

## **Articles of Association of XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.**

The Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China (the "Securities Law"), the Enterprise State-owned Assets Law, the Interim Regulations on the Supervision and Administration of Enterprise State-owned Assets, the Measures for the Administration of the Formulation of Articles of Association of State-owned Enterprises, the Opinion Regarding Further Standardizing Operations and Deepening Reform of Companies Listed Outside China (the "Opinions"), the Code of Corporate Governance for Listed Companies, the Guidelines on Articles of Association of Listed Companies (the "Guidelines"), the Rules for General Meetings of Listed Companies, the Administrative Measures for Independent Directors of Listed Companies (the "Administrative Measures for Independent Directors"), the Guidelines for the Supervision of Listed Companies No. 8 – Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies (the "Supervision Guidelines No. 8"), the Trial Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "SSE Listing Rules") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange Listing Rules", referred to as the "Listing Rules" together with the SSE Listing Rules, and the Guidelines No. 1 of the Shanghai Stock Exchange for Self-Regulation of Listed Company – Standardized Operation.

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# **Articles of Association of XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.**

## **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** The Articles of Association are formulated by the Company pursuant to the Company Law, the Securities Law, the Enterprise State-owned Assets Law, the Interim Regulations on the Supervision and Administration of Enterprise State-owned Assets, the Measures for the Administration of the Formulation of Articles of Association of State-owned Enterprises, and other laws, regulations and regulatory rules to govern the organizational structure and behavior of Xinhua Winshare Publishing and Media Co., Ltd. (the “Company”), adhere to and strengthen the comprehensive party leadership, improve the corporate governance structure of the Company, build a modern enterprise system with Chinese characteristics, and protect the legal interests of the Company, its shareholders, employees and creditors.

**Article 2** The Company is a joint-stock limited company incorporated pursuant to the Company Law, the Securities Law and other relevant requirements under the laws, administrative rules and regulations.

Government of Sichuan Province with approval document Chuanfuhuan [2005] No. 69, and was registered at Sichuan Provincial Administration of Industry and Commerce on 11 June 2005 and obtained the Enterprise Legal Person Business License with the registration number of 5100001822585. Then the registration number was changed to 510000000035653, because of the upgrade for the Enterprise registration number. As a result of the “Combination of Three Licenses” into One”, the registration number was changed to the unified social credit code, 915100007758164357.

Promoters of the Company are 四川新華出版發行集團有限公司(Sichuan Xinhua Publishing and Distribution Group Co., Ltd.), 成都市華盛(集團)實業有限公司(Chengdu Hua Sheng (Group) Industry Co., Ltd.), 四川文化產業投資集團有限責任公司(Sichuan Cultural Industry Investment Group Co., Ltd.), 四川日報報業集團(Sichuan Daily Newspaper Group), 四川少年兒童出版社有限公司(Sichuan Youth and Children’s Publishing House Co., Ltd.), and 遼寧出版集團有限公司(Liaoning Publication Group Co., Ltd.).

**Article 3** The registered name of the Company

in Chinese: 新華文軒出版傳媒股份有限公司

Chinese abbreviation: 新華文軒

in English: Xinhua Winshare Publishing and Media Co., Ltd.

**Article 4** The Company’s registered address: Xinhua Star Tower A, No. 238, Sanse Road, Jinjiang District, Chengdu, Sichuan Province

Telephone: (8628) 86361111

Facsimile: (8628) 86361000

Postcode: 610000

**Article 5** The Chairman of the Board is the legal representative of the Company.

The resignation of the Chairman shall be deemed to be the simultaneous resignation of the legal representative.

The appointment, time requirement and change of the legal representative of the Company shall be governed by the Company Law and other laws, regulations, and regulatory rules.

**Article 6** The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.

Restrictions on the legal representative's powers imposed by these Articles of Association or by the general meeting shall not be effective against bona fide counterparties.

If the legal representative causes damage to others while performing his or her duties, the Company shall bear civil liability. After assuming civil liability, the Company may seek compensation from the legal representative at fault in accordance with the laws or these Articles of Association.

**Article 7** The Company is a joint stock limited (listed) company in perpetual existence.

The Company's assets shall be all divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares subscribed for. The Company shall be liable for its debts and shall cover such debts with all its assets.

**Article 8** From the effective date onwards, the Articles of Association shall be the legally binding document governing the Company's organizational structure and behavior, and the rights and obligations between the Company and shareholders, and among the shareholders.

**Article 9** The Articles of Association are binding on the Company and its shareholders, members of the Party Committee, Directors, and senior management, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

In accordance with the Articles of Association, shareholders may sue the Company, other shareholders, members of the Party Committee, the Directors, and senior management; the Company may sue shareholders, members of the Party Committee, the Directors, and senior management.

The "senior management" in the Articles of Association shall refer to the general manager, editor-in-chief, deputy general managers, general counsel, chief financial officer, secretary to the Board, and other officers confirmed by the Board of Directors.

**Article 10** The Company may invest in other enterprises. If the laws stipulate that the Company shall not be jointly and severally liable to such enterprise(s) for their liabilities as their investor, such provisions shall prevail.

**Article 11** In accordance with the regulations of the Constitution of the Communist Party of China, the Company has established an organization under the Party and conducted Party activities. The organization under the Party of the Company is an organic component of the corporate governance structure of the Company, which shall play a leading role, supervising the direction of development, monitoring the whole picture and facilitating implementation. The Company provides necessary conditions for the activities of the organization under the Party.

**Article 12** The Company adheres to the principle of law-based governance. In its business operations, the Company shall fully consider the interests of its employees, consumers, and other stakeholders, as well as public interests such as ecological and environmental protection, and shall disclose its performance of social responsibilities in accordance with laws, regulations, and regulatory rules.

**Article 13** The Company shall establish labor and personnel systems in accordance with the relevant state laws, administrative regulations and policies on labor and personnel, and according to production and operation needs. It shall also establish and optimize the personnel selection and appointment system, and the remuneration distribution and incentive system.

**Article 14** Employees of the Company shall organize a trade union in accordance with the Trade Union Law of the People's Republic of China to carry out trade union activities and safeguard the legitimate rights and interests of employees.

The Company shall provide necessary conditions for the trade union of the Company to carry out its activities.

The Company shall establish a democratic management system with the employees' representatives meeting as its fundamental form.

## **CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS**

**Article 15** The business objectives of the Company are: to further adapt to the needs of socialist market economy, set up modern corporate system, operate in accordance with laws, adapt to the marketized and globalized environment for surviving and developing, and create satisfactory economic benefits and social benefits.

**Article 16** The business scope of the Company includes: permitted items: wholesale of publications; distribution of primary and secondary school textbooks; Internet sales of publications; printing of publications; printing of packaging and decoration printed materials; printing of documents, materials and other printed materials; catering services (operated by branches); catering services (not producing smoke, odor, or exhaust gas); food sales; tourism business; road freight transportation (excluding dangerous goods). (items subject to prior approvals according to the law can only be operated upon obtaining approvals from the relevant authorities, and the specific business items are subject to the approval documents or licenses of relevant departments)

General items: Internet sales (except for sales of goods requiring a license); copyright agency; investment activities with own funds; digital content production services (excluding publishing and distribution); sales of electronic products; wholesale of computer hardware and software and auxiliary equipment; retail of computer hardware and software and auxiliary equipment; software sales; sales of teaching equipment; sales of instruments and meters; wholesale of stationery; retail of stationery; retail of sporting goods and equipment; wholesale of sporting goods and equipment; organization of cultural and artistic exchange activities; experiential development activities and planning; education consulting services (excluding education training activities involving licensing and approval); sales of daily necessities; sales of office supplies; retail of daily household appliances; sales of toys, animation and amusement products; agency sales of single-purpose commercial prepaid cards; catering management; Food sales (only prepackaged food sales); non-residential real estate leasing; counter and stall rental; sales agency; consulting and planning services; conference and exhibition services; cultural venue management services; professional design services; graphic design and production; project management services; labor services (excluding labor dispatch); library management services; daily necessities rental; cultural supplies and equipment rental; outside-school hour care services for primary and secondary school students; business management consulting; information consulting services (excluding licensed information consulting services); information technology consulting services; graphic design; advertising production; packaging services; business management; furniture sales; office equipment and supplies sales; clothing and apparel retail; footwear and hat retail; cosmetics retail; knitwear and textile sales; sales of arts and crafts and ceremonial articles (excluding ivory and its products); sales of daily necessities; retail of arts and crafts and collectibles (excluding ivory and its products); sales of office equipment; wholesale of cosmetics; sales of packaging materials and products; sales of building decoration materials; organization for sports insurance; organization for sports competition; rental services (excluding licensed rental services); ticket agency services; tourism development project planning and consulting; business agency services; study space services; sales of artificial intelligence hardware; musical instrument retail; daily chemical product sales; photographic equipment and telescope retail; camera and equipment sales; leather product sales; slide projector and projection equipment sales; paper product sales; audio equipment sales; goods import and export; technology import and export; jewelry retail; vending machine sales; intelligent robot sales; consumer service robot sales; intelligent unmanned aerial vehicle sales; amusement and entertainment product sales; gold and silver product sales; sales of chemical products (excluding licensed chemical products); educational and teaching testing and evaluation activities; technical services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion; information system integration services; data processing and storage support services; software development; sales of copying and offset printing equipment; sales of inks (excluding hazardous chemicals); sales of teaching models and teaching aids; sales of specialized chemical products (excluding hazardous chemicals); asset management services invested with own funds; human resources services (excluding employment agency activities and labor dispatch services); business training (excluding educational training, vocational skills training, and other training that require a license); retail of pet food and supplies; sales of maternal and infant products; book rentals; sales of labor protection products; sales of glasses (excluding contact lenses); sales of wearable smart devices; sales of communications equipment; sales of household goods; and amusement park services. (business activities may be independently conducted accordingly to the law with a business license, except for items subject to prior approvals according to the law)

The business scope of the Company shall be in accordance with the items approved by the registration authorities with which the Company is registered.



### CHAPTER 3 SHARES AND REGISTERED CAPITAL

**Article 17** The Company shall have ordinary shares at all times. It may provide other classes of shares according to its need, upon approval of the relevant law and administrative regulations.

**Article 18** The shares of the Company adopt equity form. The issue of the Company's shares shall be in an open, fair and impartial manner. Each share of the same class shall have equal rights. For shares of the same classes issued at the same time, the issue conditions and price for each share shall be the same; the same price shall be paid for each of the shares subscribed by any unit or individuals.

All the shares issued by the Company shall have a par value which shall be RMB1 for each share.

**Article 19** Subject to the registration/filing with the China Securities Regulatory Commission, the Company may issue shares to domestic and foreign investors.

**Article 20** H shares of the Company were issued to the public respectively on 30 May 2007 and 7 June 2007, the actual proceeds in the amount of HK\$2,330,213,800.00 (equivalent to RMB2,279,774,553.73), the net proceeds was in the amount of RMB2,109,969,994.82 after deducting other issuance expenses of RMB76,554,287.27, in which the registered capital (the paid-in capital) was RMB401,761,000.00.

A shares of the Company were firstly issued to the public on 27 July 2016 with actual proceeds in the amount of RMB702,815,200.00, the net proceeds was in the amount of RMB645,175,098.06 after deducting other issuance expenses of RMB57,640,101.94, in which the registered capital (the paid-in capital) was RMB98,710,000.00.

**Article 21** With the approval of the department authorized by the State Council, the Company could, upon its establishment, issue a total of 733,370,000 ordinary shares, and 733,370,000 shares were issued to the promoters when the Company was established, representing 100% of the total issued ordinary shares of the Company. Among these shares, 四川新華出版發行集團有限公司(Sichuan Xinhua Publishing and Distribution Group Co., Ltd.) held 630,031,500 shares, representing 85.909% of the total issued ordinary shares of the Company; 成都市華盛(集團)實業有限公司(Chengdu Hua Sheng (Group) Industry Co., Ltd.) held 53,336,000 shares, representing 7.273% of the total issued ordinary shares of the Company; 四川文化產業投資集團有限責任公司(Sichuan Cultural Industry Investment Group Co., Ltd.) held 25,667,950 shares, representing 3.500% of the total issued ordinary shares of the Company; 四川日報報業集團(Sichuan Daily Newspaper Group) held 10,000,500 shares, representing 1.364% of the total issued ordinary shares of the Company; 四川少年兒童出版社有限公司(Sichuan Youth and Children's Publishing House Co., Ltd.) held 7,333,700 shares, representing 1.000% of the total issued ordinary shares of the Company and 遼寧出版集團有限公司(Liaoning Publication Group Co., Ltd.) held 7,000,350 shares, representing 0.954% of the total issued ordinary shares of the Company.

**Article 22** Upon approvals from the China Securities Regulatory Commission, the Company made an initial public offering of 401,761,000 H shares listed on Hong Kong Stock Exchange. Following completion of the initial public offering of H shares, the capital structure of the Company comprises 1,135,131,000 ordinary shares, of which 592,809,525 shares will be held by 四川新華出版發行集團有限公司(Sichuan Xinhua Publishing and Distribution Group Co., Ltd.), representing 52.224% of the total ordinary shares of the Company in issue; 53,336,000 shares will be held by 成都市華盛(集團)實業有限公司(Chengdu Hua Sheng (Group) Industry Co., Ltd.), representing 4.699% of the total ordinary shares of the Company in issue; 24,151,499 shares will be held by 四川文化產業投資集團有限責任公司(Sichuan Cultural Industry Investment Group Co., Ltd.), representing 2.128% of the total ordinary shares of the Company in issue; 9,409,675 shares will be held by 四川日報報業集團(Sichuan Daily Newspaper Group), representing 0.829% of the total ordinary shares of the Company in issue; 6,900,428 shares will be held by 四川少年兒童出版社有限公司(Sichuan Youth and Children's Publishing House Co., Ltd.), representing 0.608% of the total ordinary shares of the Company in issue; 6,586,773 shares will be held by 遼寧出版集團有限公司(Liaoning Publication Group Co., Ltd.), representing 0.580% of the total ordinary shares of the Company in issue.

Upon approval from China Securities Regulatory Commission, the Company made an initial public offering of 98,710,000 A shares listed on the Shanghai Stock Exchange. Following completion of the initial public offering of A shares, the capital structure of the Company will comprise 1,233,841,000 ordinary shares, of which 592,809,525 shares will be held by 四川新華出版發行集團有限公司(Sichuan Xinhua Publishing and Distribution Group Co., Ltd.), representing 48.046% of the total ordinary shares of the Company in issue; 53,336,000 shares will be held by 成都市華盛(集團)實業有限公司(Chengdu Hua Sheng (Group) Industry Co., Ltd.), representing 4.323% of the total ordinary shares of the Company in issue; 30,572,893 shares will be held by 四川文化產業投資集團有限責任公司(Sichuan Cultural Industry Investment Group Co., Ltd.), representing 2.478% of the total ordinary shares of the Company in issue; 9,264,513 shares will be held by 四川日報報業集團(Sichuan Daily Newspaper Group), representing 0.751% of the total ordinary shares of the Company in issue; 6,485,160 shares will be held by 遼寧出版集團有限公司(Liaoning Publication Group Co., Ltd.), representing 0.525% of the total ordinary shares of the Company in issue; 99,435,809 shares will be held by other domestic investors, representing 8.059% of the total ordinary shares of the Company in issue; 441,937,100 shares will be held by holders of H shares, representing 35.818% of the total ordinary shares of the Company in issue.

