (5) Provide shareholders with the information and explanations needed to enable them to make informed decisions on the matters to be considered; for example, when the Company proposes merger, share repurchase, share capital restructuring or other reorganization, it shall provide the specific conditions and contracts (if any) of the proposed transaction, with a careful explanation of its causes and consequences;

- (6) If any director, supervisor, general manager and other senior management has a material interest in the matters to be considered, then such person shall disclose the nature and extent of such interest; if the matters to be considered will have influence on such person in a different way with the influence on the other shareholders of the same class, then such difference shall be described in detail;
- (7) Contains the full text of any special resolution to be proposed for adoption at the meeting;
- (8) Specifies in clear words that shareholders entitled to attend and vote may appoint one or more proxies (being shareholders or not) to attend and vote on their behalf;
- (9) Specifies the time and place of delivery of the proxy form for voting at the meeting;
- (10) Contains the name and phone number of permanent contact person for the meeting; and
- (11) Other requirements under the laws, regulations, local securities commission rules, and the Articles of Association.

The notice or the additional notice of meeting shall fully, completely disclose all details of all motions, and (if the matters to be considered require the opinions of independent non-executive director) the opinions and reason of the independent non-executive director shall be accompanied at the same time.

If the general meeting will be held in other manner, the notice of meeting shall specify the voting time and voting procedures of such other manner.

The meeting or the resolution made at the meeting shall not be invalidated by the failure of an entitled shareholder to receive the notice of meeting or the failure of such notice to be delivered to such person, due to accidental omission.

**Article 79** If the Company is required to send relevant documents in both English and Chinese by mail, by hand, by announcement or other means under the local listing rules, and if the Company has already made proper arrangements to make sure whether its shareholders are willing to receive such documents merely in English or merely in Chinese, then within the permission of applicable laws and regulations, the Company may (on the demand of shareholders) send the English version merely or the Chinese version merely to relevant shareholders.

**Article 80** For the motion on election of a director or supervisor at the general meeting, the notice of meeting shall fully disclose the detailed information of the director candidate or supervisor candidate, including but not limited to:

- (1) Personal information such as educational background, work experience, part-time jobs;

- (2) Any connection with the Company or its controlling shareholder or actual controller;
- (3) The number of shares held in the Company;
- (4) Any punishment by the securities regulatory authorities by the State Council or other authority or the stock exchange.

Each director candidate or supervisor candidate shall be mentioned in a single motion.

**Article 81** Once the notice of meeting is sent out, without a justifiable reason, the general meeting shall not be postponed or canceled, and any motion listed in the notice shall not be canceled. In order to postpone or cancel, the caller shall give a prior notice in writing at least two (2) working days before the planned date of meeting. In order to change the venue or time of meeting, the Company shall give a prior notice to shareholders adequately.

### **Section 5 Convention of General Meeting**

**Article 82** The Board of Directors and other callers shall take necessary measures to ensure the normal order of meeting, and shall stop any act disturbing, harassing or infringing on the lawful rights of shareholders, and timely report to competent authority for punishment.

**Article 83** All shareholders shall attend and vote by person or by proxy at the general meeting or the creditors' meeting hereunder or under relevant laws and regulations.

A shareholder may attend and vote by person or by proxy at the general meeting or the creditors' meeting. The proxy may be one or more persons appointed by the shareholder, who is or are not shareholder(s) of the Company. Such proxy may exercise the following rights as entrusted by the shareholder:

- (1) The shareholder's right to speak at the meeting;
- (2) The right of request to vote on its own or jointly with others;
- (3) Voting rights to be exercised by show of hands or ballot, but when more than one proxy is appointed by a shareholder, then such proxies may only exercise voting rights by ballot.

**Article 84** A shareholder shall appoint its proxy in writing, the proxy form shall be signed by the appointing shareholder or by the proxy; if the appointing shareholder is a legal person, the proxy form shall be completed with the legal person's seal or the proxy's signature.

If the shareholder is a recognized clearing house or its agent in the place where shares of the Company are listed, then the shareholder may appoint one or more natural person or legal person as it deems appropriate to represent it at any general meeting, any class of shareholders meeting, or any creditors meeting; however, if more than one persons are appointed as proxies, then the proxy form shall specify the name of every proxy, the number and class of shares involved, and the proxy form shall be signed by a person authorized by the recognized clearing house. The person so authorized may represent the recognized clearing house (or its agent) to attend the meeting (without presenting the certificate of shares, the notarized authorization and/or further evidence to prove its due authorization), exercise its rights and enjoy the lawful rights equal to other shareholders, including the right to speak and vote.

**Article 85** A shareholder being a natural person shall present its personal identity card or other valid certificate of identity, in order to attend the meeting by person; a proxy of shareholder attending the meeting shall present the valid identity certificate of the proxy and the proxy form issued by the appointing shareholder.

A shareholder being a legal person shall be represented by the legal representative or its proxy in presence and voting at any meeting. Any presence of a legal person shareholder at any meeting shall be deemed as its presence by person. The legal person shareholder shall sign a proxy form for its duly authorized proxy. The legal representative of a legal person shareholder to attend the meeting shall present its personal identity card, valid certificate of its legal representative status; The proxy of a legal person shareholder to attend the meeting shall present its personal identity card, the written proxy form issued duly by the legal representative or authorized representative of the legal person shareholder (unless the shareholder is a recognized clearing house or its agent in the place where shares of the Company are listed).

**Article 86** The proxy form issued by a shareholder for a general meeting shall specify:

- (1) The name of the proxy;
- (2) The amount of shares represented;
- (3) Whether there are voting rights;
- (4) Instructions for voting for, against or abstaining from voting on each matter to be considered on the agenda of general meeting;
- (5) Whether there are voting rights on the temporary motions to be included in the agenda of general meeting, and if so, specific instructions on which voting rights shall be exercised by the proxy;
- (6) The date and validity of the proxy form;
- (7) If there are more than one proxy, the proxy form shall specify the number of shares represented by each proxy; and
- (8) The signature (or seal) of the appointing shareholder; if the appointing shareholder is a legal person, the seal of the legal person shall be affixed.

The proxy form issued by the Board of Directors for a shareholder to appoint a proxy shall be in such a format that the shareholder has the freedom to indicate its proxy to vote for or against a motion, and give respective instructions to every subject matter of voting. The proxy form shall specify whether the proxy may vote at will when the shareholder gives no instruction.

**Article 87** The proxy form shall be deposited in the domicile of the Company or other place specified in the notice of meeting, within 24 hours before meeting, or within 24 hours before the voting. If the proxy voting authorization letter is signed by other person authorized by the appointing shareholder, such proxy voting authorization letter or other authorization documents shall be notarized to be effective. The notarized proxy voting authorization letter or other authorization documents, together with the proxy form, shall be deposited in the Company domicile or other place specified in the notice of meeting.

If the appointing shareholder is a legal person, then its proxy to attend the general meeting shall be the legal representative, or other person authorized by the Board of Directors or other decision-making body.

If the appointing shareholder is deceased, incapacitated, or has withdrawn the appointment, or has withdrawn the authorization or the underlying shares are already transferred, then the proxy voting will be valid if only the Company has not received a written notice of such event before the meeting.

**Article 88** The register of participants at the meeting will be made by the Company, specifying the name, personal identity card number, home address, the number of shares with voting rights held or represented, name of appointing shareholder and others.

**Article 89** The caller shall verify the legality of shareholders' capacity according to the register of shareholders, and record the name of shareholders and the number of shares with voting rights held. Before the chair of meeting announces the number of present shareholders and/or proxies and the total number of shares with voting rights, the meeting registration shall stop.

**Article 90** Chairman of the Board of Directors will chair the general meeting. When the Chairman is unable or fails to perform its duties, the majority of directors shall elect one of them to chair the meeting; if the chair of meeting is not elected, the present shareholders may elect one of them to be the chair of meeting. If for any reason the shareholders fail to elect a chair for the meeting, then the shareholder or proxy representing the most voting rights present at the meeting shall chair the meeting.

A general meeting called by the Board of Supervisors on its own shall be chaired by the Chairman of the Board of Supervisors. If the Chairman of the Board of Supervisors is unable or fails to perform its duties, then the majority of supervisors may elect one of them to chair.

A general meeting called by shareholders on their own shall be chaired by a representative recommended by the caller.

At the meeting, if the chair of meeting breaks the proceeding rules and causes the meeting unable to continue, then with consent of shareholders with the majority of voting rights present at the meeting, the shareholders may recommend one of them to chair and continue the meeting,

**Article 91** The Company shall develop the proceeding rules of general meeting, detailing the procedures for convening and voting, including the notice, consideration on motions, voting, count of votes, announcement of voting results, resolution, minutes and execution, as well as the principle of shareholders' appointment of the Board of Directors, the appointment shall clarify the details, and the proceeding rules of general meeting shall be attached to the Articles of Association, which are contemplated by the Board of Directors and approved by the general meeting.

**Article 92** At annual general meeting, the Board of Directors and the Board of Supervisors shall report their previous year's work performance to the general meeting, and each independent non-executive director shall also report their work.

**Article 93** Directors, supervisors and senior management of the Company shall give explanations and clarifications on the inquiries and suggestions of shareholders at the general meeting.

**Article 94** The chair of meeting shall announce the number of shareholders and proxies present at the meeting and the total number of shares with voting rights before voting, based on the meeting registration.

**Article 95** The secretary shall keep the minutes of general meeting, which contains:

- (1) The time, place, agenda and caller's name of the meeting;
- (2) The name of chair, present or attending directors, supervisors, general manager and other senior management of the Company;
- (3) The number of shareholders and proxies present at the meeting, the total number of shares with voting rights held and its proportion to the total number of shares of the Company;
- (4) The consideration process, speech key points and voting results of each motion;
- (5) Shareholders' inquiries or suggestions and corresponding replies or explanations;
- (6) The name of counter and scrutineer;
- (7) Others to be recorded in the minutes of meeting hereunder.

**Article 96** The caller shall ensure that the minutes of meeting are true, accurate and complete, with signatures of directors, supervisors, secretary, the caller or its representative, and the chair of meeting. The minutes of the meeting shall be kept at the Company domicile together with the signature book of shareholders attending the meeting, the proxy forms, and valid information on voting by other means, for a period of not less than ten (10) years.

Shareholders may have access to the photocopy of meeting minutes free of charge during office hours. If any shareholder asks the Company for a photocopy of the relevant meeting minutes, the Company shall send the photocopy within seven (7) days after receiving the reasonable fee.

**Article 97** The caller shall ensure the general meeting continues until a final resolution is made. If the general meeting is suspended or fails to make a resolution for special reasons such as force majeure, necessary measures shall be taken to resume the meeting as soon as possible or directly terminate this meeting, and notify all shareholders in a timely manner.

### **Section 6 Voting and Resolution of General Meeting**

**Article 98** There are ordinary resolutions and special resolutions at general meeting.

An ordinary resolution of general meeting shall be validated by at least one-half voting rights held by the present shareholders and/or proxies.

A special resolution of general meeting shall be validated by at least two thirds (2/3) voting rights held by the present shareholders and/or proxies, unless a higher voting percentage is required hereunder.

**Article 99** Matters for resolution

- (1) Unless otherwise required hereunder or under relevant laws or regulations, the following matters may be concerned in an ordinary resolution of general meeting:
  - (A) The work report of the Board of Directors or the Board of Supervisors;
  - (B) The profit distribution plan and loss recovery plan contemplated by the Board of Directors;
  - (C) The dismissal of directors or supervisors, and their remuneration and payment;
  - (D) The annual budget and final accounts report, balance sheet, income statement and other financial statements of the Company; and
  - (E) Other matters to be validated by a special resolution hereunder or under relevant laws or regulations.



- (2) The following matters may be concerned in a special resolution of general meeting:
- (A) The increase or decrease of share capital, the issue of any class of share certificate, warrants and other similar securities of the Company and/or its subsidiaries;
  - (B) Any modification to the Articles of Association by the Company and/or its subsidiaries;
  - (C) Issue of corporate bonds, listing of securities of the Company and/or its subsidiaries;
  - (D) The merger, division, dissolution or liquidation or change of nature of the Company and/or its subsidiaries;
  - (E) The purchase or sale of major assets within one year, or the guarantee in an amount exceeding 30% of the Company's total assets, except for the Company's daily business operations or the provision of guarantees for the Company and its wholly-owned subsidiaries;
  - (F) The equity incentive scheme of the Company and/or its subsidiaries;
  - (G) Before the term of Board of Directors expires, the Company changes more than 1/4 directors in that year;
  - (H) Upon expiry of the Board of Directors, over one third (1/3) of directors are changed by the Company; and
  - (I) Other matters to be concerned in a special resolution of general meeting, which might have major impact if concerned in an ordinary resolution of general meeting, hereunder or under relevant laws or regulations.

In particular, when the general meeting considers the purchase or sale of assets, rented or leased assets, gifted assets, connected transactions, external investments, external guarantees or mortgages, financial assistance, claims or debts restructuring, commissioned/entrusted operation or other motions submitted by the acquirer for the purpose of hostile takeover, a resolution shall be validated by at least 3/4 voting rights held by shareholders present at the meeting.

Any motion to modify the Article 99 (2) hereof at the general meeting shall be validated by at least 3/4 voting rights held by present shareholders.

A connected shareholder shall not vote in respect of any motion on connected transactions at the general meeting, where the number of shares with voting rights represented by such connected shareholder shall not be counted in effective voting; a resolution of general meeting shall fully disclose the voting of non-connected shareholders.

**Article 100** A shareholder or proxy shall exercise its voting rights represented by the shares with voting rights held by it, one vote per share.

The shares held by the Company have no voting rights, and such shares are not counted in voting.

**Article 101** The Company shall provide all conveniences for the shareholders to attend the general meeting, by all means, on the premise of ensuring the legality and effectiveness of the general meeting.

**Article 102** The list of director candidates or supervisor candidates shall be submitted as motions to the general meeting for voting.

The director candidates or supervisor candidates shall be nominated in the following manners and procedures:

- (1) The current Board of Directors, or the shareholder(s) individually or jointly holding at least 3% shares of the Company for 365 days or longer, may nominate a list of director candidates (excluding independent non-executive directors) or additional director candidates (not more than the number of directors or supervisors to be elected) to the next term of Board of Directors, while the current Board of Directors will review the qualifications, and if the candidates meet the qualifications, the Board of Directors will submit the list to the general meeting for voting.
- (2) The current Board of Directors, or the shareholder(s) individually or jointly holding at least 3% shares of the Company for 365 days or longer, may nominate a list of supervisor candidates or additional supervisor candidates (not being employee representatives) to the next term of Board of Supervisors, while the current Board of Supervisors will review the qualifications, and if the candidates meet the qualifications, the Board of Supervisors will submit the list to the general meeting for voting. The supervisors being employee representatives will be elected at employee representatives conference, and directly join the Board of Supervisors.
- (3) The current Board of Directors, the Board of Supervisors or the shareholder(s) individually or jointly holding at least 1% shares of the Company for 365 days or longer, may nominate a list of independent non-executive director candidates to the general meeting, while the current Board of Directors will review the qualifications, and if the candidates meet the qualifications, the Board of Directors will submit the list to the general meeting for voting.

- (4) The above-mentioned motions submitted to the caller of general meeting by the Board of Directors, the Board of Supervisors and the shareholders entitled to nominate shall contain the identity certificate, biography and basic information about the candidates; the Board of Directors shall disclose the detailed information about the candidates before the meeting.
- (5) The Company shall reserve a period of time before the meeting of director candidate election, during which, shareholders may issue a written notice of director candidate to the Company, and such candidate may issue a written notice of willingness to the Company. The above period of time shall be seven (7) days at least, starting from the first day from the notice of meeting, and the ending date shall not be later than the 7th day before the meeting.

**Article 103** In considering a motion, the general meeting shall not modify the motion; or else, a modification shall be deemed as a new motion, and shall not be subject to voting at this meeting.

**Article 104** The same voting right may only be exercised on site or by any other means. If the same voting right is exercised for more than one time, the first time vote would be effective.

**Article 105** The voting to a resolution at the general meeting shall be carried out by open ballot, provided that the chair may, in line with the rules of the stock exchange where the shares of the Company are listed, allow the voting to the resolution purely relating to proceeding or administrative matters to be made by a show of hands, in the principle of good faith and credit.

**Article 106** If the matter subject to voting is to elect the chairman or suspend the meeting, such voting shall be made immediately by ballot; for other matters subject to voting, the chairman may decide when to vote, so the meeting can continue, discussing other matters, while the voting results can still be deemed as a resolution passed at the meeting.

**Article 107** At the time of voting, a shareholder or proxy who has two or more votes to cast does not have to cast all votes for or cast all votes against a motion.

**Article 108** In case of a tie, whether by ballot or by show of hands, the chair of meeting may cast one more vote, the final and decisive vote.

**Article 109** Before voting at general meeting, two shareholder representatives shall be appointed to be counter and scrutineer respectively. If a shareholder is interested in the subject matter, such shareholder or its proxy shall not be appointed as counter or scrutineer.

In a voting at general meeting, shareholder representatives and supervisor representatives shall jointly count and scrutinize the votes, and publish the voting results on site. The voting results will be included in the minutes of meeting.

**Article 110** The ending time of general meeting on site shall not be earlier than that by other means, where the chair of meeting shall announce the voting status and results of every motion, and announce whether the motion is passed or not according to the voting results.

The chair of meeting shall decide whether a resolution is passed or not at the general meeting. The decision is the final, conclusive decision, and shall be published on site and recorded in the minutes of meeting.

Before publishing the voting results officially, the Company, the counter, the scrutineer, significant shareholders and other stakeholders at the general meeting on site or by other means shall be liable for the confidentiality of such voting.

**Article 111** Shareholders present at general meeting shall give give any of the following opinions to a motion: vote for, vote against, or abstain.

The unfilled, wrongly filled, unrecognizable votes, and unvoted votes shall be deemed as abstention by the voter, and the voting result of the number of shares held by such voter shall be counted as “abstention”.

If any shareholder is required by the rules of the stock exchange where the shares of the Company are listed to give up its voting rights in respect of a resolution, or if any shareholder is restricted thereby and can only vote for (or against) a resolution, then such shareholder or its proxy in breach of the foregoing requirement or restriction shall not be counted in the voting.

**Article 112** If the chair of meeting has any doubt about the voting results, a recounting of votes can be organized; if there is no recounting and a shareholders or proxy has any doubt on the chair’s announced results, then such shareholder or proxy may ask for a recounting immediately after the announcement of voting results, while the chair of meeting shall organize the recounting immediately. The results of recounting will be included in the minutes of meeting.

**Article 113** A resolution at general meeting shall specify the number of shareholders and proxies present at the meeting, the total number of shares held with voting rights, percentage in the total number of Company shares with voting rights, mode of voting, the voting results to each motion, and the details of resolutions.

**Article 114** A rejected motion or a modification to a resolution made at previous general meeting shall be mentioned specially in the current resolution.

**Article 115** If a motion of director or supervisor election is adopted at general meeting, then the new director or supervisor shall take office on the very day of adoption. However, in the event of re-election of directors or supervisors, if the expiry of term of former directors or supervisors is later than the date of resolution adopted at the general meeting, then new directors or supervisors shall take office from the next day upon expiry of predecessor’s term.

## Section 7 Special Voting Procedures for Shareholders of Different Classes

- Article 116** A shareholder who hold different classes of shares is a class shareholder. A class shareholder is entitled and obliged hereunder or under relevant laws and regulations.
- Article 117** Any motion to change or abolish a class shareholder's rights shall be validated both by a special resolution at the general meeting and by a class general meeting separately called by the affected class shareholders under Article 119 to Article 124 hereof.
- Article 118** Any of the following events is deemed as change or abolition of a class shareholder's rights:
- (1) The increase or decrease of the number of such class of shares, or the increase or decrease of the number of class shares enjoying equivalent or more voting rights, distribution rights or other privileges than such class of shares;
  - (2) The conversion of all or part of such class of shares into other class, or the conversion of all or part of other class of shares into such class of shares, or grant of conversion rights;
  - (3) The cancellation or decrease of the dividends accrued or generated by such class of shares or the right to cumulative dividends;
  - (4) The decrease or cancellation of the priority right of such class of shares to obtain dividends or property distribution in the liquidation of the Company;
  - (5) The increase, cancellation or decrease of the conversion right, option right, voting right, transfer right, pre-emptive right, and right to obtain company securities of such class of shares;
  - (6) The cancellation or decrease of the right of such class of shares to receive the accounts payable from the Company in specific currency;
  - (7) The establishment of new class of shares enjoying equivalent or more voting right, distribution right or other privileges than such class of shares;
  - (8) The restrictions on transfer or title of such class of shares or additional restrictions;
  - (9) The right to issue such class or other class of shares subscription right or conversion right;
  - (10) The increase of rights or privileges of other class of shares;
  - (11) The reorganization scheme of the Company that may cause different classes of shareholders to take liabilities disproportionately; and
  - (12) The modification or abolition of any provisions hereof.

**Article 119** The affected class shareholders, with or without voting rights at general meeting previously, shall have the voting rights at class general meeting in respect of any matter under Article 118 (2) to (8), (11) to (12) hereof, but the interested shareholder(s) shall have no voting rights at class general meeting.