Upon the approvals from the security supervision authorities of the State Council, the holders of domestic shares of the Company may transfer its shares to overseas investors for listing and dealing on the overseas stock exchanges. The listing of transferred shares on overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of such overseas stock exchanges. Voting by separate class shareholder meetings is not required for the listing and dealing of the transferred shares on overseas stock exchanges.

**Article 23** Subject to compliance with laws, regulations, and regulatory rules, and after registration/filing with the securities regulatory authorities of the State Council, the general meeting may authorize the Board of Directors to issue up to 50% of the issued shares within 3 years. However, capital contributions in the form of nonmonetary assets shall be approved by the general meeting.

If the decision of the Board of Directors to issue shares in accordance with the preceding paragraph results in a change in the Company's registered capital or the number of issued shares, amendments to the relevant items in the Articles of Association shall not require a vote by the general meeting.



If the Articles of Association or the general meeting authorizes the Board of Directors to issue new shares, such Board resolution shall require the affirmative vote of not less than two-thirds of all the Directors.

**Article 24** The Company's registered capital is RMB1,233,841,000.00. The paid-in capital is RMB1,233,841,000.00.

**Article 25** The Company may, based on its operational and development needs and in accordance with the relevant provisions of the Articles of Association, proceed with an increase of capital.

The Company may increase its capital in the following manners:

- (1) by offering of shares to non-specific targets;
- (2) by offering of shares to specific targets;
- (3) by distributing bonus shares to its existing shareholders;
- (4) by enlarging the share capital with capital reserve;
- (5) by any other means which are required under laws, regulations and regulatory rules.

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

**Article 26** Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

Any pledge over the shares of the Company is not acceptable.

**Article 27** In compliance with the Articles of Association and other applicable provisions, upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of members.

**Article 28** The domestic shares of the Company shall be centralized and held in custody by the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. All issues and transfers of overseas listed foreign shares of the Company shall be registered in the register of members of overseas listed foreign shares kept in the place of shares listing in accordance with Article 37.

**Article 29** In compliance with the following conditions, the Company shall sell the shares of a shareholder of overseas listed foreign shares who is untraceable in a way should the Board consider appropriate:

- (1) within a period of twelve (12) years at least three (3) dividends in respect of the shares in question have become payable by the Company and no dividend during that period has been claimed by the member; and

- (2) on expiry of the twelve (12) years the Company gives notice upon approval of China Securities Regulatory Commission under the State Council of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the authority and the relevant foreign securities regulators of the place of the shares listing such intention.

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

**Article 30** In accordance with the provisions of the Articles of Association, reduction of registered capital by the Company shall be dealt with in accordance with the procedures required by the Company Law, other laws, regulations, regulatory rules and the Articles of Association.

**Article 31** The Company may not repurchase its shares, except in the following circumstances:

- (1) reducing its registered capital;
- (2) in connection with a merger between itself and another entity that holds its shares;
- (3) shares shall be used for employee stock ownership scheme or as share incentive;
- (4) the repurchase is made at the request of its shareholders to repurchase their shares who disagree with shareholders' resolutions passed at a general meeting in connection with a merger or division;
- (5) shares shall be used to convert corporate bonds issued by a listed company that can be converted into stocks;
- (6) when it is necessary for the Company to safeguard the corporate value and the interests of its shareholders.

Any repurchase of shares by the Company due to the circumstances set out in items (1) and (2) above shall be approved by the shareholders of the Company in a general meeting; any repurchase of shares by the Company due to the circumstances set out in items (3), (5) and (6) above may be resolved by more than two-thirds of Directors present at a meeting of the Board of Directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

After the Company repurchases its shares in accordance with the first paragraph of this Article, it shall, in the case of item (1), cancel such repurchased shares within ten (10) days of the repurchase; in the case of items (2) and (4), shall within six (6) months of the repurchase either transfer such repurchased shares or cancel such repurchased shares; in the case of items (3), (5) and (6), the total shares of the Company held by the Company shall not exceed 10% of its total amount of the issued shares and shall within three years of the repurchase either transfer such repurchased shares or cancel such repurchased shares.

For any repurchase of its shares by the Company, the obligation of information disclosure shall be fulfilled in accordance with the provisions of the Securities Law and other laws, regulations, and regulatory rules.

**Article 32** The Company may conduct the repurchase of its shares by the way of public centralization trading, or through other ways approved by the laws and regulations and regulatory authorities. For any repurchase of its shares by the Company due to the circumstances set out in items (3), (5) and (6) in the first paragraph of Article 31 of these Articles of Association, the repurchase of its shares shall be conducted by way of public centralization trading.

**Article 33** The Company or its subsidiaries (including affiliated enterprises of the Company) may not provide financial assistance in the forms of gifts, advances, borrowing, or guarantees to any other party for the purpose of acquiring shares in the Company or its parent company, except in connection with the Company's employee stock ownership scheme.

For the benefit of the Company, upon a resolution of the general meeting or a Board resolution made pursuant to these Articles of Association or authorization from the general meeting, the Company may provide financial assistance to any other party for the purpose of acquiring shares in the Company or its parent company, but the cumulative total amount of such assistance may not exceed 10% of the total issued share capital. Such Board resolution shall require the affirmative vote of not less than two-thirds of all the Directors.

Any violation of the preceding two paragraphs that causes losses to the Company shall result in the liability for compensation by the Directors and senior management responsible.

## **CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF MEMBERS**

**Article 34** The Company's share certificates shall be in registered form.

The items specified on the share certificate of the Company shall, in addition to those provided under the Company Law, contain other items required to be specified by the stock exchange(s).

**Article 35** The share certificates shall be signed by the Chairman of the Board. Where the stock exchange(s) requires the share certificates to be affixed with the seal of the Company or signed by the Company's relevant senior management, such requirements shall be complied. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Company or the relevant senior management on the share certificates may also be in printed form.

In the event that paperless shares of the Company are issued and traded, relevant requirements of laws, regulations and regulatory rules shall apply.

**Article 36** The Company shall establish the register of members including registration of the following particulars:

- (1) the name, address (domicile) of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the serial number(s) of the shares for those in paper form;
- (4) the date on which a person registers as a shareholder; and
- (5) other particulars as stipulated by laws, regulations and regulatory rules.

**Article 37** The Company shall create a register of members based on the evidence provided by a securities registry and settlement institution. A shareholder of the Company is a person who holds the Company's share(s) in accordance with the law and whose name is registered in the register of members. The register of members shall be sufficient evidence substantiating that the shareholders hold the shares of the Company. Shareholders enjoy rights and have obligations according to the class of shares held by them. Shareholders holding shares of the same class enjoy equal rights and have equal obligations.

The Company may keep the register of members of the overseas listed foreign shares overseas in accordance with the understanding and agreement between the organ under the State Council in charge of securities and the overseas securities regulatory authority and appoint an overseas agent for management.

**Article 38** All fully-paid H shares of the Company shall be freely transferable in accordance with the Articles of Association and any other documents relating to or affecting the title to any shares of the Company shall be registered. Nevertheless, unless the following conditions are satisfied, the Board of Directors is entitled to refuse to register any transfer instruments, without providing any reasons, relating to the H shares of the Company:

- (1) pay a fee of HK\$2.5, or the maximum fee prescribed by Hong Kong Stock Exchange, for each of the transfer instruments, to the Company, for the registration of any transfer instruments and any other instruments relating to or affecting the title to any shares;
- (2) the transfer instruments and any other instruments relating to or affecting the title to any shares are only in respect of the foreign listed shares of the Company on Hong Kong Stock Exchange;
- (3) stamp duty is duly paid in respect of the transfer instruments and any other instruments relating to or affecting the title to any shares;
- (4) provide the relevant share certificate and other proof of title as reasonably requested by the Board of Directors;
- (5) if the shares of the Company are proposed to be registered by more than one (1) person jointly as the shareholders, the maximum number of joint shareholders is four (4) persons;
- (6) the relevant shares shall be free from all liens.

If the Company refuses to register any transfer of shares, the Company shall provide to the transferor(s) and the transferee(s) of the shares a notification of refusal in relation of registration of shares within two (2) months from the application for registration.

Any shareholder of the overseas listed foreign shares is entitled to transfer some or all shares by way of effecting the normal written document of transfer or signed or printed document of transfer. Such transfer can be effected by way of adopting the standard registration form prescribed by Hong Kong Stock Exchange. The signature to the document of transfer shall be written or printed by the transferor(s) and the transferee(s).

The shares in issue of the Company prior to the public offering of the shares (other than H shares) are not transferable within one (1) year from the listing of the shares of the Company on a stock exchange.

The Directors and members of the senior management of the Company shall make disclosure to the Company of the shares held by them and the change of such shareholding; every year during the term of their office, they shall not transfer shares exceeding 25% of the total number of shares of the same class he/she held, which shall be determined upon assuming their office; the shares they held are not transferable within one (1) year from the listing of the shares of the Company. They, within six (6) months from their resignation or termination of their office, shall not transfer the shares of the Company.

Where any Director, senior management or shareholder holding 5% or above of the Company's shares (other than H shares) sell his/her shares in the Company within a period of six (6) months after their purchase, or purchase shares in the Company again within a period of six (6) months after their disposal, the gains so earned shall belong to the Company, and the Board may forfeit such gains for the benefit of the Company, unless a securities company holds 5% or more of the Company's shares as a result of its underwriting of the untaken shares in an offer, or other circumstances prescribed by the securities regulatory authority under the State Council happen.

The shares or other equity securities held by the Directors, senior management, and natural person shareholders mentioned in the preceding paragraph shall include those held by their spouses, parents, children, and those held using other people's accounts. If the Board does not act in accordance with the provisions of the above paragraph, shareholders shall have the right to request the Board to take action within thirty (30) days from the date of request. If the Board does not take such action within the said period, then the shareholders shall be entitled to commence proceedings in the People's Court directly in their own names for the benefit of the Company. Where the Board does not act in accordance with the provisions of the above paragraph, the responsible Directors shall assume joint and several liabilities.

If shares are pledged during the restricted transfer period prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge right during the restricted transfer period.

**Article 39** Where laws, regulations and regulatory rules provide for closure of the register of members of the Company prior to the convening of a general meeting or the base date on which the Company determines dividend distribution, such provisions shall prevail.

**Article 40** When the Company intends to convene a general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board or the convener of a general meeting shall decide on a date as the record date for the determination of rights attaching to shares in the Company. Shareholders whose names appear in the register of members at the close of the record date are considered shareholders of the Company entitled to relevant rights and interests.

**Article 41** Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of members may (if his/her share certificates (the original certificates) are lost) apply to the Company for a replacement share certificate in respect of such shares (the relevant shares). If a holder of A shares loses his/her share certificates and applies for the replacement, it shall be dealt with in accordance with the provisions of Section 164 of the Company Law.

If a holder of overseas listed foreign shares loses his/her share certificates and applies for replacement, it may be dealt with in accordance with the relevant laws, regulations and regulatory rules of the place where the original register of members of overseas listed foreign shares is maintained. The issue of replacement share certificates to holders of H shares shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares;
- (2) No statement has been received by the Company from a person other than the applicant for having his/her name registered as a holder of the relevant shares before the Company comes to a decision to issue the replacement share certificate;
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days;
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days. In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published;
- (5) If, upon expiration of the 90-day period referred to in items (3) and (4) of this paragraph, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his/her application;
- (6) Where the Company issues a replacement share certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of members accordingly;
- (7) All expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 42** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement share certificate, unless the claimant proves that the Company has acted fraudulently.



**Article 43** For joint holding of any shares, if one of the joint shareholders is deceased, the other existing shareholders of the joint shareholder shall be deemed as the persons who have the ownership of the relevant shares. But the Board has the power to require them to provide a certificate of death of the relevant shareholder as necessary for the purpose of modifying the relevant register of members. In respect of any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shall have the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend and vote at general meetings of the Company of all the relevant shares. Any notice which is delivered to the aforesaid shareholder shall be considered as all the joint shareholders of the relevant shares who have been delivered.

## **CHAPTER 6 SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

**Article 44** The shareholders of the Company shall be entitled to the following rights:

- (1) the right to dividends and other forms of distribution in proportion to the number of shares held;
- (2) the right to propose to hold, convene and preside over, to attend or appoint a proxy to attend general meetings and to exercise the corresponding voting right thereat in accordance with laws;
- (3) the right to supervise the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to access and copy these Articles of Association, the register of members, minutes of general meetings, Board resolutions, and financial accounting reports, and for eligible shareholders, the right to access the Company's accounting books and accounting vouchers;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) with respect to the shareholders who vote against any resolution adopted at the general meeting on merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (8) other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

Shareholders who individually or collectively hold more than 3% of the Company's shares for more than 180 consecutive days may access the Company's accounting books and accounting vouchers in accordance with the provisions of the Company Law.

Shareholders who access the materials specified in the preceding paragraph may entrust accounting firms, law firms, or other intermediary institutions to do so.

Shareholders and their entrusted accounting firms, law firms, or other intermediary institutions shall comply with the provisions of relevant laws and administrative regulations on the protection of state secrets, commercial secrets, personal privacy, and personal information when accessing and copying relevant materials.

If a shareholder requests to access or copy relevant materials of the Company's wholly-owned subsidiaries, the provisions of the preceding four paragraphs shall apply. Shareholders who request to access and copy relevant materials of the Company shall comply with the provisions of laws, such as the Company Law and the Securities Law, as well as administrative regulations.

**Article 45** The shareholders of the Company are entitled to petition to the People's Court of the PRC to declare any resolution passed at the general meeting and the Board meeting which is in breach of laws, administrative rules and regulations, is invalid.

The shareholders of the Company are entitled to petition to the People's Court of the PRC to cancel any resolutions passed at the general meeting and the Board meeting, any procedures of convening the general meeting and the Board meeting and passing the relevant resolutions in breach of laws, administrative regulations or these Articles of Association within sixty (60) days from the passing of the relevant resolutions, unless the convening procedures or voting methods of the general meeting or the Board meeting contain only minor flaws which have no substantial impact on such resolutions.

If the Board of Directors, shareholders, or other relevant parties have a dispute over the validity of a resolution of the general meeting, they shall promptly file a lawsuit with the People's Court. Before the People's Court renders a judgment or ruling revoking the resolution, the relevant parties shall implement the resolution of the general meeting. The Company, the Directors, and senior management shall diligently perform their duties to ensure the normal operation of the Company.

If a People's Court renders a judgment or ruling on the relevant matter, the Company shall fulfill its information disclosure obligations in accordance with laws, regulations, and regulatory rules, fully explain the effect, and actively cooperate with the implementation of the judgment or ruling after it becomes effective. If the judgment or ruling involves rectification of prior events, the Company shall promptly handle and fulfill the corresponding information disclosure obligations.

**Article 46** A resolution of the Company's general meeting or the Board of Directors shall be invalid if any of the following circumstances occurs:

- (1) A general meeting or Board meeting is not convened to make the resolution;
- (2) The general meeting or Board meeting does not vote on the resolution;
- (3) The number of attendees at the meeting or the number of voting rights held by them does not reach the number of attendees or the number of voting rights prescribed by the Company Law or these Articles of Association;
- (4) The number of persons approving the resolution or the number of voting rights held by them does not reach the number of persons or the number of voting rights prescribed by the Company Law or these Articles of Association.