The aforesaid “interested shareholder(s)” mean:

- (1) The controlling shareholder defined under Article 58 hereof, in the event the Company issues repurchase offers to entire shareholders in proportion to their shareholding percentages under Article 27 hereof, or the Company buys back its shares through open trading at the Hong Kong Stock Exchange;
- (2) The shareholder(s) related to the agreement by which the Company buys back its shares outside the Hong Kong Stock Exchange under Article 27 hereof; or
- (3) The shareholder(s) assuming liabilities in lower percentage than other shareholders of the same class or having different interests with other shareholders of the same class.

**Article 120** The quorum of a certain class of general meeting (excluding any adjourned meeting) held to modify the rights of any class of shares shall be at least one third (1/3) holders of such class of issued shares.

A resolution at class general meeting shall be validated by at least two thirds (2/3) of shares with voting rights present at the class general meeting under Article 119 hereof.

**Article 121** To hold a class general meeting, the Company shall send a 15-day prior notice of meeting in writing to all registered shareholders of this class, specifying the date and place of meeting, as well as the subject matter. Shareholders to attend the meeting shall send the reply of presence in writing to the Company timely before the meeting.

**Article 122** When the number of shares with voting rights held by shareholders planning to attend the meeting reaches or exceeds 1/2 of the total number of such class of shares with voting rights at the meeting, the Company may hold a class general meeting; when the number of shares with voting rights held by shareholders planning to attend the meeting cannot reach 1/2 of the total number of such class of shares with voting rights at the meeting, the Company shall notify the shareholders of the subject matter, date and place of meeting, again by means of announcement, within five (5) days; and with announcement, the Company may hold a class general meeting.

**Article 123** The notice of class general meeting shall be sent only to the shareholders entitled to vote at such meeting.

The class general meeting shall be carried out in the same procedures with general meeting as practicable as possible, and the provisions for general meeting procedures herein also apply to class general meeting.

**Article 124** Except for the holders of other class of shares, the holders of domestic shares and the holders of overseas listed foreign shares are deemed as different classes of shareholders. The following events don't apply to the special voting procedures for class shareholders:

- (1) With approval by a special resolution at general meeting, the Company shall issue domestic shares and overseas listed foreign shares separately or jointly every twelve (12) months, and the number of domestic shares (or overseas listed foreign shares) to be issued shall not exceed 20% of such class of shares in issue;
- (2) The plan of issuing domestic shares or overseas listed foreign shares at the time of company establishment is accomplished within fifteen (15) months from the date of approval by securities regulatory authorities by the State Council; or
- (3) With the approval by securities regulatory authorities by the State Council, the domestic shareholders of the Company transfer their shares to overseas investors, which are listed on an overseas stock exchange,

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 125** Directors are elected or changed at general meeting, and may be dismissed by the general meeting before expiry of their term.

A director's term is three (3) years, which can be continued upon expiry.

A director's term starts from the date of taking office, to the expiry of current Board of Directors. Before the Board of Directors expires, excluding the director(s) incompetent for the job under relevant laws, regulations and the Articles of Association, every year the number of changed directors shall not be more than 1/4 of the total number of directors; upon expiry of Board of Directors, if some directors need to be replaced, then the number of new directors shall not be more than 1/3 of the total number of directors.

Upon expiry of a director, if new director is not elected, then the expiring director shall continue to perform its duties before the new director takes office under the laws, regulations and the Articles of Association. Any person appointed by the Board of Directors to be a director or to fill a temporary vacancy or to add a new place in the Board shall take office til the first annual general meeting after appointment, and may then be eligible for re-election.

A director may be a general manager or other senior management at the same time, provided that the number of directors who also act as general manager or other senior management shall not exceed 1/2 of the total number of directors in the Company.

A director does not have to hold any shares in the Company.



**Article 126** A director whose term is not expiring shall be liable for any loss incurred by the Company due to its unauthorized leave or resignation from the Company.

Subject to relevant laws, regulations and the Articles of Association, the general meeting may dismiss any non-expiring director, provided that the general meeting shall not dismiss a director without a justifiable reason, and such dismissal shall not influence such director's claim for damages by any contract.

If a director fails to attend the Board meeting by person or by proxy twice, it will be deemed as inability to perform duties, then the Board of Directors may propose a replacement of such director to the general meeting.

**Article 127** A director shall observe the laws, regulations and the Articles of Association, meet the requirements for skills, care and diligence, and have the following duties of diligence to the Company:

- (1) Prudently, carefully and diligently exercise the rights conferred by the Company, in the overall interests of the Company, ensure that the Company's business behavior complies with the requirements of national laws, regulations and national economic policies, and its business activities do not exceed business scope defined in the business license;
- (2) Treat all shareholders fairly and act with due purpose;
- (3) Keep abreast of the Company's business operation and management status, responsible to the Company for the use or abuse of the Company's assets;
- (4) Sign a written confirmation on the Company's periodic report;
- (5) Provide relevant information and materials to the Board of Supervisors truthfully, and shall not hinder supervisors or the Board of Supervisors from exercising their functions and powers;
- (6) Avoid actual and potential conflicts of interests and positions;
- (7) Fully and fairly disclose its rights and interests in contracts with the Company;
- (8) Act with due skill, care and diligence to the extent that others would reasonably expect a person of the same knowledge and experience to hold a directorship of the Company; and
- (9) Other duties of diligence under the laws, regulations and the Articles of Association.

**Article 128** If a director fails to attend the Board meeting by person or by proxy twice, it will be deemed as unable to perform its duties, then the Board of Directors shall propose a dismissal and replacement of such director to the general meeting.

**Article 129** A director may resign before expiry of its term, by sending a resignation letter in writing to the Board of Directors.

If such resignation causes the number of directors to be lower than the quorum of Board meeting, then before a new director takes office, the resigning director shall continue to perform its duties under relevant laws, regulations and the Articles of Association.

Except for the circumstances listed in the preceding paragraph, the resignation of a director shall take effect when the resignation letter is delivered to the Board of Directors.

**Article 130** When a director's resignation becomes effective or its term of office expires, the director shall complete all handover procedures to the Board of Directors. Its obligation of loyalty to the Company and shareholders will not be relieved ex officio after the resignation takes effect or after the term ends, and its obligation of confidentiality in respect of the Company's business secrets remains valid, until such secrets become public information. The validity period of such obligation shall be determined on the basis of fairness.

**Article 131** A director who violates laws, regulations or the Articles of Association while performing its duties, causing losses to the Company, shall be liable for compensation.

**Article 132** the Company has independent non-executive directors. An independent non-executive director shall comply with relevant laws, regulations, the Articles of Association and the local listing rules.

## **Section 2 Board of Directors**

**Article 133** The Board of Directors reports to the general meeting.

**Article 134** The Board of Directors consists of 12 directors, including 4 independent non-executive directors, at least one of whom shall have appropriate professional qualifications, or appropriate accounting or related financial management expertise. the Company has at least one independent non-executive director resident in Hong Kong.

**Article 135** The Company may have not more than 2 board observers, who are nominated by shareholders and elected by the general meeting. Observers may attend the Board of Directors and express opinions on Board issues, but not participate in Board voting. Observers are subject to the same confidentiality, insider trading restrictions, and conflict of interest policies and procedures as Board members. Observers serve a 3-year term and may be re-elected upon expiry.

**Article 136** The Board of Directors shall exercise the following functions and powers to:

- (1) Call a general meeting, submit relevant matters to the general meeting for approval, and report its work performance to the general meeting;
- (2) Implement the resolutions of general meeting;
- (3) Change the Company and/or its business scope, or change the name of the Company and/or its controlled subsidiaries;
- (4) Decide on the business plan and investment plan of the Company and/or its subsidiaries;
- (5) Develop the annual budget and final accounts of the Company and/or its subsidiaries;
- (6) Develop the profit distribution plan and loss recovery plan of the Company and/or its subsidiaries;
- (7) Develop the plan to increase or decrease the registered capital of the Company and/or its subsidiaries;
- (8) Develop the plans of corporate bond issue or securities listing of the Company and/or its subsidiaries;
- (9) Develop the plans of merger, division, dissolution or change of nature of the Company and/or its subsidiaries;
- (10) Contemplate the transactions in which the Company and/or its subsidiaries purchase or sell major assets exceeding 30% of its latest audited total assets;
- (11) Decide on the establishment of the Company's and/or subsidiary's internal management organization and the establishment of branch offices;
- (12) Decide on the appointment or dismissal of general manager or secretary; based on the nomination of general manager, appoint or dismiss vice general manager, chief financial officer and other senior management, and decide on their remuneration, rewards and punishments;
- (13) Develop the basic management system of the Company and/or its subsidiaries;
- (14) Develop the compensation and incentive system of the Company and/or its subsidiaries;
- (15) Develop the plan to modify the Articles of Association of the Company and/or its subsidiaries;

- (16) Apply to the general meeting for appointment or replacement of the accountant firm of the Company and/or its subsidiaries;
- (17) Make any of the following transactions (by single transaction or by a series of continuous transactions) of the Company and/or its controlled subsidiaries, or sign, modify, or terminate any agreement relating to such transactions:
  - (A) Beyond the approved annual budget, a single debt or expense in the amount exceeding RMB30,000,000 (in words: Renminbi Thirty Million Yuan Only) or a combination of debts or expenses in the yearly cumulative amount exceeding RMB100,000,000 (in words: Renminbi One Hundred Million Yuan Only), including provision of borrowings, acquisition of loans, provision of guarantees, and purchase of real estate;
  - (B) Beyond the approved annual budget, the sale, mortgage, pledge or otherwise sale or disposal of assets, business or equities, to a third party beyond the consolidated statements in a single amount exceeding RMB30,000,000 (in words: Renminbi Thirty Million Yuan Only) or in a yearly cumulative amount exceeding RMB100,000,000 (in words: Renminbi One Hundred Million Yuan Only);
  - (C) Beyond the approved annual budget, a single non-routine business operation contract with any third party beyond the consolidated statements, in a single amount exceeding RMB30,000,000 (in words: Renminbi Thirty Million Yuan Only) or in a yearly cumulative amount exceeding RMB100,000,000 (in words: Renminbi One Hundred Million Yuan Only); or any exclusive relationship with any third party beyond the consolidated statements;
- (18) Decide on the external guarantee matters of the Company that are beyond the scope of consideration at the general meeting;
- (19) Appoint or replace directors, supervisors and senior management of wholly-owned subsidiaries; appoint, replace or recommend directors (candidates) and supervisors (candidates) of controlled subsidiaries and participating subsidiaries;
- (20) Decide on the establishment of the Company's subsidiaries and branches, and develop the reorganization plan for its controlled subsidiaries;
- (21) Listen to the work report of the general manager of the Company and/or its controlled subsidiaries, and inspect the work of the general manager of the Company and/or its controlled subsidiaries;
- (22) Examine and approve/disapprove the connected transactions to be considered by the Board of Directors under the laws, regulations, listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association;

- (23) In order to ensure the continued stability of the Company's operation and management, and safeguard the overall and long-term interests of the Company and its shareholders, in the event of a hostile takeover, take anti-takeover measures that are not prohibited by laws and regulations and do not harm the lawful rights and interests of the Company and shareholders;
- (24) Other powers conferred by the Articles of Association or by the general meeting; and
- (25) Other matters under the laws, regulations and local listing rules.

The above resolutions of the Board of Directors shall be validated by the majority of directors, except that the resolutions under Article 136 (7), (8), (9) or (15) shall be validated by at least two thirds (2/3) of directors.

There are Audit Committee, Nomination Committee, Remuneration & Examination Committee under the Board of Directors. These committees shall report to the Board of Directors, perform their duties hereunder and by authority of the Board of Directors, and submit proposals to the Board of Directors for decision. Entire members of such a committee are directors, and mostly independent non-executive directors who are also acting as caller of meeting; the caller of Audit Committee shall be a professional accountant. The Board of Directors shall develop the working procedures for subordinate committees, to regulate their operation.

There are at least three members of Audit Committee, all being non-executive directors, and one of them is an independent non-executive director duly qualified under the Hong Kong Listing Rules, or duly qualified in accounting or related financial management expertise. The majority of members in Audit Committee must be independent non-executive directors, and the chair member must be an independent non-executive director too. The majority of members in Remuneration & Examination Committee must be independent non-executive directors, and the chair member must be an independent non-executive director too.

Any subject beyond the authority of general meeting shall be submitted to general meeting for consideration.

**Article 137** When the Board of Directors disposes of fixed assets, if the sum of the expected value of the fixed assets to be disposed of and the value of the fixed assets disposed of within four (4) months before the proposed disposal exceeds 33% of the value of the fixed assets shown on the balance sheet recently reviewed by the general meeting, then the Board of Directors shall not dispose of or agree to dispose of the fixed assets without the approval of the general meeting.

The "disposal of fixed assets" herein includes the transfer of certain asset rights and interests, but does not include the act of providing security with fixed assets.

The validity of the transaction in which the Company disposes of fixed assets shall not be affected by the violation of the first paragraph of this article.

- Article 138** The Board of Directors shall explain to the general meeting the non-standard audit opinions issued by the accountant firm on the Company's financial reports and statements.
- Article 139** The Board of Directors shall develop the proceeding rules of the Board of Directors, so that the Board of Directors may implement the resolutions of general meeting, improve work efficiency, and ensure scientific decision-making.
- Article 140** The proceeding rule of the Board of Directors shall regulate the opening and voting procedures of the Board of Directors, serving as attachment to the Articles of Association, to be drafted by the Board of Directors, subject to approval of the general meeting.
- Article 141** The Board of Directors shall determine the authority for external investment, acquisition and sale of assets, asset mortgage, external guarantees, commissioned wealth management, and connected transactions, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals, subject to approval of the general meeting.
- Article 142** There is one chairman but no vice-chairman of the Board of Directors; the chairman shall be elected or dismissed by the majority of Board of Directors. The chairman has a 3-year term and may be re-elected.
- Article 143** Chairman of the Board of Directors shall exercise the following functions and powers to:
- (1) Preside over the general meeting, convene and preside over the meeting of the Board of Directors;
  - (2) Supervise and inspect the implementation of the resolutions of the Board of Directors;
  - (3) Sign corporate share certificates, corporate bonds and other negotiable securities;
  - (4) Sign important documents of the Board of Directors and other documents to be signed by the legal representative of the Company;
  - (5) Exercise the powers of the legal representative;
  - (6) In the force majeure event, e.g. severe natural disaster, exercise the special right to dispose of the Company's affairs in line with legal provisions and the Company's interests, and report to the Board of Directors and the general meeting after the event; and
  - (7) Other powers delegated by the Board of Directors.

**Article 144** If the chairman of the Board of Directors is unable or fails to perform its duties, then the majority of directors shall elect one of them to perform the duties.

**Article 145** Board meetings include regular meetings and extraordinary meetings. Regular meetings are held at least four (4) times a year. Shareholders representing more than one tenth (1/10) of the voting rights, more than one third (1/3) of the directors, more than one half (1/2) of the independent non-executive directors, the general manager or the Board of Supervisors may propose an extraordinary meeting. The chairman shall call and chair the meeting within ten (10) days after receiving the proposal.

**Article 146** To hold a regular meeting, the Board of Directors shall send a 14-day prior notice in writing; to hold an extraordinary meeting, the Board of Directors shall send a 5-day prior notice in writing. The notice of meeting shall specify:

- (1) The date and place of meeting;
- (2) The duration of the meeting;
- (3) The reasons and subjects; and
- (4) The name, telephone number or other contact information of the contact person.

**Article 147** The above notice period may be waived at the discretion of the Board of Directors. Any director or supervisor present at the meeting who do not object to their non-receipt of notice before or at the beginning of the meeting shall be deemed to have received the notice of the meeting.

**Article 148** A meeting of the Board of Directors can only be held when the majority of directors are present. Resolutions made by the Board of Directors shall be validated by the majority of directors.

One director may cast one vote in respect of a resolution at the Board meeting.

At a tie of votes, the chairman of Board may cast the final, decisive vote.

**Article 149** The Board of Directors may hold a meeting on site, by countersigns or by other means recognized by entire directors. If a meeting of the Board of Directors is held on site, the venue may use telephone, video and other methods to facilitate directors' participation in the meeting. Directors who participate in the meeting by the above means are deemed to have attended the on-site meeting.

If there is any major shareholder (only for the purpose of this section, major shareholder(s) may refer to shareholder(s) individually or jointly holding at least 10% of the Company's total voting shares) or director who has significant conflict of interests in the matters to be considered by the Board of Directors, then the matters shall be dealt with at a Board meeting, rather than by a written resolution. Independent non-executive directors who neither themselves nor their close associates (as defined in the Hong Kong Listing Rules) have a material interest in the transaction should attend relevant Board meetings.



**Article 150** The voting method of the Board meeting is a show of hands or an open ballot.

Given directors can fully express their opinions, extraordinary meetings of the Board of Directors may be held by telecommunication and the resolutions may be made and signed by directors present at the meeting.

**Article 151** Directors shall attend the Board meeting by person. A director unable to attend the meeting by person may appoint another director in writing as proxy, and the proxy form shall specify the name of proxy, subject matter, the scope of authority and the validity, and shall be signed or stamped by the appointing director. The proxy shall exercise the director's rights within the scope of authority. A director's failure to attend the Board meeting whether by person or by proxy will be deemed as waiver of voting rights at the meeting.

**Article 152** The Board of Directors shall keep the minutes of meeting which will be signed by all present directors and proxies.

The minutes of meeting will be archived with the Company for at least ten (10) years.

**Article 153** The minutes of Board meeting shall contain:

- (1) The date, place and caller of the meeting;
- (2) The names of the directors present and the names of directors (proxies) appointed by others to attend the meeting;
- (3) The agenda of the meeting;
- (4) The key points of the directors' speeches;
- (5) The voting methods and results of each resolution (voting results shall indicate the number of votes for, against or abstentions).

**Article 154** Directors shall be responsible for the resolutions of Board meeting. If the resolution violates the laws, regulations or the Articles of Association or the resolution of the general meeting, resulting in serious losses to the Company, then the directors participating in the resolution shall be liable for compensation to the Company. However, if a director is proved to have expressed its dissent during the voting and recorded it in the minutes of meeting, the director may be exempted from liability.

**Article 155** All reasonable expenses related to directors' participation in Board meetings shall be fully borne by the Company. the Company shall provide directors with the greatest disclaimer of liabilities permitted by applicable laws, including but not limited to, liability for indemnification of directors against third parties for the performance of their duties.

## CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

**Article 156** The Company has one general manager who is appointed or dismissed by the Board of Directors.

The Company has several vice general managers, and the specific number of vice general managers is determined by the Board of Directors according to the Company's operating conditions. Vice general managers are appointed or dismissed by the Board of Directors.

The Company's financial controller, chief financial officer, secretary and other senior management are nominated by the general manager and appointed by the Board of Directors.

The Company's senior management include general manager, vice general managers, chief financial officer, financial controller, secretary and other persons identified by the Board of Directors as senior management.

**Article 157** The Articles of Association concerning directors' fiduciary duty and Article 127 (4)-(6) concerning duty of diligence are also applicable to senior management.

**Article 158** Persons who hold administrative positions other than directors and supervisors in other entities controlled by the controlling shareholder or actual controller of the Company shall not serve as senior management of the Company.

**Article 159** The term of office of the general manager is three (3) years, and the general manager may be re-appointed for consecutive terms.

**Article 160** The general manager shall be responsible to the Board of Directors and exercise the following functions and powers:

- (1) Chair the production, operation and management of the Company, organize the implementation of the resolutions of the Board of Directors, and report work to the Board of Directors;
- (2) Develop the Company's annual business plan, investment plan, financial budget and final accounts plan and submit it to the Board of Directors for consideration and approval, and organize the implementation of the annual business plan, investment plan, and budget plan;
- (3) Call and chair the general manager's office meeting;
- (4) Draw up plans for the establishment of the Company's internal management setup;
- (5) Develop the basic management system of the Company;

- (6) Develop specific rules and regulations of the Company;
- (7) Propose to the Board of Directors the appointment or dismissal of other senior management;
- (8) Decide to appoint or dismiss the responsible management personnel other than those who should be appointed or dismissed by the Board of Directors;
- (9) Propose an extraordinary meeting of the Board of Directors;
- (10) Other powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend the meeting of the Board of Directors; if the general manager does not serve as a director of the Company, he shall not have the right to vote at the meeting of the Board of Directors.

**Article 161** The general manager shall develop the working rules of the general manager, to be carried out upon approval by the Board of Directors.

**Article 162** The working rules of the general manager shall contain:

- (1) The conditions, procedures and participants of the general manager meeting;
- (2) The responsibilities and division of labor of the general manager and other senior management;
- (3) The use of the Company's funds and assets, the authority to sign major contracts, and the reporting system to the Board of Directors and the Board of Supervisors; and
- (4) Other matters deemed necessary by the Board of Directors.

**Article 163** The general manager may apply for resignation before expiry. The specific procedures and measures for the resignation of the general manager are included in the labor contract between the general manager and the Company.

**Article 164** The general manager shall, at the requirements of the Board of Directors, timely report to the Board of Directors the signing and performance of the Company's major contracts, the use of its own funds and major emergencies, and the general manager shall ensure the authenticity of the report.

**Article 165** The general manager leads the management to develop the Company's annual business plan and financial budget, and submit to the Board of Directors and the general meeting for consideration. Upon review and approval, the management shall carry out and implement the business plan and financial budget. In terms of the Company's development goals, business model, business development and performance appraisal methods and other daily operations, the general manager shall follow the annual plan confirmed by the Board of Directors, market rules and corporate strategic planning.

**Article 166** Vice general manager(s) shall be nominated by the general manager and appointed or dismissed by the Board of Directors. The vice general manager(s) may assist the general manager in work, as entrusted by the general manager to take charge of related work, and issue relevant business documents within the scope of its duties. When the general manager is unable to perform its duties, the vice general manager(s) may act on behalf of the general manager.