**Article 47** Any shareholders who individually or collectively hold 1% or more of the issued share capital of the Company for a consecutive period of one hundred and eighty (180) days is entitled to request the Audit Committee of the Company in writing to commence the relevant legal proceedings to claim against any Directors, members of senior management of the Company who are not members of the Audit Committee in the People's Court of the PRC for any loss caused to the Company in performance of their duties in the Company in breach of laws, administrative rules and regulations. The above shareholders are also entitled to request the Board of Directors in writing to commence the relevant legal proceedings to claim against members of the Audit Committee of the Company in the People's Court of the PRC for any loss caused to the Company in performance of their duties in the Company in breach of laws, administrative rules and regulations.

If the Audit Committee of the Company or the Board of Directors, within thirty (30) days upon receiving the above request from the shareholders, refuses to commence the relevant legal proceedings, or in times of emergency not commencing legal proceedings would cause irreparable loss to the Company, the above shareholders are entitled to directly commence the relevant legal proceedings to claim against the relevant persons in the People's Court of the PRC in their own names for the interests of the Company.

The above shareholders are entitled to commence the relevant legal proceedings to claim against any third party for any loss caused to the Company by damaging the legal interests of the Company in accordance with the requirements of the preceding two paragraphs at the People's Court of the PRC.

Any shareholders who individually or collectively hold 1% or more of the issued share capital of the Company for a consecutive period of one hundred and eighty (180) days are entitled to request the board of directors of a wholly-owned subsidiary of the Company in writing in accordance with the Company Law to commence the relevant legal proceedings to claim against any directors, and senior management of such wholly-owned subsidiary in the People's Court of the PRC, or directly commence the relevant legal proceedings in the People's Court of the PRC in their own names for any loss caused to the Company in performance of their duties in breach of laws, administrative rules, or these Articles of Association, or to claim against any third party for any loss by damaging the legal interests of such wholly-owned subsidiary of the Company. If the wholly-owned subsidiary of the Company has an audit committee, the provisions of the first and second paragraphs of this Article shall prevail.

The shareholders are entitled to commence the relevant legal proceedings to claim against the Directors and members of senior management who are either in breach of laws, administrative rules and regulations or the requirements of the Articles of Association at the People's Court of the PRC for any loss caused to the shareholders' interests.

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

- (1) to abide by laws, administrative rules, and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw their share capital unless as required by the laws and regulations;

- (4) not to abuse its rights to prejudice the interests of the Company or other shareholders and not to abuse the status of the Company as an independent legal person and the limited liability of a shareholder to prejudice the interests of the creditors of the Company; where a shareholder of the Company abuses his/her rights and causes losses to the Company or other shareholders, he/she shall assume the liability of compensation in compliance with the law; where a shareholder of the Company abuses the status of the Company as an independent legal person and the limited liability of a shareholder to avoid his/her liabilities and severely impairs the interests of the creditors of the Company, he/she shall assume vicarious liability for the liabilities of the Company;
- (5) comply with confidentiality provisions in laws, regulations, regulatory rules, and the Articles of Association;
- (6) other obligations imposed by the laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

**Article 49** Where the controlling shareholders or de facto controllers pledge the Company's shares held or actually controlled by them, they shall maintain the stability of the Company's control and its production and operation.

**Article 50** When the controlling shareholders or de facto controllers transfer the Company's shares held by them, they shall comply with the restrictive provisions on share transfers stipulated by laws, regulations and regulatory rules, as well as their commitments regarding restrictions on share transfers.

**Article 51** The controlling shareholders or de facto controllers shall exercise their rights and perform their obligations in accordance with the provisions of laws, regulations and regulatory rules to safeguard the interests of the listed company.

**Article 52** The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (1) to exercise shareholder rights in accordance with the law and not to abuse control or use their connected relationship to act in detriment to the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly implement public statements and commitments made and not change or waive them without authorization;
- (3) to strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure, and promptly inform the Company of any major events that have occurred or are about to occur;
- (4) not to occupy the Company's funds in any way;
- (5) not to force, instruct, or require the Company or relevant personnel to provide guarantees in violation of laws and regulations;

- (6) not to exploit the Company's undisclosed material information for personal gain, disclose undisclosed material information related to the Company in any manner, or engage in any illegal or irregular conduct such as insider trading, short-term trading, or market manipulation;
- (7) not to act in detriment to the legitimate rights and interests of the Company and other shareholders through unfair connected transactions, profit distributions, asset restructuring, or outbound investment, etc.;
- (8) to ensure integrity of the Company's assets, personnel independence, financial independence, institutional independence, and business independence, and not to affect the Company's independence in any way;
- (9) other provisions of laws, regulations, regulatory rules, and these Articles of Association.

If the controlling shareholders or de facto controllers of the Company do not serve as the Directors but actually execute the Company's affairs, the provisions of these Articles of Association regarding the loyalty duty and fiduciary duty of the Directors shall apply.

If the controlling shareholders or de facto controllers of the Company instruct a Director or member of senior management to act in detriment to the interests of the Company or shareholders, they shall bear joint and several liability with such Director or member of senior management.

## **CHAPTER 7 GENERAL MEETINGS**

**Article 53** The general meeting is constituted by all shareholders. The general meeting is the authority of the Company, and may exercise the following functions and powers in accordance with the law:

- (1) to decide on the development strategies and plans of the Company;
- (2) to elect and replace Directors who are not employees' representatives of the staff and decide on matters relating to the remuneration of Directors;
- (3) to examine and approve reports of the Board;
- (4) to examine and approve the Company's profit distribution plans and plans for making up losses;
- (5) to decide on increases or reductions in the Company's registered capital;
- (6) to decide on matters such as merger, division, bankruptcy filing, change of the corporate form, dissolution and liquidation of the Company;
- (7) to decide on the issue of bonds and other securities or listing and initiative of delisting by the Company;
- (8) to adopt resolutions on the Company's appointments or dismissals of accounting firms undertaking the audit matters of the Company;

- (9) to amend the Articles of Association;
- (10) to examine matters relating to the change of use of proceeds from the issue of A Shares;
- (11) to examine share-based award schemes and employee stock ownership schemes of the Company;
- (12) to examine matters relating to the purchases and disposals of the Company's material assets within one (1) year, which exceed 30% of the Company's latest audited total assets;
- (13) to resolve matters relating to external guarantees and financial assistance which require approval by the general meeting as required by laws, regulations, regulatory rules and the Articles of Association;
- (14) to review transactions such as external investment, financing, acquisition and disposal of assets, asset mortgages, entrusted wealth management, and external donations, connected transactions, and other major matters that shall be reviewed by the general meeting in accordance with laws, regulations, and regulatory rules;
- (15) to examine other matters required by laws, regulations, regulatory rules and the Articles of Association to be resolved by the general meeting.

The general meeting may authorize the Board of Directors to resolve the issuance of corporate bonds.

**Article 54** The following external guarantees to be given by the Company shall be considered and approved by the general meeting:

- (1) any external guarantee to be given by the Company and its controlling subsidiaries, the total amount of which reaches or exceeds 50% of their latest audited net assets;
- (2) any external guarantee to be given by the Company and its controlling subsidiaries, the total amount of which reaches or exceeds 30% of its latest audited total assets;
- (3) provision of guarantee to anyone whose liability-asset ratio exceeds 70%;
- (4) provision of guarantee whose cumulative amount in 12 consecutive months exceeds 30% of the latest audited total assets of the Company;
- (5) provision of guarantee whose cumulative amount in 12 consecutive months exceeds 50% of the latest audited net assets of the Company and RMB50 million;
- (6) provision of a single guarantee whose amount exceeds 10% of the latest audited net assets;
- (7) provision of guarantee to shareholders, effective controllers and their connected parties;
- (8) other guarantees required to be submitted to the general meetings for examination and approval as required by laws, regulations, and regulatory rules.



If the Board of Directors or the general meeting makes a resolution regarding an external guarantee in violation of the provisions of these Articles of Association regarding the approval authority and review procedures for external guarantees, the Directors and shareholders involved in the violation shall bear joint and several liability. If a guarantee is provided in violation of the approval authority and review procedures, the Company shall have the right to pursue the liability of such parties in accordance with the magnitude of losses and risks, as well as the severity of circumstances.

**Article 55** Except for special circumstances such as a crisis, without approval by the general meeting in special resolution, the Company shall not conclude a contract with other people than the Directors and senior management delegating management of all or the Company's important operation to such people.

**Article 56** General meetings include annual general meetings and extraordinary general meetings. Except for otherwise provided in the Articles of Association, a general meeting shall be convened by the Board. The annual general meeting shall be held once (1) every year within six (6) months after the end of the previous accounting year.

The Company shall hold an extraordinary general meeting within two (2) months upon the occurrence of one of the following circumstances:

- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number stipulated by the Articles of Association;
- (2) the uncovered losses are in excess of one third of the Company's total share capital;
- (3) shareholders (individually or jointly) holding not less than 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting;
- (4) the Board considers as is necessary or the Audit Committee proposes to hold such a meeting;
- (5) other circumstances as required by the laws, regulations, regulatory rules or the Articles of Association.

**Article 57** In the event that the Company is unable to convene a general meeting within the period mentioned above, the Company shall report to the relevant local office of securities regulatory authorities of the State Council at the place where the Company is located and the stock exchange(s) (if necessary), explain the reasons and make public announcement.

**Article 58** The Board shall convene general meetings on time within the prescribed time limit.

Subject to the agreement by over half of all independent non-executive Directors, the independent non-executive Directors have the right to request the Board to convene extraordinary general meetings. The Board shall reply in written form regarding the acceptance or refusal to convene an extraordinary general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association. If the Board agrees to convene an extraordinary general meeting, notice convening the meeting shall be issued within 5 days after the Board reached the resolution to do so. If the Board does not agree to convene an extraordinary general meeting, reasons shall be explained and announced.

**Article 59** The Audit Committee shall be entitled to make a proposal to the Board of Directors on convening an extraordinary general meeting and shall make such proposal in written form. The Board of Directors shall give a written reply on whether it agrees or disagrees to convene an extraordinary general meeting within ten (10) days upon receipt of such proposal in accordance with the laws, administrative regulations and the Articles of Association.

Where the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be given within five (5) days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval by the Audit Committee. Where the Board of Directors disagrees to convene an extraordinary general meeting or fails to give a reply within ten (10) days upon receipt of such proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty of convening a general meeting. In such case, the Audit Committee may convene and preside over the meeting on its own.

**Article 60** Where the shareholders require the holding of an extraordinary general meeting or a class meeting, it shall be performed in accordance with the following procedures:

- (1) Shareholders individually or jointly holding more than 10% of the Company's shares carrying the right to vote shall be entitled to require the Board to convene an extraordinary general meeting or a class meeting thereof in writing. The Board shall provide its feedbacks and opinions in writing as to agreeing or disagreeing the convening of the extraordinary general meeting or class meeting thereof within 10 days upon the receipt of the said written requisition in accordance with the laws, administrative regulations and provisions of the Articles of Association. If the Board agrees to convene an extraordinary general meeting or a class meeting thereof, a notice convening the general meeting or class meeting shall be issued within 5 days from the date of the Board's resolution. Any changes to the original requisitions in the notice shall be subject to the consent from the relevant Shareholders. The amount of shareholdings referred to above shall be calculated as at the date of deposit of the requisition in writing.
- (2) If the Board disagrees with the proposal to convene the Shareholders' meeting upon receipt of the said written requisition or does not make any feedbacks within 10 days therefrom, Shareholders individually or jointly in aggregate holding more than 10% shares of the Company shall be entitled to require the Audit Committee to convene a meeting in writing. If the Audit Committee agrees to convene the meeting, a notice convening the meeting shall be issued within 5 days from the date of receiving the written requisition. Any changes to the original requisitions in the notice shall be subject to the consent from the relevant Shareholders. If no notice of meeting is issued by the Audit Committee within the stipulated period, no meeting shall be deemed to be convened and presided over by the Audit Committee. Shareholders individually or jointly holding more than 10% shares of the Company for 90 consecutive days may convene preside over the meeting on their own in the same manner as which general meetings are convened by the Board.

Shareholders convening the meeting shall hold no less than 10% of shares before the announcement of the resolutions at the general meeting.

**Article 61** The Audit Committee and shareholders convening such meeting shall submit relevant supporting documents to the relevant regulatory authority according to applicable provisions when issuing the notice of general meeting and the resolution announcement.

If the Audit Committee or convening shareholders propose to convene a general meeting on their own, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the relevant regulatory authority according to applicable provisions.

**Article 62** The Board of Directors and the secretary to the Board of Directors shall provide assistance as necessary for general meeting convened by the Audit Committee or convening shareholders. The Board of Directors shall provide the register of shareholders as at the record date. All reasonable costs arising out of the meetings convened by shareholders or the Audit Committee shall be borne by the Company.

**Article 63** The venue of a general meeting of the Company shall be either the domicile of the Company or such other venue as specified in the notice of such general meeting. If the Company intends to facilitate shareholders to attend the general meeting via internet or by other means, the time of and procedures for voting via internet or by other means and the procedure for identification of shareholders shall be set forth in the notice of general meeting. Any shareholder who participates in the meeting in the aforesaid manner shall be deemed as present.

**Article 64** When the Company convenes an annual general meeting, it shall notify all shareholders by announcement 21 days before such meeting; for convening an extraordinary general meeting, it shall notify all shareholders by announcement 15 days before such meeting. Laws, regulations, and regulatory rules shall prevail where otherwise provided.

The time of issuing a notice shall not include the day of meeting and the issuing day of meeting notice.

**Article 65** The general meeting of the Company may be held and voted through electronic means of communication.

**Article 66** When the Company convenes a general meeting, the Board, the Audit Committee, and shareholders individually or jointly holding not less than 1% of the Company's shares shall have the right to submit proposals to the Company.

When the Company convenes a general meeting, shareholders individually or jointly holding not less than 1% of the Company's shares have a right to submit an ex tempore proposal to in writing the convener in writing ten (10) days prior to date of the meeting. The convener shall dispatch a supplementary notice of the general meeting and announce the contents of such ex tempore proposal within two (2) days upon receipt of the proposal, and inform other shareholders. Such ex tempore proposal shall be submitted to the general meeting for deliberation, unless the ex tempore proposal violates the provisions of laws, administrative regulations or the Articles of Association, or falls outside the terms of reference of the general meeting. If there are other requirements in regulatory rules, these requirements should also be satisfied.

Save as provided in the preceding Article, the convener shall not amend the proposals set forth in the notice of general meeting or add new resolutions thereto after the issue of such notice.

No voting or resolution shall be effected or adopted at the general meeting for proposals that have not been stated in the notice of general meeting or that do not comply with the requirements set out in Article 67 of the Articles of Association.

**Article 67** The motion of a general meeting shall satisfy the following conditions:

- (1) The content shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association and shall fall within the terms of reference of a general meeting;
- (2) The proposal shall have a clear subject for discussion and specific issues for resolution; and
- (3) The proposal shall be submitted or delivered to the convener in written form.

**Article 68** The list of candidates for Directors not being employee representatives shall be submitted to the general meeting for deliberation in the form of a proposal.

When voting on the election of Directors not being employee representatives, the general meeting may adopt a cumulative voting system in accordance with the provisions of laws, regulations, regulatory rules, and these Articles of Association, or resolutions of the general meeting. Cumulative voting shall be adopted when the general meeting elects two or more independent non-executive Directors or non-independent Directors.