**Article 167** The secretary is a senior officer of the Company, appointed by the Board of Directors, and responsible to the Board of Directors. The secretary shall be a natural person with necessary professional knowledge and experience.

The secretary shall:

- (1) Ensure there are complete institutional documents and records of the Company;
- (2) Ensure the Company lawfully prepares and submits the reports and documents required by competent authorities;
- (3) Prepare for the meeting of the Board of Directors and the general meeting, make minutes of the meeting, and keep the meeting documents and records safe;
- (4) Ensure that the register of shareholders is properly established, and ensure that persons entitled to the Company's relevant records and documents obtain the same timely;
- (5) Handle information disclosure affairs;
- (6) Other responsibilities under applicable laws, regulations, rules, stock exchange listing rules and other requirements, and the Articles of Association.

The secretary shall abide by relevant laws, regulations and the Articles of Association.

**Article 168** A director or other senior management of the Company may serve as secretary to the Board of Directors. The accountant of the accountant firm engaged by the Company shall not serve as secretary.

When the secretary is also a director, if a certain act should be performed by the director and the secretary respectively, such person shall not act in dual capacities.

**Article 169** Any senior management performing its duties in violation of relevant laws, regulations or the Articles of Association shall be liable for any loss caused thereby to the Company.

## CHAPTER 7 BOARD OF SUPERVISORS

### Section 1 Supervisors

- Article 170** A director, general manager and other senior management shall not serve as supervisor. At the same time, a person who serves as director or supervisor of other vaccine R&D and production enterprises at home and abroad shall not serve as supervisor. A shareholder (including other fund managed by the same fund manager and other fund managed by other fund manager under the same actual controller) who holds 5% or more of shares of other domestic vaccine R&D and production enterprises shall not appoint a representative to serve as supervisor of the Company, unless approved by the general manager.
- Article 171** A supervisor shall abide by laws, regulations and the Articles of Association, have the duty of loyalty and diligence to the Company, faithfully perform its duties, and shall not use its power to accept bribes or other illegal income, and shall not embezzle the properties of the Company.
- Article 172** A supervisor has a 3-year term of office, who may be re-elected upon expiry.
- Article 173** If a supervisor fails to be re-elected in time after expiry, or if a supervisor resigns within the term of office and the number of members of the Board of Supervisors falls below the quorum, then, before the new supervisor takes office, the former supervisor shall still perform its duties under the laws, regulations and the Articles of Association.
- Article 174** A supervisor may attend a meeting of the Board of Directors, and make inquiries or suggestions on the subject of resolution at the Board of Directors.
- Article 175** A supervisor shall not use its connections against the interests of the Company, and shall be liable for any loss caused thereby to the Company.
- Article 176** A supervisor performing its duties in violation of relevant laws, regulations or the Articles of Association shall be liable for any loss caused thereby to the Company.

### Section 2 Board of Supervisors

- Article 177** There is a Board of Supervisors in the Company, which is composed of six (6) supervisors, who are shareholder representatives and employee representatives. Of them, four (4) supervisors are shareholder representatives, who are elected by the general meeting; two (2) supervisors are employee representatives, who are democratically elected or replaced by employees of the Company. There is a chairman of the Board of Supervisors, who shall be elected or removed by more than two thirds (2/3) of entire supervisors. The chairman shall call and chair the meeting of the Board of Supervisors; if the chairman is unable or fails to perform its duties, a supervisor jointly nominated by the majority of supervisors shall call and chair the meeting of the Board of Supervisors.

**Article 178** The Board of Supervisors shall be responsible for and report to the general meeting, and shall exercise the powers to:

- (1) Review the periodic reports prepared by the Board of Directors and give written review opinions;
- (2) Check the Company's finances;
- (3) Supervise the performance of directors and senior management, and propose the removal of a director or senior management who violates the laws, regulations, the Articles of Association or the resolutions of the general meeting;
- (4) Require the director or supervisor to make corrections who acts against the interests of the Company;
- (5) Propose an extraordinary general meeting, call and chair the general meeting when the Board of Directors fails to perform the duties of calling or chairing the general meeting under the Company Law;
- (6) Put forward motions to the general meeting;
- (7) Institute legal proceedings against a director or senior management in accordance with the Company Law;
- (8) Check the financial report, business report, profit distribution plan and other financial information that the Board of Directors intends to submit to the general meeting, and if any doubt is found, engage a certified public accountant or a practicing auditor in the name of the Company, to assist in the review;
- (9) Conduct an investigation to any abnormality found in the Company's business operation; if necessary, may engage a accountant firm, a law firm and other professional agencies to assist its work, at the expenses of the Company; and
- (10) Other powers conferred by laws, regulations or the Articles of Association.

**Article 179** The Board of Supervisors shall hold a meeting at least once every six months. Supervisors may propose an interim meeting of the Board of Supervisors.

**Article 180** To hold a meeting of the Board of Supervisors, the Company shall send a 10-day prior notice in writing to entire supervisors. The notice of meeting shall specify the date, place, duration of the meeting, subject of consideration at the meeting, the name, telephone number or other contact information of contact person etc.

**Article 181** The above notice period may be waived by the Board of Supervisors the case may be. Any supervisor present at the meeting without objecting to its non-receipt of notice before or at the beginning of the meeting shall be deemed to have received the notice of meeting.

**Article 182** The resolution of the Board of Supervisors shall be voted on the basis of one person, one vote.

A resolution of the Board of Supervisors shall be validated by more than two thirds (2/3) of the supervisors.

**Article 183** A resolution of the Board of Supervisors shall be voted by show of hands or by open ballot.

**Article 184** Given the supervisors can fully express their opinions, the extraordinary meeting of the Board of Supervisors may be conducted by fax or other means approved by the Board of Supervisors, and a resolution made thereby shall be signed by the present supervisors.

**Article 185** The Board of Supervisors shall develop the proceeding rules of the Board of Supervisors, clarifying the proceeding methods and voting procedures of the Board of Supervisors, so as to ensure the work efficiency and scientific decision-making of the Board of Supervisors.

The proceeding rules of the Board of Supervisors are attached to the Articles of Association, which are contemplated by the Board of Supervisors and approved by the general meeting.

**Article 186** The Board of Supervisors shall record the decisions on matters discussed in the minutes of meeting that will be signed by the supervisors present at the meeting.

A supervisor may request that certain explanatory records be made on its speeches in the minutes of meeting. The minutes of the Board of Supervisors shall be archived with the Company for at least ten (10) years.

**Article 187** A supervisor shall attend a meeting of the Board of Supervisors by person, or by proxy (if it cannot attend with a reason). The proxy shall exercise the supervisor's rights within the scope of authorization. Any failure to attend whether by person or by proxy shall be deemed as waiver of voting rights at the meeting.

## **CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

**Article 188** A person in any of the following events shall not serve as director, supervisor, general manager or other senior management of the Company:

- (1) Incapacity for civil conduct or limited capacity for civil conduct;
- (2) Not more than five (5) years after expiry of the sentence to a criminal penalty for corruption, bribery, embezzlement, misappropriation of properties or disrupting the order of the socialist market economy; or not more than five (5) years after expiry of the deprivation of political rights due to a crime;



- (3) Not more than three (3) years after the bankruptcy, liquidation or winding up of a company or enterprise in which it served as director or factory director or manager, and is personally liable for the bankruptcy of such company or enterprise;
- (4) Not more than three (3) years after the business license revocation of a company or enterprise (that is ordered to wind up, whose business license is thus revoked) in which it served as the legal representative and is personally liable for such revocation;
- (5) Individual debts in a considerable amount not repaid upon maturity;
- (6) Punished by the securities regulatory authorities by the State Council, prohibited from entry into securities market, with the time limit not expired;
- (7) Outstanding case under investigation for violating the criminal law;
- (8) Not a natural person;
- (9) Not more than five (5) years after it's found by competent authority that it violated the relevant securities laws and regulations and involved fraudulent or dishonest conduct; or
- (10) Others under the laws and regulations.

If a director, supervisor, general manager or other senior management is elected or appointed in violation of this article, such election, appointment or engagement shall be invalid. A director, supervisor, general manager or other senior management in any of the foregoing events during its term of office shall be dismissed by the Company.

**Article 189** The effectiveness of a director, general manager or other senior management's actions on behalf of the Company to a bona fide third party will not be affected by any irregularities in its appointment, election or qualifications.

**Article 190** In addition to the obligations under the laws, regulations or local stock exchange listing rules, a director, supervisor, general manager or other senior management shall, when exercising the powers entrusted by the Company, shall also have the following obligations to each shareholder:

- (1) Shall not allow the Company to go beyond the business scope specified in the business license;
- (2) Shall act in good faith in the best interests of the Company;
- (3) Shall not deprive the Company of property in any form, including (but not limited to) opportunities beneficial to the Company; and
- (4) Shall not deprive a shareholder of its personal rights and interests, including (but not limited to) distribution rights and voting rights, but excluding the proposal of reorganization submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 191** A director, supervisor, general manager or other senior management of the Company shall take the same care, diligence and expertise in exercising its rights or performing its obligations as a reasonably prudent person would take for what is supposed to be done in similar circumstances.

**Article 192** A director, supervisor, general manager or other senior management of the Company shall abide by the principle of good faith when performing its duties, and shall not put itself in a situation its own interests may conflict with its obligations. This principle includes (but is not limited to) fulfilling the following obligations:

- (1) Act faithfully in the best interests of the Company;
- (2) Exercise its powers within the terms of reference, without exceeding its powers;
- (3) Personally exercise the discretionary power granted, and shall not be manipulated by others; without the permission of laws and regulations or the informed consent of the general meeting, the discretionary power shall not be transferred to others;
- (4) Shareholders of the same class shall be treated equally, and shareholders of different classes shall be treated fairly;
- (5) Shall not enter into contracts, transactions or arrangements with the Company, unless otherwise required herein or otherwise approved by the general meeting knowingly;
- (6) Shall not use the Company's properties in any form to seek benefits for its own, without the informed consent of the general meeting;
- (7) Shall not use its power to accept bribes or other illegal income, and not misappropriate the Company's properties in any form, including (but not limited to) opportunities that are beneficial to the Company;
- (8) Shall not accept commissions related to company transactions without the informed consent of the general meeting;
- (9) Follow the Articles of Association, faithfully perform its duties, safeguard the interests of the Company, and shall not use its position and authority in the Company to seek personal gain for its own;
- (10) Shall not compete with the Company in any form without the informed consent of the general meeting;
- (11) Shall not embezzle the Company's funds, shall not open an account to store the Company's assets or funds in the name of itself or other person; without the consent of the general meeting or the Board of Directors, shall not lend the Company's funds to others or provide security for shareholders or other individuals with the Company's properties, in violation of the Articles of Association;

- (12) Without the informed consent of the general meeting, shall not disclose the confidential information concerning the Company obtained during its tenure; and shall not use the information unless it is for the benefit of the Company; however, it may disclose the information local court or other competent governmental authority in any of the following circumstances:
- a. as required by laws;
  - b. required by public interests;
  - c. required by the interests of a director, supervisor, general manager or other senior management.

The income obtained by the person mentioned above in violation of the provisions of this article shall belong to the Company, who shall be liable for any losses incurred by the Company.

**Article 193** A director, supervisor, general manager or other senior management of the Company shall not instruct the following persons or entities (“**related persons**”) to do what the director, supervisor, general manager or other senior management cannot do:

- (1) The spouse or minor child(ren) of any director, supervisor, general manager or other senior management of the Company;
- (2) Any director, supervisor, general manager or other senior management of the Company or the trustees of the persons mentioned in Article 193 (1);
- (3) Any director, supervisor, general manager or other senior management of the Company or partners of the persons mentioned in Article 193 (1) or (2);
- (4) A company which is in fact independently controlled by a director, supervisor, general manager or other senior management of the Company, or is in contact with the persons mentioned in Article 193 (1), (2) or (3), or a company de facto jointly controlled by other director, supervisor, general manager or other senior management of the Company; and
- (5) Any director, supervisor, general manager or other senior management of the controlled company under Article 193 (4).

**Article 194** A director, supervisor, general manager or other senior management’s fiduciary obligation may not necessarily terminate upon the expiry of term, and its obligation of confidentiality for the Company’s business secrets remains valid upon expiry of term. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time between the occurrence of the event and its departure, and in which circumstances and conditions its relationship with the Company ends.

**Article 195** A director, supervisor, general manager or other senior management’s liabilities arising from its breach of a specific obligation may be relieved by the general meeting knowingly, except for the events in Article 57 hereof.

**Article 196** When a director, supervisor, general manager or other senior management of the Company directly or indirectly has a significant interest in the contracts, transactions and arrangements that the Company has entered into or planned (except for the appointment contract between the Company and its director, supervisor, general manager or other senior management), regardless of whether the relevant matters require the approval of the Board of Directors under normal circumstances, the nature and extent of its interest shall be disclosed to the Board of Directors as soon as possible.

Subject to the Hong Kong Listing Rules or other exceptions permitted by the Hong Kong Stock Exchange, a director shall not vote in relation to any contract or arrangement or any other contract or arrangement in which it has a material interest through itself or any of its close associates, or any other proposed board resolution; it shall not be counted in determining whether a quorum is present.

Unless a director, supervisor, general manager or other senior management of the Company who is interested in the Company has made a disclosure to the Board of Directors at the foregoing requirements, and the Board of Directors has approved this matter at the meeting where it wasn't counted in the quorum of the meeting nor where and did it not participate in voting, the Company has the right to rescind the contract, transaction or arrangement, unless the other party is a bona fide party who is unaware of the breach of obligations by said director, supervisor, general manager or other senior management.

If the associates of a director, supervisor, general manager or other senior management of the Company are interested in a contract, transaction or arrangement, the said director, supervisor, general manager or other senior management shall also be deemed to be interested therein.

**Article 197** If a director, supervisor, general manager or other senior management of the Company sends a notice in writing to the Board of Directors before the Company considers entering into relevant contracts, transactions and arrangements for the first time, stating that due to the contents listed in the notice, it is interested in the contracts, transactions and arrangements the Company will enter into subsequently. The said director, supervisor, general manager or other senior management shall be deemed to have made the foregoing disclosure within the scope specified in the notice.

**Article 198** The Company shall not pay taxes in any way for any director, supervisor, general manager or other senior management.

**Article 199** The Company shall not directly or indirectly provide loans or loan guarantees to any director, supervisor, general manager or other senior management of the Company or its controlling shareholder; nor shall it provide loans or loan guarantees to any associate of the foregoing persons.

The foregoing provisions shall not apply to the following events:

- (1) The Company provides loans or loan guarantees to its subsidiaries;
- (2) The Company provides loans, loan guarantees or other funds to any director, supervisor, general manager or other senior management of the Company in accordance with the employment contract approved by the general meeting, so that it may pay the costs for the purpose of the Company or for the performance of its corporate duties; and
- (3) If the normal business scope of the Company expands to include the provision of loans and loan guarantees, the Company may provide loans and loan guarantees to any director, supervisor, general manager or other senior management and its related persons, under normal business conditions.

**Article 200** When the Company provides a loan in violation of the preceding article, regardless of the conditions of the loan, the person who receives the money shall repay it immediately.

**Article 201** The loan guarantees provided by the Company in violation of Article 199 (1) shall not be enforceable to the Company, with the following exceptions:

- (1) The provision of loans to a director, supervisor, general manager or other senior management of the Company or its controlling shareholder is not known by the lender; and
- (2) The collateral provided by the Company has been legally sold by the lender to a bona fide purchaser.

**Article 202** The above-mentioned “guarantees” includes the act of the guarantor assuming responsibility or providing property to guarantee the obligor’s performance of obligations.

**Article 203** When a director, supervisor, general manager or other senior management violates its obligations to the Company, then in addition to the rights and remedies under the relevant laws and regulations, the Company has the right to:

- (1) Hold the director, supervisor, general manager or other senior management liable for any losses incurred by the Company due to its negligence;
- (2) Cancel any contracts or transactions between the Company and the director, supervisor, general manager or other senior management, as well as any contracts or transactions between the Company and a third party (when the third party knows or should know that the director, supervisor, general manager or other senior management representing the Company has violated its obligations to the Company);
- (3) Require the director, supervisor, general manager or other senior management to hand over the proceeds from such violation;

- (4) Recover the amounts received by the director, supervisor, general manager or other senior management that should have been received by the Company, including (but not limited to) commissions;
- (5) Require the director, supervisor, general manager or other senior management to refund the interest earned or likely to be earned on the funds that should have been handed over to the Company.

**Article 204** The Company shall enter into a written contract with the every director or supervisor concerning remuneration matters, with prior approval of the general meeting. The remuneration matters shall include:

- (1) The remuneration of a director, supervisor or senior management of the Company;
- (2) The remuneration of a director, supervisor or senior management of the Company's subsidiaries;
- (3) The remuneration for providing other services for the management of the Company and its subsidiaries; and
- (4) The compensation received by the director or supervisor due to loss of position or retirement.

Except according to the said contract, a director or supervisor shall not file a lawsuit against the Company for the benefits it should have obtained for the foregoing matters.

**Article 205** The contract between the Company and a director or supervisor concerning remuneration shall provide that at the time of acquisition of the Company, the director or supervisor, with prior approval of general meeting, has the right to compensation or other payments for employment or retirement. The expression "acquisition of the Company" mentioned above refers to one of the following events:

- (1) Any person makes a takeover offer to all shareholders;
- (2) Any person makes a takeover offer, in order to make the offeror the controlling shareholder. The definition of controlling shareholder is the same as that in Article 58 hereof.

If the said director or supervisor fails to comply with this article, any amount received shall belong to the person who has sold its shares by accepting the aforesaid offer, and such director or supervisor shall bear the expenses incurred in distributing such amount in proportion, which shall not be deducted from such amount.

**Article 206** The Company shall enter into a written contract with each director, supervisor, general manager and other senior management, which shall at least include the following provisions:

- (1) Every director, supervisor, general manager or other senior management shall represent to the Company that it will follow the Company Law, the Special Provisions, the Articles of Association, the Code on Takeovers and Mergers and Share Repurchases, among other rules stipulated by the Hong Kong Stock Exchange, and agree that the Company will enjoy the remedies hereunder, and that neither this contract nor his/her position shall be assigned;
- (2) Every director, supervisor, general manager or other senior management shall represent to the Company that it will follow and perform its responsibilities to shareholders as required herein;
- (3) Arbitration clauses contained herein or in the Hong Kong Listing Rules.

## **CHAPTER 9 ACCOUNTING POLICIES, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial and Accounting Policies**

**Article 207** The Company will prepare the financial accounting policies in accordance with laws, regulations and the requirements of competent authorities.

**Article 208** A financial year for the Company is the Gregorian calendar year, that is, from 1 January to 31 December of the Gregorian calendar. The Company shall prepare the annual report within 120 days from the end of each financial year.

The above reports are prepared in accordance with relevant laws and regulations.

The financial reports shall be deposited with the Company twenty (20) days prior to the annual general meeting, for shareholders to consult.

**Article 209** The Board of Directors shall, at each annual general meeting, submit to the financial reports prepared by the Company as required by relevant laws, regulations, normative documents issued by local governments and competent authorities.

**Article 210** The annual report shall be deposited with the Company twenty (20) days before the general meeting, for shareholders to consult. Every shareholder may have access to the financial reports mentioned in this chapter.

Unless otherwise required by relevant laws, regulations, local listing rules, and the Articles of Association, the Company shall, at least twenty one (21) days before the annual general meeting, submit the aforementioned financial report or the directors' report together with the balance sheet (including each document to be attached at law) and profit statement or income statement, or financial summary report, delivered or mailed to each holder of overseas listed foreign shares, postage prepaid, addressed to the recipients as listed in the register of shareholders. Subject to relevant laws, regulations, and local listing rules, the Company may make announcements (i.e. posting on the official website of the Company).



**Article 211** The Company's financial statements shall not only be prepared in accordance with Chinese accounting standards, laws and regulations, but also in accordance with international or overseas listing place's accounting standards. Any important discrepancies in the financial statements prepared according to the two accounting standards shall be specified in the notes to the financial statements. When the Company distributes the after-tax profits of the relevant financial year, the lesser amount of after-tax profits in the said two versions of financial statements shall prevail.

**Article 212** The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with Chinese accounting standards, laws and regulations, as well as international or overseas listing place's accounting standards.

**Article 213** The Company engages an accountant firm with proper qualifications to conduct annual audit on the Company under the Chinese Accounting Standards for Business Enterprises, and complete the audit report within four (4) months after the end of each financial year.

**Article 214** The Company publishes financial reports at least twice per financial year, that is, the interim report within sixty (60) days after the end of the first six (6) months of a financial year, and the annual report within one hundred and twenty (120) days from the end of the financial year.

**Article 215** In addition to the statutory accounting books, the Company shall not establish separate accounting books. The Company's assets shall not be stored in an account opened in the name of any individual.

**Article 216** When the Company distributes the after-tax profits of current year, it shall provide 10% of the profits in the statutory reserve fund. If the cumulative amount of the statutory reserve fund is more than 50% of the registered capital, there is no need to provide more.

If the statutory reserve fund is insufficient to make up for the losses of previous years, the profits of current year shall be used to make up the losses before the statutory reserve fund is provided in accordance with the provisions of the preceding paragraph.

After the Company has provides the statutory reserve fund from the after-tax profit, it can also provide the discretionary reserve fund from the after-tax profit, with the resolution of the general meeting.