**Article 69** Means and procedures of nomination of Director not being an employee representative are as follows:

- (1) During the election of the Board of Directors, the proposed list of candidates for Directors not being employee representatives may be provided by the previous Board of Directors, provided that the number of nominees shall comply with the provisions of the Articles of Association and shall not be more than the number of proposed candidates;
- (2) The existing Board of Directors shall propose the recommended candidate list according to the number of Directors not being employee representatives subject to provisional addition and re-election;
- (3) Shareholder(s) severally or jointly holding more than 1% of the Company's shares may nominate candidates for Directors not being employee representatives. Investor protection agencies established in accordance with the law may publicly solicit shareholders to entrust them to exercise the right to nominate candidates for independent non-executive Directors on behalf of such shareholders. Nomination made by the above persons together with the biography and general information of the nominated candidates to be provided to the Board ten (10) days before the meeting, if submitted as an ex tempore proposal, shall be examined by the Board of Directors pursuant to item (4) of this paragraph;
- (4) The qualifications and conditions of Directors not being employee representatives are reviewed by the Board of Directors. After the list of candidates for Directors not being employee representatives is determined according to the examination by the Board and the adoption of a resolution, it shall be proposed at a general meeting by way of a written proposal. The Board of Directors shall provide the shareholders with the biography and general information of such Director candidates not being employee representatives;

- (5) Director candidates not being employee representatives shall give written undertaking before the convening of general meeting to give consent to their nomination, undertaking that the information of candidates disclosed is true and complete, and ensuring that the obligations of Director are duly performed after being elected;
- (6) With respect to the election of Directors not being employee representatives at the general meeting, resolutions shall be made separately, except when the cumulative voting system applies;
- (7) Where the motion of re-electing Directors not being employee representatives has been approved, the newly appointed Directors shall hold the post immediately after the general meeting.

The nomination of employee representative Directors shall be handled in accordance with laws, regulations, regulatory rules, Article 121 of these Articles of Association and relevant regulations of the Company.

**Article 70** A notice of a general meeting shall be made in written form or in other forms prescribed by laws, regulations and regulatory rules and shall include the following:

- (1) shall specify the time, venue and duration of the meeting;
- (2) shall contain the share registration date of shareholders who are entitled to attend the meeting;
- (3) shall state the matters and proposals to be discussed at the meeting;
- (4) shall contain conspicuously a statement that all shareholders are entitled to attend the general meeting, and any shareholder entitled to attend and vote is entitled to appoint one or more proxies in writing to attend and vote on his/her behalf and that a proxy need not be a shareholder;
- (5) shall state the name and telephone number of the regular contact person of the meeting;
- (6) shall contain other contents stipulated by laws, regulations, and regulatory rules.

The period between the record date and the date for the meeting may not be more than 7 working days. No changes may be made once the record date is confirmed.

If the general meeting is to be held through internet or other means, the notice of the general meeting is to clearly include time and procedure for online voting or voting by other means.

**Article 71** The Company shall disclose or deliver relevant information about the general meeting in accordance with laws, regulations, regulatory rules, and the provisions of these Articles of Association. Where election of any Director is to be discussed at the general meeting, the notice of the general meeting is to fully disclose detailed information of each candidate for Directors not being employee representatives and at least include the following:

- (1) personal particulars including education background, working experience and parttime jobs;

- (2) whether the person is related with the Company, its controlling shareholders or de facto controller;
- (3) shareholding in the Company;
- (4) whether the person was subject to any punishment by the securities regulatory authorities of the State Council and other competent authorities or censorship by any stock exchanges.

**Article 72** Notices of the general meetings shall be publicly disclosed. Where laws, regulations, or regulatory rules provide otherwise regarding the method of delivery, such provisions shall prevail. The address of the recipient shall be the address as shown in the register of members.

Where notices are given to domestic shareholders by announcement, it shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. Upon such announcement, all domestic shareholders shall be deemed to have received the notice of the general meeting. Where such notices are given to holders of foreign shares listed overseas, the announcement may be posted on the Company's website or on a website designated by the securities regulatory authorities or stock exchanges, subject to compliance with laws, regulations, and regulatory rules. Upon such announcement, all relevant persons shall be deemed to have received the notice.

**Article 73** After a notice of general meeting is sent out, the general meeting may not be postponed or cancelled and the proposals included in the notice may not be cancelled without justifiable causes. In case of any postponement or cancellation, the convener(s) shall make an announcement and explain the reasons at least two (2) working days prior to the original date for holding the meeting.

**Article 74** All the shareholders whose names appear in the register on the record date or their proxies are entitled to attend a general meeting. They are entitled to vote in accordance with relevant laws, regulations and the Articles of Association. Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one (1) or several persons (who may not be shareholders) to act as his/her proxy to attend, speak and vote at the meeting on his/her behalf. The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right of the shareholder to speak at the meeting;
- (2) the right of the shareholder to demand or join in demanding a poll; and
- (3) unless otherwise required by laws, regulations and regulatory rules, the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

If the said shareholder is a recognized clearing house as defined under the laws of Hong Kong (hereinafter referred to as the Recognized Clearing House), or its nominees, the shareholder may authorize one (1) or more suitable person to act as his/her representative at any general meeting or at any class meeting; however, if more than one (1) person are authorized, the power of attorney shall clearly indicate the number and types of the stocks involved by way of the said authorization. The persons after such authorization may represent the Recognized Clearing House or its nominees to exercise the rights, as if they were the individual shareholders of the Company.



**Article 75** The instrument appointing a proxy must be in writing under the hand of the shareholder or his/her attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its Director or attorney or officer duly authorized in writing. Such letter of attorney shall state the number of shares represented by the proxy. If several proxies are appointed, such letter of attorney shall clearly indicate the number of shares represented by each proxy.

**Article 76** Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting twenty-four (24) hours before the relevant meeting for voting according to the proxy form, or twenty-four (24) hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

**Article 77** A power of attorney issued by a shareholder authorizing another person to attend a general meeting shall contain the following:

- (1) the name of the principal, and the class and number of shares of the Company held by the principal;
- (2) the name of the proxy;
- (3) the shareholder's specific instructions, including instructions on whether to vote in favor, against, or abstain on each item on the agenda of the general meeting;
- (4) the date of issuance and validity period of the power of attorney;
- (5) the signature or seal of the principal. If the principal is a corporate shareholder, the seal of the corporate entity shall be affixed.

**Article 78** Individual shareholders who attend the meeting in person shall present their personal identity cards or other valid document or proof of their identity and the proof of shareholding. The Company has the right to request proxies (representing individual shareholder) attending the meeting to present their personal identity cards, the authorization letters from the shareholder and the proof of shareholding.

If corporate shareholders (other than Recognize Clearing House or their proxies) appoint its legal representative attending the meeting, the Company has the right to request such legal representative to present their personal identity cards, valid documents that can prove its identity as the legal representative and proof of shareholding. Proxies who attend the meeting shall present their personal identity cards, the authorization letters from the legal representative of the corporate shareholder and the proof of shareholding.

**Article 79** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 80** Register of attendees is to be prepared by the Company. The register contains matters such as names of attendees (or names), identity card number, number of shares carrying the voting right held or represented, and names of persons represented (or names).

**Article 81** The convener and the lawyers engaged by the Company shall verify the validity of the qualifications of shareholders based on such shareholders' register as provided by the securities registration and clearing institution, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of their voting shares.

**Article 82** If the general meeting requires the Directors and senior management to attend the meeting as non-voting delegates, the Directors and senior management shall attend the meeting as nonvoting delegates and provide explanations and clarifications on the shareholders' inquiries and suggestions.

**Article 83** The Company shall formulate rules of procedure for general meeting defining the convening, holding and voting procedures thereof, covering notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting results, formation of resolutions, meeting minutes and signing thereof and announcement, and the principles and contents of the authorization of the Board on the general meeting. The rules of procedure for general meeting are an annex to the Articles of Association and shall be formulated by the Board and approved at the general meeting.

**Article 84** The Board shall report on their work during the preceding year at the annual general meeting. Every independent non-executive Director shall also prepare his/her work report.

**Article 85** The chairman of the meeting shall, prior to voting, announce the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be subject to registration of the general meeting.

**Article 86** There shall be two types of resolutions of general meetings, namely ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

**Article 87** A shareholder (including his/her proxy) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one (1) vote. However, the shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by shareholders attending the meeting. When the general meeting considers significant matters that could affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

If a shareholder purchases the Company's voting shares in violation of the first and second paragraphs of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase and shall not be counted in the total number of shares with voting rights attending the general meeting. The Company's Board of Directors, independent non-executive Directors, shareholders with more than 1% of voting shares or an investor protection agency established in accordance with laws, administrative regulations or the provisions of the securities regulatory authorities of the State Council may publicly request shareholders of the Company to authorize the former to attend the general meeting on their behalves and exercise shareholder rights such as the rights to make proposals and vote. Unless otherwise provided by laws and regulations, the Company and the convener of the general meeting may not impose conditions on the solicitor. The solicitation of shareholder rights shall be conducted free of charge, and the information necessary for the solicitee to grant authorization shall be fully disclosed. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited.

**Article 88** Any vote of shareholders at a general meeting shall be taken by poll.

The Company must announce the results of the poll after the meeting including:

- (1) the total number of shares entitling the holder to attend and vote on the resolution at the meeting;
- (2) the total number of shares entitling the holder to attend and requiring the holder to abstain to vote for the resolution in accordance with laws, regulations and regulatory rules at the meeting;
- (3) the total number of shares requiring the holder to abstain to vote in accordance with laws, regulations and regulatory rules;
- (4) the number of shares represented by votes for and against the relevant resolution; and
- (5) other contents as required by laws, regulations, regulatory rules and other normative documents.

**Article 89** Shareholders who attend the general meeting shall take one of the following stances when a resolution is put forward for voting: for, against or abstain, unless securities registration and settlement institutions, as the nominal holders of shares that can be traded through the Mutual Market Access model (內地與香港股票市場互聯互通機制), make declarations according to the intention of actual holders.

Any votes which are uncompleted, erroneously completed or illegible or uncasted votes are to be counted as an abstention of voting rights and the outcome of votes is to be counted as "abstain".

**Article 90** On a poll taken at a meeting, a shareholder (including proxy) entitled to two (2) or more votes need not cast all his/her votes in the same way.

**Article 91** Where any shareholder is, under the Company Law, other laws, regulations, and regulatory rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction are not counted.

**Article 92** When considering a proposal at the general meeting, such proposal may not be amended; otherwise, the relevant amendment is to be treated as a new proposal and may not be voted at that general meeting.

**Article 93** Except for the cumulative voting system, all proposals shall be voted one by one at the general meeting. In the case where different proposals are made on the same matter, votes shall be cast in accordance with the sequence of the proposals presented. Shareholders or their proxies may not simultaneously vote in favor of mutually exclusive proposals at the general meeting. Unless the general meeting is suspended or no resolution may be passed due to exceptional reasons such as force majeure, the proposals shall not be set aside and voting shall take place.

**Article 94** Any voting right may be exercised through only one means: on site, online or any other means. The first voting result is to prevail where one voting right is repeatedly exercised.

**Article 95** The on-site general meeting may not end earlier than the end of the meeting held online or by any other means, and the chairman of the meeting is to announce the voting result on each proposal at the on-site meeting and whether the proposal is adopted based on the voting result.

All parties involved in the voting on-site, online or by any other means at the general meeting, including the listed company, vote counters, scrutineers, shareholders and network service providers, are obliged to keep the voting confidential before the voting results are formally announced.

**Article 96** The following resolutions shall be adopted as ordinary resolutions at a general meeting:

- (1) working report of the Board;
- (2) profit distribution proposals and plans for making up losses formulated by the Board;
- (3) the appointment and removal of members of the Board and their remuneration and payment methods;
- (4) the appointment and removal of accounting firms undertaking the audit matters of the Company;
- (5) review and approval of changes to the use of funds raised from A shares;
- (6) external guarantees and financial assistance that shall be reviewed by the general meeting and do not require to be adopted as special resolutions in accordance with laws, regulations, and regulatory rules;
- (7) transactions, connected transactions and other major matters that shall be reviewed by the general meeting and do not require to be adopted as special resolutions in accordance with laws, regulations, and regulatory rules; and
- (8) other matters unless otherwise required to be adopted as special resolutions in accordance with laws, regulations, regulatory rules or the Articles of Association.

**Article 97** The following resolutions shall be adopted as special resolutions at a general meeting:

- (1) increase in or reduction of registered capital and issuance of shares of any class, warrants and other similar securities and listing or initiative of delisting of the Company;
- (2) division, spin-off, merger, dissolution, liquidation, filing for bankruptcy or change in corporate form of the Company;
- (3) amendments to the Articles of Association;
- (4) purchase or disposal of material assets or any guarantee provided to others within a year, and the amount of which exceeds 30% of the latest audited total assets of the Company;
- (5) equity incentive scheme; and
- (6) other matters, as provided by laws, administrative regulations or these Articles of Association or as considered and approved by the general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and to require approval by a special resolution.

**Article 98** The Board and other conveners of the Company will take action when necessary to ensure the regular order of the general meeting and to prevent the act of disturbing the general meeting, picking a quarrel and infringing the shareholders' lawful interest and report to the competent authority for investigating on time.

The convener shall ensure the continuance of the general meeting until the final resolution is formed. Necessary measures are to be taken to renew or terminate the general meeting and make an announcement on time in the event that the general meeting could not continue or resolution could not be formed due to some special reasons such as force majeure. At the same time, the convener shall report to relevant department in accordance with applicable provisions.

**Article 99** General meetings shall be presided over by the Chairman of the Board who shall act as the chairman of the meeting. If the Chairman of the Board cannot or fails to fulfill the duty thereof, the vice Chairman of the Board shall preside (where the Company has two (2) or more vice Chairmen of the Board, one (1) vice Chairman shall be elected to convene or preside over the meeting with the approval of over half of the Directors); if the vice Chairman cannot or fails to fulfill the duty thereof, one (1) Director shall be elected to convene or preside over the meeting with the approval of over half of the Directors; if it fails to elect a Director from over half of the Directors to preside over the meeting, one (1) shareholder shall be elected to preside over the meeting from shareholders attending the meeting. If, for any reason, the attending shareholders fail to elect one to be the chairman, the attending shareholder (or his/her proxy) who holds the most voting shares shall be the chairman of the meeting.

Committee is to be presided over by the convener of the Audit Committee. Where the convener of the Audit Committee is unable or fails to perform the duty, the meeting is to be presided over by a member of the Audit Committee jointly elected by over half of the members of the Audit Committee.

A general meeting convened by shareholders is to be presided over by one representative appointed by conveners.

In the event that the general meeting cannot proceed due to violation of the rules of procedure by the chairman of the meeting, the general meeting may appoint one person as the chairman of the meeting upon consent of a simple majority of the voting shareholders present at the meeting.

**Article 100** The general meeting is to, prior to the voting on any proposal, elect two representatives from shareholders to take part in vote counting and polling scrutiny. In case any shareholder is involved in any matter to be reviewed, the shareholder and his/her proxy may not take part in vote counting and polling scrutiny.

When the general meeting votes on any proposals, lawyers and representatives of shareholders are to be jointly responsible for vote counting and polling scrutiny, and the voting result is to be announced on-site. The voting result is to be recorded in the meeting minutes.

The listed company's shareholders or their proxies who vote online or by any other means are entitled to check their voting results via the relevant voting system.

In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he/she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

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

**Article 101** When connected transactions are voted at the general meeting, the connected shareholders shall not participate in voting. The voting shares represented by them shall not be counted in the total number of shares validly voted. Announcement on resolution of the general meeting is to fully disclose the voting of unconnected shareholders.

When provision of any guarantee by the Company to any shareholder or de facto controller of the Company is considered at the general meeting, the said shareholder or any shareholder controlled by the said de facto controller shall not vote on such matters. Any such matter shall be decided by a majority of the voting rights held by other shareholders attending the meeting, and the controlling shareholder, de facto controller and their connected parties shall provide counter-guarantees.