The remaining after-tax profits of the Company after making up the losses and providing the reserve fund shall be distributed in proportion to the shareholdings, except for those not distributed in proportion to the shareholdings hereunder.

If the general meeting violates the provisions of the preceding paragraph and distributes profits to shareholders before the Company makes up losses and provides the statutory reserve fund, the shareholders shall return the unduly distributable profits to the Company.

Shares of the Company held by the Company enjoy no distribution of profits.

**Article 217** The Company's reserve fund is used to make up for the Company's losses, expand production and operation, or convert it to increase the registered capital. However, the capital reserve shall not be used to cover the losses of the Company.

When the statutory reserve fund is capitalized, its amount shall not be less than 25% of the registered capital of the Company before the capitalization.

The capital reserve includes the following amounts:

- (1) The premium received from the issuance of shares in excess of the par value; and
- (2) Other incomes listed in the capital reserve as required by the Ministry of Finance.

**Article 218** After the general meeting has made a resolution on the profit distribution plan, the Board of Directors shall distribute dividends (or shares) within two (2) months after the general meeting. The Company shall distribute dividends by cash or by bonus issue.

**Article 219** After the Company pays income tax to make up for the losses of previous year, the after-tax profit shall be distributed in the following sequence:

- (11) Provision of statutory reserve fund;
- (12) Provision of discretionary reserve fund, with the resolution of the general meeting;
- (13) Payment of dividends to shareholders, with the resolution of the general meeting.

**Article 220** The Company shall appoint a receiving agent for the holders of overseas listed foreign shares. The receiving agent shall receive the dividends distributed by the Company in respect of the overseas listed foreign shares and other payables, on behalf of the relevant shareholders, and shall keep such funds on behalf of the shareholders, pending payment to the shareholders.

The receiving agent appointed by the Company shall meet the requirements of local laws of the place of listing or the relevant rules of stock exchange.

**Article 221** The receiving agent appointed by the Company for holders of foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance (Cap 29). The Company has paid all interests on any shares prior to the call, but a holder of the shares is not entitled to the dividends subsequently declared on the advance payment.

Subject to relevant laws, regulations, normative documents and local securities commission rules, the Company may exercise the right to confiscate unclaimed dividends, but this right may not be exercised before the expiration of the applicable time limit.

The Company has the right to terminate the distribution of dividends to holders of overseas listed foreign shares by mail, but the Company shall exercise this right only after the dividend has not been withdrawn for two consecutive times. The Company can exercise this right if the dividend is returned after the initial mailing did not reach the recipient.

The Company may sell the shares of the holders of overseas listed foreign shares who cannot be contacted in a manner deemed appropriate by the Board of Directors, subject to the following conditions:

- (1) The Company has distributed dividends on such shares at least thrice within a 12-year period, and no dividends have been claimed during that period; and
- (2) Upon expiry of the 12-year period, the Company shall publish an announcement in one or more newspapers in the place where the Company's securities are listed, stating its intention to sell the shares, and notify the local securities commission.

## **Section 2 Internal Audit**

**Article 222** The Company has an internal audit policies, with full-time auditors to conduct internal audit supervision over the Company's revenues and expenditures and business activities.

**Article 223** The Company's internal audit policies and the duties of auditors shall be performed with approval of the Board of Directors. The audit leader is responsible to and reports to the Board of Directors.

## **Section 3 Appointment of Accountant Firm**

**Article 224** When the Company engages an accountant firm that complies with the Securities Law of the People's Republic of China and other relevant laws and regulations to conduct financial statements auditing, net assets verification and other related consulting services, the engagement period may start from the end of current annual general meeting of the Company to the end of next annual general meeting, and the engagement can be renewed.

**Article 225** The engagement of an accountant firm shall be decided by the general meeting, and the Board of Directors shall not appoint an accountant firm before the decision of the general meeting. However, if there is a vacancy of accountant firm, the Board of Supervisors may appoint an accountant firm to fill the vacancy before the convention of general meeting. During the vacancy period, if the Company has other accountant firms in office, such accountant firms can still act.

**Article 226** The Company ensures that it will provide true and complete accounting vouchers, accounting books, financial statements and other accounting materials to the engaged accountant firm, without any refusal, concealment or misrepresentation.

**Article 227** The accountant firm engaged by the Company shall have the rights to:

- (1) Check the Company's financial statements, records and vouchers, and request the directors, general manager or other senior management to provide relevant materials and explanations;
- (2) Require the Company to take all reasonable measures to obtain from its subsidiaries the materials and explanations necessary for the accountant firm to perform its duties;
- (3) Attend the general meeting, obtain the meeting notice or other information related to the meeting that any shareholder is entitled to receive, and give a speech at the general meeting on matters concerning the accountant firm engaged by the Company.

**Article 228** Regardless of the terms of contract between the accountant firm and the Company, the general meeting may decide to dismiss any accountant firm before the term of accountant firm expires, subject to the approval of more than one half of the attending shareholders with voting rights. Any right of the accountant firm to claim compensation from the Company due to its dismissal will not be affected.

**Article 229** The remuneration of the accountant firm or the determination the remuneration shall be decided by the general meeting.

**Article 230** The engagement, dismissal or no re-engagement of a accountant firm for annual audit shall be decided by the general meeting and reported to the securities regulatory authorities by the State Council for archiving.

If the general meeting intends to pass a resolution to appoint a non-incumbent accountant firm to fill any vacancy in the position of accountant firm, or to re-appoint an accountant firm appointed by the Board of Supervisors to fill a vacancy, or to dismiss an accountant firm whose term of office has not expired, it shall meet the following requirements:

- (1) Before the notice of general meeting is sent out, a motion for appointment or dismissal shall be sent to the accountant firm to be appointed or to leave office or that has left in the relevant financial year.

Leave may refer to dismissal, resignation and retirement.

- (2) If the leaving accountant firm makes a written statement and requires the Company to inform shareholders of the statement, the Company shall take the following measures unless it receives the written statement too late:
  - a. describe on the on the notice issued for the resolution that the leaving accountant firm has made a statement;
  - b. send the copy of statement as attached to the notice to shareholders in the manner specified herein.
- (3) If the Company fails to send the statement of the relevant accountant firm under paragraph (2), said accountant firm may request the statement to be read out at the general meeting, and may make further appeals.

- (4) The leaving accountant firm may attend any of the following meetings:
  - a. the general meeting whose term is expiring;
  - b. a general meeting to fill the vacancy arising from its dismissal; or
  - c. a general meeting called for its voluntary resignation.

The leaving accountant firm may receive all notices of the aforementioned meeting or other information related to the meeting, and give a speech at the meeting on matters concerning it as the former accountant firm of the Company.

**Article 231** When the Company dismisses or does not reappoint the accountant firm, it shall notify the accountant firm thirty (30) days in advance, and the accountant firm shall be allowed to state its opinions when voting on the dismissal of the accountant firm at the general meeting.

If the accountant firm proposes to resign, it shall explain to the general meeting whether the Company has any inappropriate circumstances. The accountant firm may resign by placing a written notice of resignation at the Company's legal address. The notice is effective on the date it is placed at the Company's legal address or on the later date specified in the notice. The notice shall include the following statements:

- (1) a statement that its resignation does not involve any situation to be explained to the shareholders or creditors of the Company; or
- (2) Any statement to describe the situation.

Within fourteen (14) days from receipt of said written notice, the Company shall send a copy of the notice to the relevant competent authority. If the notice contains the statement (1) above, the Company shall keep a copy of the statement at the Company for shareholders' inspection. the Company shall also send a copy of said statement to each holder of overseas listed foreign shares by prepaid mail, addressed to the recipient listed in the register of shareholders.

If the resignation notice of the accountant firm contains any statement supposed to describe the situation, the accountant firm may request the Board of Directors to call an extraordinary general meeting to hear its explanation on resignation.

## **CHAPTER 10 NOTICES**

**Article 232** The notice of the Company may be delivered by any of the following means:

- (1) by hand;
- (2) by mail; or
- (3) other means specified herein.

- Article 233** The notice of general meeting shall be delivered by hand, by mail, by facsimile or by email.
- Article 234** The notice of meeting of the Board of Directors shall be delivered by hand, by mail, by facsimile or by email.
- Article 235** The notice of meeting of the Board of Supervisors shall be delivered by hand, by mail, by facsimile or by email.
- Article 236** If the notice is sent by hand, the receiving person shall sign (or seal) the delivery receipt, and the date of receipt shall be the date of delivery; if the notice is sent by mail, the 3rd working day from the date of handing it to the post office is the date of delivery; if the notice is sent by facsimile, the date on the delivery report generated by the Company's fax machine will be the date of delivery; if the notice is sent by email, the date of emailing will be the date of delivery.
- Article 237** The meeting and the resolutions made at the meeting shall not be invalidated by the failure to send the meeting notice to a person who is entitled to be notified or the failure to receive the meeting notice due to accidental omission.

## **CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE AND DECREASE, DISSOLUTION OR LIQUIDATION**

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

- Article 238** With the approval of a special resolution of the general meeting, the Company may be divided or merged with other companies under the laws, regulations and the Articles of Association.

For the purpose of merger or division, the Board of Directors shall propose a plan, which shall go through the relevant examination and approval procedures at law after it is approved in accordance with the procedures specified herein. A shareholder opposing the Company's merger or division plan may require the Company or agreeing shareholders to purchase its shares at a fair price. The merger or division resolution shall be made into a special document for shareholders to consult.

For holders of H shares, said document shall also be delivered by mail or by other means specified herein.

- Article 239** The merger of companies may take the form of merger by absorption or merger by new establishment.

A company absorbs other companies as a merger by absorption, and the absorbed company is dissolved. The merger of two or more companies to establish a new company is a new merger, and the parties to the merger are dissolved.

**Article 240** For the purpose of merger, the merging parties shall sign a merger agreement, and prepare a balance sheet and a list of properties. The Company shall notify the creditors within ten (10) days from the date of merger resolution, and make an announcement in newspapers within thirty (30) days. A creditor may request the Company to pay off its debts or provide corresponding guarantees within thirty (30) days from the date of receipt of the notice, or within forty five (45) days from the date of the announcement (if it has not received the notice).

**Article 241** For the purpose of merger, the creditor's rights and debts of the merging parties shall be inherited by the surviving company or the newly established company after the merger.

**Article 242** For the purpose of division, the properties of the Company shall be divided accordingly.

For the purpose of division, the Company shall prepare a balance sheet and a list of properties. The Company shall notify creditors within ten (10) days from the date of resolution on division, and make an announcement in newspapers within thirty (30) days.

**Article 243** Upon division, the Company shall be jointly and severally liable the debts before the division, unless otherwise specified in the written agreement between the Company and the creditors on debt repayment before the division.