**Article 102** All resolutions passed at general meetings are to be kept in minutes of the meeting, which the secretary to the Board shall be responsible for. The minutes are to be signed by the chairman of the meeting and Directors, secretary to the Board, convener or their proxies present at the meeting. The meeting minutes are to include the following contents:

- (1) the date, place and agenda of the meeting, and the name of the convener;
- (2) the name of the chairman of the meeting, and the Directors and senior management attend or present at the meeting;



- (3) number of the shareholders and proxies present at the general meeting, total number of shares with voting rights held by the shareholders and its proportion to total number of shares of the Company (with number of shareholders of A shares and H shares, total number of shares and their respective ratio);
- (4) discussing process, key points of speech and voting results of each resolution;
- (5) inquiries and suggestions of the shareholders, and corresponding replies or explanations;
- (6) names of the lawyers, vote counters and scrutineers;
- (7) number of voting shares held by domestic shareholders (including their proxies) and domestically listed foreign shareholders (including their proxies) attending the general meeting, their respective proportions of the Company's total shares, and the voting results of domestic shareholders and overseas listed foreign shareholders on each resolution; and
- (8) other contents to be included in the meeting minutes as required by these Articles of Association.

The minutes of the meetings, together with the attendance book for shareholders, power of attorney for proxies and valid material for online voting or voting by other means, are to be kept for a period of at least ten (10) years.

**Article 103** The Company is to, in compliance with the applicable laws, regulations and regulatory rules, publish announcements on resolutions passed at general meeting. Such announcement is to indicate the number of shareholders and proxies present at the meeting, the total number of shares with voting rights they hold and its proportion to the total number of shares with voting rights of the Company, the means of voting, the voting results of each proposal as well as the details of each resolution adopted.

The attendance and voting of the Company's domestic shareholders and foreign shareholders shall be counted and announced separately.

**Article 104** In the event that a proposal is not adopted, or the general meeting makes any modification to any resolution adopted at the previous meeting, a specific indication is to be made in the announcement on resolutions of the general meeting.

**Article 105** When holding a general meeting, the Company shall engage lawyers to advice on the following matters and make an announcement:

- (1) whether the procedures for convening and holding the meeting are compliant with the provisions of laws, administrative regulations and these Articles of Association;
- (2) whether the qualifications of the attendees and the conveners are lawful and valid;
- (3) whether the voting procedures and results of the meeting are lawful and valid; and
- (4) legal opinion on other relevant matters at the request of the Company.

## CHAPTER 8 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

**Article 106** Shareholders holding different classes of shares shall be class shareholders. Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of the laws, administrative regulations and the Articles of Association.

**Article 107** Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon adoption of a special resolution at a general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 109 to 113.

**Article 108** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a certain class:

- (1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;
- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to the shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to the shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquire securities of the Company attached to the shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to the shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or set more restrictions;
- (9) to issue subscription rights or share conversion rights for the shares of such class or other classes;
- (10) to increase the rights and privileges of the shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of restructuring;
- (12) to vary or abrogate the terms provided in this Chapter.

**Article 109** Shareholders of the affected class, whether or not having the right to vote at the general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in items (2) to (8) and items (11) to (12) of Article 108, but interested shareholders shall not be entitled to vote at class meetings.

The “interested shareholders” mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on the same pro rata basis or through public dealing on a stock exchange in accordance with Article 32, “interested shareholders” shall refer to the controlling shareholders as defined in Article 219;
- (2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 32, “interested shareholders” shall refer to the shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportionate burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

**Article 110** A resolution of the class meeting shall be passed in accordance with Article 109 by shareholders present in the meeting representing not less than two-thirds of voting rights.

**Article 111** Written notice of a class meeting convened by the Company shall be dispatched forty-five (45) days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of members, specifying the matters to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend twenty (20) days prior to the date of the meeting. The quorum for any class meeting (other than adjourned meeting) convened for the purpose of altering the rights of such class shares shall be at least one-third of the holders of the issued shares of such class.

If the number of voting shares at such meeting held by shareholders who intend to attend such meeting reaches more than one-half of the total number of voting shares at such meeting, the Company may hold such class meeting; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within five (5) days thereof specifying the matters to be considered and the date and place of the meeting. After such announcement has been given, the Company may then hold the class meeting. Such public announcement shall be published in newspaper.

**Article 112** Notices of the class meeting only need to be served on shareholders entitled to vote thereat.

The procedures for holding the class meeting shall be similar to those for holding the general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a general meeting shall apply to the class meeting.

**Article 113** Save for holders of shares of other classes, the holders of A shares and holders of H shares are deemed to be different classes of shareholders.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (1) any proposed issuance of A shares and H shares by the Company in every twelve (12) months, whether separately or together, if such proposed issuance of A shares and H shares are approved by the shareholders in a general meeting by way of special resolution, and the A shares and H shares proposed to be issued by the Company not exceeding 20% of the shares of such class in issue;
- (2) where the Company's plan to issue A shares and H shares at the time of its establishment is carried out within fifteen (15) months from the date of approvals of the securities regulatory authorities of the State Council.

## **CHAPTER 9 CORPORATE ORGANIZATION UNDER THE PARTY**

**Article 114** In accordance with the regulations of the Constitution of the Communist Party of China and with the approval from the Party organisation at a higher level, the Committee of Communist Party of China of Xinhua Winshare Publishing and Media Co., Ltd. shall be established. Meanwhile, the Discipline Committee under the Party shall be established in accordance with related regulations.

**Article 115** The Party Committee of the Company shall be elected from the Party member congress or the Party representative congress; each term of office is five (5) years in general. Regular re-election shall be conducted upon the expiration of its term of office. Each term of office of the Discipline Committee under the Party shall be the same as the Party Committee.

**Article 116** Member of the leading group of the Party organisation is five (5) to nine (9) people in general, consisting of one (1) secretary of the Party Committee, one (1) or two (2) deputy secretary(ies) of the Party Committee, and one (1) secretary of the discipline inspection commission.

**Article 117** Party Committee of the Company shall play a leading role, supervising the Company's direction of development, monitoring the whole picture and facilitating implementation, discussing and making decisions on significant matters of the Company in accordance with the regulations. Significant operating management matters shall go through preliminary investigation and discussion by the Party Committee before decisions are made by the Board of Directors or the management. Its main responsibilities are:

- (1) to enhance the building of politics of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;
- (2) to thoroughly study and implement the Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organization at a higher level in the Company;

- (3) to investigate and discuss the significant operating management matters of the Company and support the general meeting, the Board of Directors, and the management to exercise their rights and perform their duties in accordance with the laws;
- (4) to strengthen the leadership and gate keeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team;
- (5) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support discipline inspection institutions to fulfil its supervisory and disciplined responsibilities as well as exercise strict administrative discipline and political rules and promote Seeing Party self-governance exercised fully and with rigor into the grassroots level;
- (6) to strengthen the building of grass-root Party organization and Party members, unit and lead officials and employees to devote themselves into the reform and development of the Company;
- (7) to lead the Company's ideological and political work, the spirit and civilization progress, the United Front work and lead mass organizations such as the Labor Union of the Company, Communist Youth League and Women's Organization;
- (8) to discuss and decide other important matters within the scope of the Party Committee's responsibilities.

**Article 118** By insisting on and improving a leading mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee may take seats in the Board of Directors and the management through statutory procedures, while eligible members of the Board of Directors and the management may take seats in the Party Committee in accordance with related regulations and procedures.

Secretary of the Party Committee and chairman of the Board of Directors are held by one (1) person in general, while deputy secretary of the Party Committee is assumed by the general manager of the Party member. A deputy secretary shall be designated to be responsible for the Party construction works for the Party Committee, who shall be a member of the Board of Directors but not a member of the senior management in general.

**Article 119** The Company provides the necessary conditions for the Party's activities, establishes the Party's working organization, guarantees the activities venue and funds of the Party organization. The expenses for the work of the Party organization shall be included in the budget of the Company at 1% of the total remuneration of employees of the Company in the previous year.

## CHAPTER 10 BOARD OF DIRECTORS

**Article 120** The Company shall have a Board, which shall comprise nine (9) Directors, among them, with one (1) Chairman and one (1) or more vice Chairman.

The Board is independent of the controlling organizations.

The Board shall include one (1) employee representative Director, and external Directors shall constitute at least half of the Board.

There shall be no less than three (3) independent non-executive Directors, representing at least one-third of the Board members, and at least one of them shall be an accounting professional.

In addition to enjoying the same rights and responsibilities as other Directors, employee representative Directors shall also fulfill the obligations of addressing and reflecting the legitimate demands of employees and representing and safeguarding their legitimate rights and interests.

**Article 121** The Directors not being employee representatives shall be elected by a general meeting. The Company shall establish a system for selecting and appointing employee representative Directors, and the employee representatives to serve as Directors shall be elected by employees of the Company through the employees' representatives meeting, employees' meeting or other forms. Directors are appointed with a term of office of three (3) years. A Director may be reelected upon expiration of the term.

The term of office of a Director not being an employee representative commences from the date of the resolution passed at the general meeting, up to the maturity of the current term of office of the Board. The general meeting may resolve to remove a Director not being an employee representative, and the removal shall take effect on the date the resolution is made. If a Director is removed from office prior to the expiration of his/her term of office without justifiable reasons, the Director may request compensation from the Company.

The Chairman and vice Chairman of the Board shall be elected by more than one-half of all Directors. The term of office of the Chairman and vice Chairman shall be three (3) years, renewable upon re-election.

In the event that the terms of office of Directors fall upon maturity whereas new members of the Board are not re-elected in time, or the resignation of any Director during his/her term of office results in the number of members of the Board of Directors falling below the statutory minimum requirement, the said Directors shall continue to perform their duties in accordance with the laws, regulations, regulatory rules and the Articles of Association until the re-elected Directors assume their office.

The general meeting may by ordinary resolution dismiss any Director not being an employee representative before the expiration of his/her term of office (but without prejudice to such Director's right to claim damages based on any contract), subject to full compliance with relevant laws and administrative regulations.



The chairman, vice chairman or executive directors of the controlling organization shall also hold office of the Company's Chairman and executive Directors of the Board, but the maximum number shall be two (2). Senior management may concurrently serve as Directors, provided that the number of Directors concurrently served by senior management and those served by employee representatives shall aggregately not exceed one-half (1/2) of the total number of Directors of the Company.

The Directors are not required to hold shares of the Company.

The qualification, nomination and resignation of independent non-executive Directors shall comply with relevant provisions of laws, regulations and regulatory rules.

**Article 122** Where a Director has failed to, personally or entrust another Director to, attend the Board meeting twice consecutively, he/she shall be deemed to be unable to perform his/her duties, in which circumstance the Board is to recommend the replace of such Director by the general meeting or the employees' representatives meeting.

**Article 123** Directors may resign before expiry of their terms of office. The Directors who resign shall submit to the Company a written report in relation to their resignation. The resignation shall take effect on the date the Company receives the resignation report. The Company shall disclose such resignation in accordance with laws, regulations, and regulatory rules.

**Article 124** The Company shall establish a Director departure management system, which clearly defines the safeguards for accountability and compensation for unfulfilled public commitments and other uncompleted matters. When a Director departs, he/she shall complete the handover procedures for various tasks. Upon approval of his/her resignation or expiry of his/her term of office, a Director shall complete his/her hand-over procedures with the Board. The fiduciary obligations of a Director to the Company and the shareholders are not necessarily released upon the expiry of his/her term of office, and shall remain valid within a reasonable period as provided in the Articles of Association. The responsibilities that a Director shall bear due to the performance of his/her duties during his/her term of office shall not be exempted or terminated due to his/her departure. Such Director shall still perform his/her incomplete commitment upon departure.

**Article 125** The Company shall formulate the rules of procedures for Board meetings to ensure the Board to implement the resolutions approved at the general meeting, work efficiently and be scientific in decision making. The rules of procedures for Board meetings shall be an annex of the Articles of Association, and shall be formulated by the Board and approved by the general meeting.

**Article 126** No Directors shall act, in their personal capacity, on behalf of the Company or the Board in contravention of provisions of this Articles of Association or without appropriate authorization by the Board. The Director shall, when acting in his/her personal capacity, state his/her standings and identities in advance if a third party has reasons to believe that the said Director is acting on behalf of the Company or the Board.

**Article 127** For any Director who causes damage to others while performing his/her duties in the Company, the Company shall be liable for compensation for any loss. Any Director who acts intentionally or with gross negligence shall also be liable for compensation for any loss.

Any Director who violates provisions of any laws, administrative regulations, departmental rules or these Articles of Association during the course of performing his/her duties and causes losses to the Company, shall be liable for compensation for any loss.

With the approval of the general meeting, the Company may purchase liability insurance for Directors to cover compensation liabilities arising from the performance of their duties in the Company during their term of office.

**Article 128** The Board shall formulate strategies, make decisions, prevent risks, and carry out the following duties and powers:

- (1) to convene general meetings, implement resolutions of the general meeting and report its work to the general meeting;
- (2) to formulate the development strategy and plan of the Company;
- (3) to decide on the Company's business plans and investment plans;
- (4) to decide on the Company's plans on annual financial final account;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered capital of the Company and issue of bonds of the Company or other bonds and listing plan or initiative of delisting, and make resolutions on issue of bonds of the Company in accordance with the authorization of the general meeting;
- (7) to formulate plans for major acquisitions of the Company and redeem the Company's own shares or plans for merger, spin-off, division, filing for bankruptcy, alteration of corporate form of the Company, dissolution and liquidation, and make decision on merger of the Company where the consideration does not exceed 10% of the Company's net assets in accordance with applicable laws, regulations and regulatory rules;
- (8) to resolve on external guarantees and financial assistance other than those requiring approval of the general meeting in accordance with provisions of relevant laws, regulations, regulatory rules and the Articles of Association;
- (9) to determine the establishment of the Company's internal management structure;
- (10) to appoint or remove the general manager, secretary to the Board of the Company, and to appoint or remove the deputy general manager, general counsel, chief financial officer and other senior management of the Company upon nomination by the general manager and to decide on their remunerations, rewards and punishments;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals for amendment to the Articles of Association;
- (13) to be responsible for information disclosure, risk management and ESG governance of the Company;

- (14) to propose the appointment or removal of the Company's auditors to the general meetings;
- (15) to hear the work report of the general manager and inspect the work of the general manager as well as other senior management;
- (16) subject to compliance with laws, regulations, regulatory rules and the provisions of these Articles of Association, to decide on transactions such as external investments, financing, acquisitions and disposal of assets, asset mortgages, entrusted wealth management, and external donations, connected transactions as well as other major matters of the Company that are not subject to approval by the general meeting but are subject to disclosure and review procedures in accordance with regulations;
- (17) laws, regulations and regulatory rules and the provisions of the Articles of Association, or other duties delegated by general meeting.

When the Board considers external guarantees and the provision of financial assistance, such matters shall be passed by a simple majority of the Directors, in addition to the consent of not less than two-thirds of all the Directors attending the Board meeting.

**Article 129** The Company shall establish and improve mechanisms for reviewing the legality and compliance of major decisions, tracking the implementation and post-evaluation of Board resolutions, and holding those responsible for irregular operations and investments accountable. The Board of Directors shall determine the approval authority for (among others) external investments, purchases and sales of assets, assets mortgage, external guarantees, entrustment of financial services and connected transaction, and establish strict examination and decision-making procedures; for investment projects to be approved by the general meeting, it shall arrange for them to be evaluated by experts and professionals.

**Article 130** When the Board reviews resolutions in cases where the expected value of fixed assets proposed for disposal, when aggregated with value of fixed assets disposed within four (4) months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the general meeting, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the general meeting.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

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

**Article 131** The Chairman of the Board is entitled to the following powers:

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to organize and conduct strategic research, and regularly host strategic seminars or evaluation meetings attended by the Board and senior management;

- (4) to propose candidates for general manager and secretary to the Board and submit to the Board to decide on their appointment or dismissal;
- (5) to sign on securities issued by the Company and other documents that shall be signed by the Chairman of the Board in accordance with applicable laws, regulations, regulatory rules and the Articles of Association, as well as the authorization of the general meeting and the Board;
- (6) to exercise the powers of the legal representative;
- (7) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide post-event reports to the Board or the general meeting;
- (8) to exercise other powers in accordance with provisions of laws, regulations, regulatory rules and the Articles of Association, and conferred by the Board or the general meeting.

The vice chairman of the Company shall assist the Chairman of the Board in his/her work. If the Chairman of the Board is unable to or does not perform his/her duties, the vice Chairman designated by the Chairman shall perform his/her duties (should the Company has two or more vice chairmen, the vice Chairman jointly elected by over half of the members of the Board shall perform the duties of the Chairman); where the vice Chairman is unable to or does not perform his/her duties, a Director jointly elected by over half of the members of the Board shall perform the duties of the vice Chairman.

**Article 132** Regular meetings of the Board shall be held at least four (4) times every year and shall be convened by the Chairman of the Board. All of the Directors shall be notified about the meeting fourteen (14) days in advance.

Under one of the following circumstances, the Chairman of the Board shall convene and chair a special Board meeting within ten (10) days after the proposal is received.

- (1) when it is jointly proposed by not less than 10% of the Directors;
- (2) when not less than one-third of the Directors jointly propose;
- (3) when the Audit Committee requests;
- (4) when the Company's general manager requests;
- (5) when the independent non-executive Directors jointly propose;
- (6) when the Chairman considers necessary;
- (7) other circumstances when it is required by laws, regulations, regulatory rules and these Articles of Association or securities regulatory authorities.

The Chairman shall notify all of the Directors about the extraordinary Board meeting five (5) days beforehand. In case of emergency, however, the manner of notification for the meeting as specified under the preceding paragraph shall not apply; however, a reasonable notice shall be issued.

Notices of the Board meetings shall be delivered to all the Directors, general managers and the secretary to the Board by hand, facsimile, electronic mail, courier, registered mail or other methods. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made. In case of urgent situation that the interim meeting of the Board of Directors shall be convened as soon as possible, the meeting notice may be sent via telephone or in other oral forms, but the convener shall explain at the meeting.

**Article 133** The notice of Board meetings shall include the following:

- (1) the venue, date and time of the meeting;
- (2) the duration of the meeting;
- (3) the meeting procedure, subject, agenda and the relevant information;
- (4) the date of the notice was issued.

**Article 134** Directors who are present at a meeting and have not raised objection concerning their failing to have received the notice of the meeting before or at the meeting shall be deemed to have been served and notice of meeting.

**Article 135** The meetings of the Board of the Company may be convened and vote by way of on-site meetings or electronic telecommunication such as telephone conferences, video conferences, written resolution meetings, etc. If it is necessary to hold an on-site meeting in accordance with laws, regulations and regulatory rules, such provisions shall prevail.

Under emergency, the meetings of the Board may be held by way of written resolution meetings, which means the proposals are served, separately or in sequence, to the Directors for their review and resolution, and the Directors shall state clearly their affirmative or negative opinions on the resolutions. Where a written resolution meeting is to be held, the notices of voting shall state the time limit for the voting, which shall be no shorter than five (5) days following the day of service of such notices, unless all the Directors agree to waive in writing the time limit requirement of such notices. If the Directors vote in advance, they are considered to waive the time limit requirement of such notices.

**Article 136** Save as otherwise required by the Articles of Association, a Board meeting shall only be held if more than half of the Directors are present.

Each Director shall have one (1) vote. Save as otherwise required by the Articles of Association, resolutions of the Board of Directors shall be decided by a majority of votes.

According to the Articles of Association, all Directors shall receive prior notice of any major items that require decision by the Company's Board of Directors, and be given adequate information. The Directors may request additional information and proceed in accordance with the requirements as stipulated. When more than a quarter of the Directors or more than two (2) external Directors or more than two (2) independent non-executive Directors consider the information as incomplete, the proof inadequate or not provided in time, they may jointly propose to postpone the Board meeting, or to postpone discussion on some of the items listed in the agenda, and the Board of Directors shall accept. Unless otherwise provided by laws, regulations, and regulatory rules, a Director or his/her close associates having a significant interest in matters resolved by the Board, or such Director connected to the enterprises or individuals being discussed at the Board meeting shall submit a written report to the Board in a timely manner, and such connected Director is forbidden to vote on the related items, and is forbidden to vote on the item on behalf of other Directors. The meeting can effectively convene when more than half of the unconnected Directors attend, and the resolution shall be approved by votes from more than half of the unconnected Directors. Should there be fewer than three (3) unconnected Directors at the Board meeting, the item shall be submitted for consideration at the general meeting.

**Article 137** Directors shall attend Board meetings in person. If they for some reason cannot attend, they may authorize other Directors in writing to vote on their behalf according to their wishes, and the entrusting Directors shall bear independent legal liability. Independent non-executive Directors may not authorize non-independent Directors to vote on their behalf.

A Director who does not attend the Board meeting and fails to appoint a representative is deemed to have given up his/her voting rights at that particular meeting.

**Article 138** Detailed minutes shall be prepared for the matters discussed and decided in the Board meeting and all the Directors, secretary to the Board and the recorder present at the meeting shall sign on the minutes. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations, the Articles of Association or resolutions of general meeting, resulting in serious losses to the Company, the Directors involved in approving the resolution are liable to compensate the Company. However, if it can be proven that a Director expressly objected to the resolution during voting and that such objection is recorded in the minutes of the meeting, such Director may be released from such liability.

Opinions expressed by independent non-executive Directors shall be stated in the resolution of the Board.

Minutes of Board meetings shall be recorded as company file to be kept by the secretary to the Board for a period of not less than ten (10) years.

**Article 139** Minutes of the Board meetings shall include the following information:

- (1) the date and venue of the meeting, and the name of the convener;
- (2) the names of Directors that attend the meeting personally, and the names of Directors (proxies) that attend the meeting on behalf of other Directors;
- (3) the agenda of the meeting;
- (4) the key points of the speeches of Directors;



- (5) the voting method for and result of each resolution on the agenda (with the voting result to include the number of ballots that vote “FOR”, “AGAINST” or “ABSTAINED”);
- (6) other items stipulated by laws, regulations, and regulatory rules.

**Article 140** Independent non-executive Directors shall conscientiously perform their duties in accordance with laws, regulations, regulatory rules and the provisions of these Articles of Association, play a role in participating in decisionmaking, providing oversight and checks and balances, and offering professional advice on the Board, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

**Article 141** Independent non-executive Directors shall maintain their independence. The following persons may not serve as independent non-executive Directors:

- (1) Persons holding positions in the Company or its affiliated enterprises, and their spouses, parents, children, and major social relations;
- (2) Natural person shareholders who directly or indirectly hold 1% or more of the Company’s issued shares or are among the Company’s top 10 shareholders, and their spouses, parents, and children;
- (3) Persons holding positions in shareholders who directly or indirectly hold 5% or more of the Company’s issued shares or are among the Company’s top 5 shareholders, and their spouses, parents, and children;
- (4) Persons holding positions in affiliated enterprises of the Company’s controlling shareholders or de facto controllers, and their spouses, parents, and children;
- (5) Persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers, or their respective affiliated enterprises, or persons holding positions in entities with significant business dealings, and their controlling shareholders or de facto controllers;
- (6) Personnel providing financial, legal, consulting, or sponsorship services to the Company, its controlling shareholders, de facto controllers, or their respective affiliated enterprises, including but not limited to all project team members, reviewers at all levels, persons signing reports, partners, directors, senior management, and principal persons in charge of the intermediary institutions providing these services;
- (7) Personnel who have, within the past 12 months, fallen under the circumstances listed in items (1) to (6);
- (8) Other persons deemed to be non-independent as provided for by laws, regulations, regulatory rules, and these Articles of Association.

The affiliated enterprises of the Company’s controlling shareholders or de facto controllers referred to in items (4) to (6) of the preceding paragraph do not include enterprises that are controlled by the same state-owned asset management institution as the Company and are not affiliated with the Company in accordance with relevant regulations.

Independent non-executive Directors shall conduct an annual self-assessment of their independence and submit the results of self-assessment to the Board. The Board shall annually assess the independence of incumbent independent non-executive Directors and issue a specific opinion, which shall be disclosed concurrently with the annual report.

**Article 142** To serve as an independent non-executive Director of the Company, one shall meet the following conditions:

- (1) be qualified to serve as a director of a listed company in accordance with the relevant provisions of laws, regulations and regulatory rules;
- (2) meet the independence requirements stipulated in these Articles of Association;
- (3) have basic knowledge of the operation of listed companies and be familiar with relevant laws, regulations and rules;
- (4) have more than five (5) years of work experience in law, accounting or economics, etc. necessary to perform the duties of an independent non-executive Director;
- (5) have good personal moral character and have no major breach of trust or other negative records;
- (6) meet other conditions stipulated by laws, regulations, regulatory rules and these Articles of Association.

**Article 143** Independent non-executive Directors, as members of the Board, shall have a duty of loyalty and diligence to the Company and all shareholders and shall prudently perform the following duties:

- (1) participate in the decision-making of the Board and express clear opinions on matters under discussion;
- (2) supervise matters involving potential major conflicts of interest between the Company and its controlling shareholders, de facto controllers, Directors, and senior management, and protect the legitimate rights and interests of minority shareholders;
- (3) provide professional and objective advice on the Company's operations and development, and improve the decision-making level of the Board;
- (4) perform other duties as required by laws, regulations, regulatory rules and these Articles of Association.

**Article 144** Independent non-executive Directors shall exercise the following special powers:

- (1) independently engage intermediaries to conduct audits, consultations, or inspections on specific matters of the Company;
- (2) propose to the Board the convening of extraordinary general meetings;
- (3) propose the convening of Board meetings;

- (4) publicly solicit shareholder rights from shareholders in accordance with the law;
- (5) express independent opinions on matters that may prejudice the interests of the Company or minority shareholders;
- (6) perform other powers as provided by laws, regulations, regulatory rules, and these Articles of Association.

The exercise of the powers listed in items (1) to (3) of the preceding paragraph by independent non-executive Directors shall be subject to the agreement by over half of all independent non-executive Directors.

The Company shall promptly disclose any such exercise of powers by independent non-executive Directors listed in the first paragraph. If the aforementioned powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 145** The following matters shall be submitted to the Board for review after approval by over half of all independent non-executive Directors of the Company:

- (1) connected transactions that shall be disclosed;
- (2) proposals for the Company and its related parties to change or waive commitments;
- (3) decisions made and measures taken by the board of directors of an acquired listed company in response to such acquisition;
- (4) other matters required by laws, regulations, regulatory rules and these Articles of Association.

**Article 146** The Company shall establish a special meeting mechanism attended entirely by independent non-executive Directors. The Board's deliberations on matters such as connected transactions shall be approved in advance by the special meeting of independent non-executive Directors.

The Company shall convene special meetings of independent non-executive Directors on a regular or irregular basis. Matters listed in items (1) to (3) of the first paragraph of Article 144, and Article 145 of these Articles of Association shall be reviewed by the special meeting of independent non-executive Directors.

Special meetings of independent non-executive Directors may study and discuss other matters of the Company as needed.

Special meetings of independent non-executive Directors shall be convened and presided over by an independent non-executive Director nominated by a majority of the independent non-executive Directors. If the convener fails to perform or is unable to perform his/her duties, two or more independent non-executive Directors may convene the meeting on their own initiative and nominate a representative to preside over the meeting.

Minutes of special meetings of independent non-executive Directors shall be prepared in accordance with regulations, and the opinions of the independent non-executive Directors shall be recorded in the minutes. Independent non-executive Directors shall sign and confirm the minutes.

The Company shall facilitate and support the convening of special meetings of independent non-executive Directors.

**Article 147** The Board shall establish an Audit Committee, a Remuneration and Review Committee, a Strategy and Investment Planning Committee, and a Nomination Committee in accordance with laws, regulations, and regulatory rules. The Audit Committee shall consist of no less than three (3) non-executive Directors, none of whom shall be senior management of the Company. Independent non-executive Directors shall constitute a majority of the members, and an accounting professional among the independent non-executive Directors shall serve as the convener. The Remuneration and Review Committee shall consist of at least three (3) Directors, of whom independent non-executive Directors shall constitute a majority and an independent non-executive Director shall serve as the convener. The Strategy and Investment Planning Committee shall consist of at least three (3) Directors, of whom independent non-executive Directors shall constitute a majority and an independent non-executive Director shall serve as the convener. The Nomination Committee shall comprise at least three (3) Directors, with a majority of its members being independent non-executive Directors and one (1) of them acting as the convener.

The Board may establish other special committees, such as the Editorial and Publication Committee, as needed.

Special committees shall perform their duties in accordance with these Articles of Association and the authorization of the Board. Proposals from special committees shall be submitted to the Board for review and approval. The Board shall be responsible for formulating the working procedures of special committees.

**Article 148** The Audit Committee shall exercise the following powers:

- (1) to exercise the powers of the supervisory committee as provided for in the Company Law;
- (2) to be responsible for reviewing the Company's financial information and its disclosure;
- (3) to supervise and evaluate internal and external audit work and internal control;
- (4) to propose the appointment or dismissal of accounting firms undertaking the Company's audit work;
- (5) to supervise the Company's internal audit system and its implementation;
- (6) to be responsible for communication between internal and external auditors;
- (7) to control connected transactions and conduct their daily management; and
- (8) such other powers as may be granted by laws, regulations, regulatory rules, these Articles of Association, and the Board of Directors.

The Board of Directors shall make assessment on the work performance of the Audit Committee on a yearly basis, so as to ensure its responsibilities are effectively fulfilled.

**Article 149** The following matters shall be submitted to the Board of Directors for deliberation after being approved by over half of all members of the Audit Committee:

- (1) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;
- (2) appointment or dismissal of accounting firms undertaking audit work for the listed company;
- (3) appointment or dismissal of persons in charge of finance of the listed company;
- (4) changes in accounting policies or accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards; and
- (5) other matters required by laws, regulations, regulatory rules and these Articles of Association.

**Article 150** The Audit Committee shall hold a meeting at least once every quarter. An extraordinary meeting may be held upon the proposal of two or more members, or when the convener deems it necessary. A meeting of the Audit Committee shall be held only if more than two-thirds of the members are present.

Resolutions of the Audit Committee shall be adopted by a majority of its members.

Voting on resolutions of the Audit Committee shall be based on one vote per member.

Meeting minutes shall be prepared in accordance with regulations for resolutions of the Audit Committee, and members present at the meeting shall sign the minutes.