**Article 244** To reduce its registered capital, the Company shall prepare a balance sheet and a list of properties.

The Company shall notify the creditors within ten (10) days from the date of resolution to reduce the registered capital, and make an announcement in newspapers within thirty (30) days. The creditor may request the Company to pay off its debts or provide corresponding guarantees within thirty (30) days from the date of receipt of notice, or within forty five (45) days from the date of announcement (if it has not received the notice).

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

**Article 245** The Company shall lawfully register any merger, division or other change of registration with the company registration authority; if the Company is dissolved, the Company shall be deregistered at law; to set up a new company, the Company shall register it lawfully with the company registration authority.

The Company shall lawfully register any increase or decrease of its registered capital with the company registration authority.



## **Section 2 Dissolution or Liquidation**

**Article 246** In any of the following circumstances, the Company shall be dissolved and liquidated at law:

- (1) The business period specified herein expires or other reasons for dissolution hereunder occur;
- (2) The general meeting resolves to dissolve;
- (3) Dissolution is required for the merger or division of the Company;
- (4) Business license revoked, ordered to wind up, or withdrawn at law;
- (5) In the event of serious difficulties in the operation and management of the Company, the continued existence of which will cause significant losses to the interests of shareholders and cannot be settled by other means, shareholders who hold more than 10% of the voting rights of all shareholders of the Company may request the local court for dissolution of the Company.

**Article 247** If the Company has the circumstance specified in item (1) of Article 246 of the Articles of Association, it may survive by amending the Articles of Association.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by more than two thirds (2/3) of the voting rights held by the shareholders present at the general meeting.

**Article 248** If the Company is dissolved under Article 246 (1), (2), (4) or (5) hereof, a liquidation team shall be established within fifteen (15) days from the date of the occurrence of the cause of liquidation, to start the liquidation. The liquidation team shall be composed of directors or persons determined by the general meeting. If a liquidation team is not established for liquidation within the time limit, the creditors may ask the local court to designate relevant persons to form a liquidation team.

**Article 249** If the Board of Directors decides to liquidate the Company (except for liquidation due to the Company's declaration of bankruptcy), it shall state in the notice of general meeting called for this purpose that the Board of Directors has made a comprehensive investigation of the Company's situation, and believes that the Company can fully repay its debts within twelve (12) months after the liquidation begins.

After the resolution on liquidation at the general meeting is passed, the powers of the Board of Directors and the general manager shall cease immediately. During the liquidation period, the Company shall not carry out new business activities.

The liquidation team shall follow the instructions of the general meeting, report its incomes and expenses, corporate business and liquidation process to the general meeting at least once a year, and make a final report to the general meeting at the end of the liquidation.

**Article 250** During the liquidation period, the liquidation team shall exercise the following functions and powers to:

- (1) Clear the Company's properties, and prepare the balance sheet and the list of properties respectively;
- (2) Notify and announce to creditors;
- (3) Deal with the Company's outstanding business related to liquidation;
- (4) Clear the taxes owed and the taxes incurred in the liquidation process;
- (5) Clear the claims and debts;
- (6) Dispose of the remaining properties after the Company has paid off its debts;
- (7) Participate in civil litigation on behalf of the Company.

**Article 251** The liquidation team shall notify the creditors within ten (10) days from the date of establishment, and make an announcement in newspapers within sixty (60) days. Any creditor shall declare its claims to the liquidation team within thirty (30) days from the date of receipt of notice, or within forty five (45) days from the date of the announcement (if it has not received the notice).

When a creditor declares its claims, it shall explain the related matters and provide supporting materials. The liquidation team shall register the claims.

During the period of declaring the claims, the liquidation team shall not repay to creditors.

During the liquidation period, the Company exists, but cannot carry out business activities unrelated to the liquidation.

**Article 252** After the liquidation team clears the Company's property, prepares the balance sheet and the list of properties, it shall develop a liquidation plan and report it to the general meeting or the local court for confirmation. If the liquidation team finds that the Company's properties are insufficient to pay off the debts, it shall apply to the local court for bankruptcy at law.

After the Company is declared bankrupt by the local court, the liquidation team shall transfer the liquidation affairs to the local court.

**Article 253** Upon liquidation of the Company, the liquidation team shall prepare a liquidation report, as well as income statement and book of accounts during the liquidation period. After verification by a certified public accountant in China, the liquidation team shall report it to the general meeting or the local court for confirmation. The liquidation team shall, within thirty (30) days from the date of confirmation by the general meeting or the relevant competent authority, shall submit the liquidation report to the local administration for market regulation (SAMR), apply for business de-registration and announce the termination of the Company.

**Article 254** The properties of the Company shall be used in the following sequence to:

- (1) pay the liquidation fees;
- (2) pay the wages, social insurance premiums and statutory compensations of the employees of the Company;
- (3) pay the taxes owed; and
- (4) pay off the debts of the Company;

The remaining properties of the Company after the Company's debts are paid off shall be distributed by the Company according to the class and percentage of the equities held by the shareholders.

**Article 255** Any member of the liquidation team shall be loyal to its duties and perform its liquidation obligations according to law.

A member of the liquidation team shall not use its power to accept bribes or other illegal income, and shall not embezzle the Company's properties.

Any member of the liquidation team, causing losses to the Company or its creditors due to intentional or gross negligence, shall be liable for compensation.

**Article 256** If the liquidation team finds that the Company's properties are insufficient to repay the debts after liquidating the properties and preparing the balance sheet and list of properties, it shall immediately apply to the local court for bankruptcy. After the Company is declared bankrupt by the local court, the liquidation team shall transfer the liquidation affairs to the local court. If the Company is declared bankrupt at law, the bankruptcy or liquidation shall be carried out in accordance with the corporate bankruptcy laws.

**Article 257** Upon liquidation of the Company, the liquidation team shall prepare a liquidation report and submit it to the general meeting or relevant competent authorities for confirmation. The liquidation team shall also send said document to the company registration authority, applying for business de-registration and announcing the termination of the Company.

## **CHAPTER 12 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 258** In any of the following circumstances, the Company shall amend the Articles of Association:

- (1) After the revision of the Company Law or relevant laws and regulations, the matters specified herein conflict with the revised laws and regulations;
- (2) The situation of the Company has changed, which is inconsistent with those recorded herein;
- (3) The general meeting decides to amend the Articles of Association.

- (4) Any amendment hereto involving registration affairs under the laws and regulations shall be registered at law. Any amendment hereto involving content of Mandatory Provisions shall be validated by the local administration for market regulation and the securities regulatory authorities by the State Council; any amendment hereto involving business registration shall be registered at law.

**Article 259** The Board of Directors may amend the Articles of Association in accordance with the resolution of general meeting to amend the Articles of Association, and the approval opinions of the relevant competent authorities.

### **CHAPTER 13 SETTLEMENT OF DISPUTES**

**Article 260** The Company shall abide by the following dispute settlement rules:

- (1) Any dispute or claim of corporate affairs arising from the rights and obligations under the Articles of Association, the Company Law, and other relevant laws and regulations, between the holders of overseas listed foreign shares and the Company, between the holders of overseas listed foreign shares and the directors, supervisor, general manager or other senior management of the Company, or between the holders of overseas listed foreign shares and the holders of domestic shares, shall be submitted to arbitration for settlement.

When the foregoing dispute or claim is submitted to arbitration, the dispute or claim shall be integral; all persons who have the same cause of action or whose participation is required in the settlement of said dispute or claim, if their identity is the Company or the Company's shareholders, directors, supervisors, general manager or other senior management, shall submit to arbitration.

Any dispute concerning the definition of shareholders and the register of shareholders may be settled without arbitration.

- (2) The applicant may apply to China International Economic and Trade Arbitration Commission for arbitration under its arbitration rules, or apply to Hong Kong International Arbitration Center for arbitration under its securities arbitration rules. After the applicant submits the dispute or claim to arbitration, the other party shall submit the arbitration in the arbitration center selected by the applicant. If the applicant applies to the Hong Kong International Arbitration Center for arbitration, either party may request the arbitration to be conducted in Shenzhen in accordance with the HKIAC securities arbitration rules.
- (3) The dispute or claim mentioned in paragraph (1) may be settled under the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region) shall apply; unless otherwise provided by laws and regulations.
- (4) The award made by the arbitration center is final and binding on all parties.
- (5) Any submission to arbitration shall be deemed to authorize the arbitral tribunal to conduct a public hearing and publish its award.

## CHAPTER 14 SUPPLEMENTARY PROVISIONS

### Article 261 Definitions and Interpretations

- (1) Controlling Shareholder refers to a person who meets one of the following conditions: (1) when the person acts alone or in concert with others, it can elect more than half of the directors; (2) when the person acts alone or in concert with others, it can exercise more than 30% (inclusive) of the Company's voting rights or can control the exercise of more than 30% (inclusive) of the Company's voting rights; and (3) when the person acts alone or in concert with others, it holds more than 30% (inclusive) of the Company's issued shares; and (4) when the person acts alone or in concert with others, it has de facto control over the Company by other means, unless otherwise required by the laws, regulations, local securities commission rules, and the Articles of Association.
- (2) Actual controller refers to a person who, not being a shareholder of the Company, can actually control the behavior of the Company through investment relationships, agreements or other arrangements.
- (3) Controlled Subsidiary refers to a firm that the Company holds more than 50% of its shares, or can decide the election of more than half of its board members, or can actually control the firm by agreement or other arrangements.
- (4) Yuan, unless otherwise specified herein, refers to RMB, the legal currency of the People's Republic of China.
- (5) Hostile Takeover refers to the act of acquiring or seeking control of the Company by acquiring Company shares or acting in concert without the consent of more than two-thirds directors of the Company, or the act deemed as hostile takeover by the majority of directors of the Company, given the investor and the person acting in concert and/or the director connected with any of the foregoing parties abstain(s) from voting. In particular, the anti-takeover measure taken by the Board of Directors in response to the aforementioned hostile takeover is not deemed as a hostile takeover. If there is a clear definition of "hostile takeover" under the laws and regulations, the scope of "hostile takeover" herein shall be adjusted accordingly.

**Article 262** Unless otherwise specified by relevant laws, regulations or local securities commission rules, the phrase "independent non-executive director" in the Articles of Association shall have the same meaning as "independent director", and the phrase "accountant firm" has the same meaning as "auditor".

**Article 263** The Board of Directors may develop the Articles of Association pursuant to the Articles of Association. The Articles of Association shall not conflict with the Articles of Association.

**Article 264** The Articles of Association are written in Chinese. If there is any discrepancy with the Articles of Association in any other language or different versions, the Chinese version of the Articles of Association latest registered with the business registry office shall prevail.

**Article 265** The words “above”, “within” and “below” herein all include the threshold number; the words “exceed”, “less than”, “beyond”, “lower than”, “more than” herein all exclude the threshold number.

**Article 266** The Board of Directors of the Company is responsible for the interpretation of the Articles of Association.

**Jiangsu Recbio Technology Co., Ltd.**

March 2022