**Article 151** The Remuneration and Review Committee is responsible for formulating and conducting appraisals for Directors and senior management, formulating and reviewing remuneration policies and plans, including the remuneration determination mechanism, decision-making process, and payment, cessation of payment and claim arrangements, for Directors and senior management, and making recommendations to the Board of Directors on the following matters:

- (1) remuneration for Directors and senior management;
- (2) formulation or changes of equity incentive schemes and employee stock ownership schemes, granting of rights to incentive recipients, and fulfillment of conditions for exercising such rights;
- (3) stock ownership schemes for Directors and senior management in proposed spinoff of subsidiaries; and
- (4) other matters required by laws, regulations, regulatory rules, and these Articles of Association.

If the Board of Directors does not adopt or fully adopt any recommendation of the Remuneration and Review Committee, it shall record the opinions of the Remuneration and Review Committee and the specific reasons for its disapproval in the Board resolution and disclose such information.

**Article 152** The main responsibilities of the Strategy and Investment Planning Committee are to study and make recommendations on the Company's longterm development strategies and major investment decisions.

**Article 153** The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management, selecting and reviewing candidates for Directors and senior management and their qualifications, and making recommendations to the Board of Directors on the following matters:

- (1) nomination or appointment or removal of Directors;
- (2) appointment or dismissal of senior management; and
- (3) other matters required by laws, regulations, regulatory rules, and these Articles of Association.

If the Board of Directors does not adopt or fully adopt any recommendation of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for its disapproval in the Board resolution and disclose such information.

**Article 154** The special committees may engage intermediaries for professional advice. The expenses incurred there from shall be borne by the Company.

Each of the special committees shall report to the Board of Directors and submit its proposals to the Board of Directors for consideration and approval.

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

**Article 155** The Company shall have a secretary to the Board, and formulate the working system for the secretary to the Board, stipulating the qualifications, working methods, and working procedures for the secretary to the Board, which shall be implemented upon approval by the Board of Directors.

The secretary to the Board is a senior management member.

Management officers of the holding company cannot hold a concurrent position of the secretary to the Board.

**Article 156** The secretary to the Board shall be a natural person who has acquired requisite professional knowledge and experience. He/she shall be appointed by the Board of Directors and meets all the qualifications stipulated by laws, regulations, and regulatory rules, and the major duties of whom include:



- (1) to assist the Directors in dealing with daily work of the Board; to provide, remind and ensure the Directors to acquaint with the policies, laws, regulations, regulatory rules and regulatory requirements regarding the Company's operations; to be responsible for communications between the Directors and relevant parties of the Company; to ensure the Directors be provided with necessary information and documents for fulfillment of their authority and functions; to assist Directors and general manager in abiding by laws, regulations, regulatory rules, the Articles of Association and other relevant provisions in their exercise of authority and functions;
- (2) be responsible for the organization and preparation works for the general meeting, the Board of Directors, meeting records, minutes of meetings, and to ensure the resolutions reached at these meetings comply with the legal procedures, understand the implementation of Board resolutions and reply to Directors in respect of questions concerning relevant meeting procedures and applicability of rules;
- (3) be responsible for the organization of and arrangement for every newly appointed Director of the Company to receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment, and subsequently such briefing and professional development as is necessary, to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under the laws, regulations, regulatory rules, these Articles of Association and the business and governance policies of the Company;
- (4) be responsible for coordinating information disclosure and enhance transparency of the Company's information;
- (5) be responsible for coordinating market publicity, reception of visitors, managing investor relations, maintaining relationships with regulatory authorities, stock exchange, investors, intermediaries and the mass media and public relation coordination;
- (6) to ensure that the Company has maintained complete constitutional documents and records;
- (7) to ensure that the Company shall prepare and submit reports and documents requested by competent authorities in accordance with the laws;
- (8) be responsible for the organization, preparation and timely submission of the files requested by the stock exchange; to be acknowledged of and complete the relevant requirements stipulated by the stock exchange;
- (9) to ensure that the Company's registers of members are properly maintained, and that persons who are entitled to receive the relevant records and documents of the Company receive the relevant records and documents in a timely manner;
- (10) to ensure all corporate communications that contain the names of the Directors clearly identify the independent non-executive Directors;
- (11) to deal with relevant rules and other matters as authorized by the Board.

## CHAPTER 12 SENIOR MANAGEMENT

**Article 157** The Company has one (1) general manager, one (1) editor-in-chief, several deputy general managers, one (1) general counsel, one (1) chief financial officer, and one (1) secretary to the Board. Appointment or dismissal of the abovementioned personnel and other senior management as determined by the Board shall be made by the Board.

Persons holding administrative positions at the controlling shareholder and de facto controller of the Company other than directorship may not serve concurrently as the Company's senior management.

The senior management shall serve as such for a term of three (3) years and be eligible for re-election.

**Article 158** The general manager reports to the Board of Directors, and has duties and powers listed below in accordance with the law:

- (1) to formulate development strategies and plans, business plans, and investment projects of the Company, to be responsible for the production and operation management of the Company, and report to the Board of Directors;
- (2) to organize the implementation of resolutions by the Board of Directors, annual business plans and investment projects of the Company;
- (3) to draft plans for external guarantees and financial assistance, and plans for transactions and connected transactions that shall be determined by the Board of Directors and the general meeting;
- (4) to determine transactions such as external investment, financing, acquisition and disposal of assets, asset mortgage, entrusted wealth management and external donations, connected transactions, as well as other matters that do not require submission to the general meeting and the Board of Directors for review;
- (5) to draft internal management organization plans of the Company;
- (6) to draft basic management systems for the Company;
- (7) to formulate specific regulations for the Company;
- (8) submitting to the Board of Directors for the appointment or dismissal of the Company's deputy general managers, general counsel, chief financial officer or any other senior management officers apart from the secretary to the Board;
- (9) to appoint or dismiss operating management other than the staff which shall be appointed and dismissed by the Party Committee or the Board of Directors;
- (10) to propose convening of extraordinary Board meetings;
- (11) to perform any other duties and powers authorized by the Articles of Association and the Board of Directors.

**Article 159** The general manager shall attend the Board meetings as observer, but the general manager who is not one of the Directors does not have voting rights at the meeting.

**Article 160** The general manager shall, in accordance with the requirements of the Board of Directors, report to the Board of Directors on major contracts signed, the progress, use of funds and profit and loss. The general manager shall ensure the authenticity of the report.

**Article 161** The general manager and other senior management shall safeguard the interests of shareholders and the Company, conscientiously perform duties, implement the resolutions and requirements of the Board, and achieve business goals and business plans of the Company. The general manager shall formulate the terms of reference of general manager, which shall come into force upon being approved by the Board of Directors. The terms of reference shall include the following:

- (1) Criteria and procedures for convening and eligibility for attending a general managers' meeting;
- (2) Responsibilities of and relations between the general manager and other senior management;
- (3) The authority to use capital and assets of the Company and to enter into material contracts on behalf thereof, and the mechanism of reporting to the Board of Directors; and
- (4) Other matters as the Board of Directors deems fit.

**Article 162** The general manager may tender his/her resignation before the expiry of his/her term of office. Particulars and the method of such resignation shall be subject to the employment contract between the general manager concerned and the Company.

**Article 163** For any senior management who causes damage to others while performing his/her duties in the Company, the Company shall be liable for compensation for any loss. Any senior management who acts intentionally or with gross negligence shall also be liable for compensation for any loss.

The senior management are liable for damages for any loss suffered by the Company due to their performance of duties in the Company in breach of any laws, administrative rules, departmental rules or these Articles of Association.

## **CHAPTER 13 QUALIFICATIONS AND DUTIES OF THE DIRECTORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

**Article 164** Persons who fall under any of the following conditions must not act as the Company's Directors and senior management:

- (1) persons who are incapable of performing civil actions or with limited capacity of performing civil actions;
- (2) persons who have been sentenced for penalties for corruption, bribery, illegal occupation of assets, embezzlement or destruction of economic orders of a socialist market environment, and less than five (5) years have elapsed since the expiry of such penalty, or persons who have been stripped of political rights because of criminal activities, and less than five (5) years have elapsed since the expiry of such penalty, and for suspended sentence, less than two (2) years have elapsed since the expiry date of probation period;
- (3) persons who have served as director, head of factory or manager of a company or enterprise that has become bankrupt and been liquidated, and have personal responsibility to the bankruptcy of the company or enterprise, and less than three (3) years have elapsed since the date of the end of the liquidation of the abovementioned company or enterprise;
- (4) persons who have been legal representatives of a company or enterprises of which the license has been invalidated or which has been ordered to close, and have personal responsibility to the invalidation of the license, and less than three (3) years have elapsed since the date of the invalidation of the license or order of closure;
- (5) persons with a relatively large personal debt that has not been cleared upon the due date and listed as a dishonest debtor by the People's Court;
- (6) persons under a prohibition of the securities regulatory authorities of the State Council in the securities market where such prohibition is not expired;
- (7) persons publicly identified by a stock exchange as unsuitable to serve as a director or senior management member of a listed company where such identification is not expired; and
- (8) other persons under laws, administrative regulations or departmental rules.

The Nomination Committee under the Board of Directors of the Company shall review whether Director candidates meet the qualifications for the position. When the Company discloses information about Director candidates, it shall also disclose the review opinion of the Nomination Committee under the Board.

Any election and appointment of a Director or employment of a senior management member in violation of this Article shall be invalid. If a Director or a member of the senior management violates the provisions of this Article during his/her term of office, the Company shall remove him/her from office and suspend his/her duties. If a Director who should have been removed from office but has not been removed attends and votes at meetings of the Board and its special committees, or special meetings of independent non-executive Directors, his/her vote shall be invalid and shall not be counted as present. The Nomination Committee under the Board shall evaluate the qualifications of Directors and senior management and, if found to be ineligible, promptly recommend to the Board their dismissal or termination of appointment.

Directors and senior management shall continue to learn, constantly improve their ability to perform their duties, and perform their duties faithfully, diligently, and prudently.

**Article 165** Directors and senior management shall abide by the provisions of laws, administrative regulations and these Articles of Association, have fiduciary duties to the Company, take measures to avoid conflicts of interest between their own interests and the interests of the Company, and shall not abuse their power to seek improper benefits. They shall not engage in any conduct that violates their duty of loyalty to the Company as listed in Article 181 of the Company Law. If a Director exploits his/her position to seek business opportunities belonging to the Company for himself/herself or others, or operates, for himself/herself or others, similar businesses to those of the Company, he/she shall report the same to the Board or the general meeting, fully explaining the reasons, measures taken to prevent conflicts of interest between his/her own interests and the interests of the Company, and the impact on the Company, and disclose such information. The Company shall perform its review procedures in accordance with the procedures set forth in these Articles of Association.

Directors and senior management shall have the following fiduciary duties to the Company:

- (1) shall not embezzle the Company's assets or misappropriate the Company's funds;
- (2) shall not deposit the Company's funds in accounts opened in their own names or in the names of other individuals;
- (3) shall not abuse their power to bribe or accept other illegal income;
- (4) shall not directly or indirectly enter into contracts or conduct transactions with the Company without reporting to the Board or the general meeting and obtaining a resolution of the Board or the general meeting in accordance with the provisions of these Articles of Association;
- (5) shall not exploit their position to seek business opportunities belonging to the Company for themselves or others, unless they have reported the same to the Board or the general meeting and obtained a resolution from the general meeting, or the Company is prohibited from exploiting such business opportunities in accordance with laws, administrative regulations, or these Articles of Association;
- (6) shall not engage in, for themselves or for others, any business similar to that of the Company without reporting the same to the Board or the general meeting and obtaining a resolution from the general meeting;

- (7) shall not take for themselves commissions from transactions between others and the Company;
- (8) shall not disclose the Company's secrets without authorization;
- (9) shall comply with relevant regulations on honest operation and shall not exploit their connected relationships to prejudice the interests of the Company;
- (10) shall perform other fiduciary duties as required by laws, administrative regulations, departmental rules, and these Articles of Association.

The provisions of item (4) of the second paragraph of this Article shall apply to contracts or transactions entered into between the Company and the close relatives of Directors and senior management, enterprises directly or indirectly controlled by Directors, senior management or their close relatives, and connected parties with other connected relationships with Directors and senior management.

**Article 166** Directors and senior management shall abide by the provisions of laws, administrative regulations, and these Articles of Association, and shall have a duty of diligence to the Company. In performing their duties, they shall exercise the reasonable care that a manager shall normally exercise in the best interests of the Company. Directors shall ensure that they have sufficient time and energy to perform their duties.

Directors and senior management shall have the following duty of diligence to the Company:

- (1) shall exercise the rights granted by the Company with prudence, seriousness, and diligence to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations, and various national economic policies, and that such business activities shall not exceed the scope of business specified in its business license;
- (2) shall treat all shareholders fairly;
- (3) shall promptly understand the Company's business operations and management;
- (4) shall sign written confirmation opinions on the Company's regular reports, ensuring that the information disclosed by the Company is true, accurate, and complete;
- (5) shall truthfully provide relevant information and materials to the Audit Committee and shall not interfere with the exercise of the Audit Committee's powers;
- (6) shall perform other duty of diligence as required by laws, administrative regulations, departmental rules, and these Articles of Association.

**Article 167** Any income obtained by Directors and senior management of the Company in violation of Articles 181 to 184 of the Company Law shall belong to the Company.



**Article 168** The Company shall enter into written contracts with Directors and senior management, clarifying the rights and obligations between the Company and Directors and senior management, the term of office of Directors and senior management, the liability for violation of laws, regulations and the Articles of Association of the Company, the compensation to Directors for early termination of contracts with reasons, the obligations of Directors and senior management upon departure, and the pursuit of accountability and compensation. The Company shall disclose to shareholders on a regular basis the remuneration received by the Directors and senior management from the Company.

#### **CHAPTER 14 FINANCIAL, ACCOUNTING, AUDIT AND LEGAL COUNSEL SYSTEM AND PROFIT DISTRIBUTION**

**Article 169** The Company shall establish its financial, accounting, audit and legal counsel systems according to the laws, administrative regulations and the provisions of the relevant department of the State Council.

**Article 170** The Company shall issue a financial report at the end of each financial year, and such financial report shall be audited by the accounting firm according to laws.

The Board of the Company shall explain to the general meeting any non-standard audit opinion issued by the accounting firm on the financial report of the Company.

The financial year of the Company is based on the Gregorian calendar, it means that the financial year commences on the 1st of January and ends on the 31st of December of each year.

**Article 171** The financial statement of the Company shall be issued in accordance with the accounting standards and laws and regulations of the PRC.

**Article 172** The interim report or financial information announced or disclosed by the Company shall be issued according to the accounting standards and regulations of the PRC.

**Article 173** The Company shall submit its annual report to relevant regulatory authorities within four (4) months following the end of every fiscal year and make publicly available such a report within three (3) months following the same. It shall submit its interim report to relevant regulatory authorities within two (2) months following the end of the sixth (6) month of every fiscal year and make publicly available such a report within two (2) months following the end of the 6-month period. It shall submit its quarterly report to relevant regulatory authorities within one (1) month following the end of the third (3) month and the ninth (9) month of every fiscal year.

The above reports shall be prepared in accordance with relevant laws, regulations and regulatory rules.

**Article 174** Save and except for the statutory book of accounts, the Company must not maintain any other sets of accounts.

The funds of the Company must not be registered in the accounts of any person in his/her individual capacity.

**Article 175** Profit after taxation of the Company is used in the following order:

- (1) to offset losses;
- (2) to provide for statutory reserve;
- (3) to provide for discretionary reserve as resolved at the general meeting;
- (4) to pay for dividends.

When distribution of after-tax profit within a financial year, the Company shall extract 10% of the profit into the Company's statutory reserve fund. Extraction of profit may not be required, after the accumulated amount of the Company's statutory reserve fund reaches more than 50% of the registered capital.

If the Company's statutory reserve fund fails to cover losses incurred in the previous financial year, after-tax profit of the current financial year shall be used to offset the losses before the extraction of statutory reserve fund as mentioned above.

Upon extraction of after-tax profit from statutory reserve fund, if approved at the general meeting, the Company may again extract arbitrary reserve fund.

After offsetting losses of previous financial year and extraction from statutory reserve fund, the remaining after-tax profit may be distributed to shareholders according to the shareholding.

The Company's shares held by the Company are not included in the distribution of profits.

Should the general meeting violate these Articles of Association by distributing profits to shareholders, shareholders shall return the profits obtained which violate regulations to the Company. Should losses be incurred to the Company, shareholders and the Directors and senior management responsible shall assume the liability of compensation.

If the Company still suffers losses after making up for losses in accordance with the provisions of the Company Law, it may reduce its registered capital to offset such losses. Where registered capital is reduced to offset losses, the Company may not distribute profits to shareholders, nor may it exempt shareholders from their obligation to pay capital contributions or share payments.

Where registered capital is reduced in accordance with the preceding paragraph, the provisions of the second paragraph of Article 198 of these Articles of Association shall not apply. However, the Company shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date the general meeting adopts the resolution to reduce registered capital.

Following a reduction in registered capital in accordance with the preceding two paragraphs, the Company may not distribute profits until the accumulated statutory and discretionary reserves reach 50% of the Company's registered capital.

**Article 176** Capital reserve fund includes the following monies:

- (1) premium exceeding issued shares;
- (2) the amount of proceeds from the issuance of no-par value shares not included in the registered capital;
- (3) other items that must be put into the capital reserve fund as required by financial bodies under the State Council.

**Article 177** Reserve funds of the Company shall be used for recovering losses of the Company, expanding scale of operation of the Company or increasing the registered capital.

When using reserve fund to recover losses of the Company, the discretionary reserve fund and statutory reserve fund shall be used first; if they still cannot make up the difference, the capital reserve fund may be used in accordance with regulations.

When transferring statutory reserve fund to increase registered capital, the remaining value in the statutory reserve fund must not be less than 25% of the registered capital before the transfer.

**Article 178** Dividends are distributed to shareholders according to their respective shareholding. Dividend distribution proposal shall be passed by shareholders by an ordinary resolution.

In relation to the receipt of dividends by shareholders, the Company is entitled to forfeit unclaimed dividends, provided that such power shall only be exercised in accordance with laws, regulations, and regulatory rules and after six (6) years from the date on which dividends are declared or after six (6) years or the expiration of the applicable limitation period (whichever is longer). The Company has the right to terminate the issue of dividend coupons to holders of overseas listed foreign shares by post but the Company shall exercise such right only after the dividend coupons have not been exercised twice (2) consecutively. The Company may exercise such right when the dividend coupons have failed to be delivered initially and after the dividend coupons have been returned.

**Article 179** Profit distribution policies of the Company are as follows:

(1) Principles

The Company adopts a sustainable and steady profit distribution policy to provide reasonable and stable investment return to investors while maintaining its sustainable development of the Company. When the Company has the condition for profit distribution while profit distribution in cash has not been conducted, reasons shall be fully disclosed.

(2) Decision Making and Procedures

1. When the Company convenes an annual general meeting to review its annual profit distribution plan, it may review and approve the conditions, percentage cap, and amount cap for the interim cash dividend for the following year. The Board shall formulate a specific interim dividend plan based on the general meeting resolution, subject to the conditions for profit distribution. The interim dividend cap for the following year, as reviewed by the annual general meeting, shall not exceed the net profit attributable to the listed company's shareholders for the corresponding period.

2. When formulating a specific cash dividend plan, the Board of the Company shall carefully study and deliberate matters such as the timing, conditions, and minimum ratio of the cash dividend, the conditions for adjustment, and the decision-making procedures. Independent non-executive Directors shall have the right to express independent opinions if they believe the specific cash dividend plan may jeopardize the interests of the Company or minority shareholders. If the Board does not adopt or does not fully adopt the opinions of independent non-executive Directors, the independent non-executive Directors' opinions and the specific reasons for not adopting them shall be recorded and disclosed in the Board resolution.

### (3) Means of Distribution

The Company may make its dividends by means of cash, shares, a combination of both or otherwise as permitted by laws, regulations, and regulatory rules where priority is given to cash.

### (4) Intervals

The Company shall basically distribute its distributable profits annually and may make interim dividends in cash.

### (5) Conditions and Payout of Cash Dividends

1. Save for exceptional circumstances, priority shall be given to cash dividends when the Company recorded profits and positive undistributed profits accrued for the year. Subject to laws, regulations and regulatory rules, profit distribution of the Company in cash for a given year shall not be less than 30% of its distributable profits for such a year.
2. Save for exceptional circumstances, profit distribution of the Company in cash shall not be less than 80% of such distribution.
3. Under exceptional circumstances, profit distribution of the Company in cash shall not be less than 40% of such distribution.

Exceptional circumstances abovementioned refer to circumstances where there is significant investment, cash payment or other matters (excluding fund raising), which in turn refers to matters subject to approval at a general meeting under laws, regulations, regulatory rules or these Articles of Association.

### (6) Formulation of Proposal

When formulating cash dividends distribution plan of the Company, the Board of Directors shall fully take into account the timing, conditions and minimum ratio, conditions for adjustment and decisionmaking procedures. Independent non-executive Directors shall have the right to express independent opinions if they believe the cash dividend plan may jeopardize the interests of the Company or minority shareholders.

Prior to the consideration of cash dividends distribution plan at a general meeting, the Company shall communicate with its shareholders, in particular, minority shareholders, through various channels for communication and interaction (including but not limited to telephone calls, facsimile, post and visits) to receive their opinions and request and respond to their concerns in a timely manner.

If the Company fails to determine its proposal of profit distribution of the year to which it relates as prescribed above or the lowest proportion of cash dividends under exceptional circumstances, the Company shall disclose the specific reasons therefor. The profit distribution proposal of the Company for the year shall be submitted to a general meeting for approval at which online voting is available. The Audit Committee shall monitor the execution of policies on cash dividend and shareholder return plans, the compliance with relevant decision-making procedures and information disclosure requirements and other matters.

#### (7) Criteria for Making Dividends

Where the Company is under a good operating condition, and the Board of Directors expects the Company to have a satisfactory growth rate and considers that its net asset per share is high, its share price does not reflect its share capital size and distributing dividends in shares will be in the interest of all its shareholders as a whole, the Company may propose profit distribution in share.

#### (8) Changes to the Profit Distribution Policies

If the Company adjusts its profit distribution policies in response to the economic environment or its operations, the adjusted policies shall comply with the relevant requirements of the securities regulatory authority of the State Council and stock exchanges. Any proposed adjustments to such policies shall be discussed and considered at a meeting of the Board of Directors over a report examining the reasons therefor compiled by the Board of Directors and thereafter proposed as a special resolution at a general meeting for approval providing the option of online voting. The Audit Committee shall examine such changes to the profit distribution policies.

**Article 180** Should a resolution be passed on distribution of profits at the general meeting, or the Board of the Company formulate a specific plan based on the interim dividend conditions and cap for the following year approved by the general meeting, the Board of Directors shall complete distribution of dividend (or shares) within two (2) months.

**Article 181** Distribution of cash dividend and other sums calculated and announced in Renminbi to shareholders of domestic shares are paid in Renminbi. Distribution of cash dividend and other sums calculated and announced in foreign currencies to shareholders of overseas listed foreign shares in Renminbi are paid in the currencies of the places where the overseas listed foreign shares are listed.

**Article 182** The distribution of cash dividend and other sums to shareholders of overseas listed foreign share will be paid in accordance with the related foreign currency exchange rules of the State.

**Article 183** The Company shall, in accordance with the taxation laws of China, deduct and pay taxes on dividend income on behalf of the shareholders.

**Article 184** The Company shall implement an internal audit system and conduct audit supervision and other work in accordance with laws, regulations, and regulatory rules. The Secretary of the Party Committee and Chairman of the Board shall be the primary responsible persons for internal audit work.

The Company shall formulate an internal audit system that clearly defines the leadership structure, responsibilities and authorities, staffing, funding, application of audit results, and accountability for internal audit work. The system shall be implemented upon approval by the Board and disclosed publicly.

**Article 185** The Company's internal audit agency shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters.

**Article 186** The internal audit agency is accountable to the Board of Directors.

During the supervision and inspection of the Company's business activities, risk management, internal control, and financial information, the internal audit agency shall accept oversight and guidance from the Audit Committee. If the internal audit agency discovers any significant issues or leads, it shall immediately report directly to the Audit Committee.

**Article 187** The internal audit agency shall be responsible for organizing and implementing the Company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report issued by the internal audit agency and reviewed by the Audit Committee, as well as relevant materials.

**Article 188** When the Audit Committee communicates with external audit institutions such as accounting firms and national audit institutions, the internal audit agency shall actively cooperate and provide necessary support and collaboration.

**Article 189** The Audit Committee shall participate in the assessment of the head of internal audit.

## **CHAPTER 15 APPOINTMENT OF ACCOUNTANTS' FIRM**

**Article 190** The Company shall employ independent audit firm as stipulated under related regulations of the State to audit the Company's annual report and audit other financial reports of the Company. The appointment and dismissal of an audit firm by the Company shall be decided by the general meeting. The Board may not appoint an audit firm before a decision is made by the general meeting.

**Article 191** The period of appointment of the audit firm begins from the end of an annual general meeting and ends at the end of the next annual general meeting. Reappointment may be made upon expiry of such appointment.

**Article 192** The Company shall provide the accounting firm it hires with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse, conceal or make false reports.

**Article 193** The remuneration or confirmed remunerations for the audit firm is determined by the general meeting.

**Article 194** Should the Company wish to dismiss or discontinue reappointment of an audit firm, the Company shall serve a prior notice to the audit firm in accordance with laws, regulations, and regulatory rules. The audit firm has the right to state its opinions at the general meeting. Should the audit firm resign from the position, it shall clarify at the general meeting whether there is any improper circumstance within the Company.



## **CHAPTER 16 MERGER, DIVISION AND CAPITAL INCREASE AND DECREASE OF THE COMPANY**

**Article 195** On any merger or division of the Company, the Board of Directors shall submit proposals to be approved in accordance with the procedures as stipulated in the Articles of Association, before processing the relevant approval procedures as set out under laws, regulations, and regulatory rules.

**Article 196** Merger of the Company may take the two forms either absorption or consolidation.

In a merger, the two parties of the merger shall sign a merger agreement and produce balance sheets and inventory. The Company shall, within ten (10) days from the day when the agreement is signed, inform creditors of the merger, and, within thirty (30) days from the day when the agreement is signed, make announcement of the merger on newspapers or the National Enterprise Credit Information Publicity System. Within thirty (30) days after receipt of the notices or for those not receiving the notices, within forty-five (45) days after publication of the announcement, the creditors are entitled to require the Company to repay the loans or to provide corresponding guarantees.

After the merger, the credits and debts of both parties of the merger will be borne by the company that continues to exist upon the merger or by the newly established company from the merger.

**Article 197** In a division, the Company shall divide its assets accordingly. In a division, the various parties of the division shall sign a division agreement and produce balance sheets and inventory. The Company shall, within ten (10) days from the day when the agreement is signed, inform creditors of the division, and, within thirty (30) days from the day when the agreement is signed, make announcement of the division on newspapers or the National Enterprise Credit Information Publicity System.

Companies that emerge from the division shall bear related responsibilities to debts of the Company prior to the division, unless the Company reaches a written agreement with the creditor prior to the division regarding reimbursement which states otherwise.

**Article 198** Where the Company reduces its registered capital, it shall produce balance sheets and inventory.

The Company should, within ten (10) days from the day of the adoption of the resolution to reduce its registered capital, inform creditors of the decrease, and, within thirty (30) days from the same, make announcement of the decrease on newspapers or the National Enterprise Credit Information Publicity System. Within thirty (30) days after receipt of the notices or, for those not receiving the notices, within forty-five (45) days after publication of the announcement, the creditors are entitled to require the Company to repay the loans or to provide corresponding guarantees.

Where the reduction of registered capital of the Company is used to offset the losses, the provisions of Article 175 of these Articles of Association shall apply.

When the Company reduces its registered capital, it shall reduce its capital contributions or shares in proportion to the shares held by shareholders, except as otherwise provided by laws or these Articles of Association.

**Article 199** If the Company reduces its registered capital in violation of the Company Law or other relevant regulations, shareholders shall return the funds they have received, and if the shareholders' contributions are reduced or exempted, the Company shall restore the original state. If losses are incurred to the Company, shareholders and responsible Directors and senior management shall bear liability for compensation.

**Article 200** When the Company issues new shares to increase its registered capital, shareholders shall not enjoy preferential subscription rights, except where otherwise provided by laws, regulations, regulatory rules and these Articles of Association, or where a resolution of the general meeting determines that shareholders enjoy preferential subscription rights.

**Article 201** Any changes in connection with the registration issues due to a merger or division shall be registered with the relevant business registration authorities in accordance with laws. The Company's records at the business registration authorities shall be cancelled, should the Company cease to exist due to the merger or division. Registration shall be made for any newly established company that form from the merger or division.

Where the Company increases or reduces its registered capital, it shall register the changes with the company registration authority in accordance with laws.

## **CHAPTER 17 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 202** The Company shall be dissolved due to the following reasons:

- (1) the expiration of the business term as provided for in these Articles of Association or the occurrence of other reasons for dissolution as provided for in these Articles of Association;
- (2) dissolution by resolution of the general meeting;
- (3) dissolution due to merger or division of the Company;
- (4) the Company's operation license is cancelled, the Company is ordered to close or rescinded;
- (5) serious difficulties in the Company's operation and management, the continued existence of which would cause significant losses to the interests of shareholders and which cannot be resolved through other means. Shareholders holding more than 10% of the Company's voting rights may petition the People's Court to dissolve the Company.

If the Company encounters any of the reasons for dissolution as provided for in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

**Article 203** Should the Company have circumstances mentioned in items (1) and (2) of Article 202, and that the Company has not yet distributed assets to shareholders, it may continue to exist by amending these Articles of Association or by resolution of the general meeting.

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

Should the Company be dissolved due to conditions mentioned in items (1), (2), (4) and (5) of Article 202, the Company shall establish a liquidation committee within fifteen (15) days. Directors are obligated to liquidate the Company, unless selected at general meeting in the form of ordinary resolution, failing which creditors may apply to the People's Court for establishment of a liquidation committee from specified persons.

Should the Company be declared bankrupt according to the law, bankruptcy and liquidation shall be carried out in accordance with laws relating to corporate bankruptcy.

**Article 204** The liquidation committee shall notify creditors within ten (10) days of its establishment, and, within sixty (60) days of its establishment, make announcement of the division on newspapers or the National Enterprise Credit Information Publicity System.

Creditors shall, within thirty (30) days of receipt of the notice, or for creditors who have not personally received such notice, within forty-five (45) days of the date of the first announcement, contact the liquidation committee to claim their rights. Failure of declaration within the required period shall be deemed as a waiver. In claiming their rights, the creditors shall provide a statement and evidence with respect thereof. The liquidation committee shall register creditor's rights. During such a period, the liquidation committee shall not settle any debt with the creditors.

**Article 205** During the period of liquidation, the liquidation committee has the following authorities:

- (1) to dispose of the Company's assets, produce a balance sheet and inventory;
- (2) to notify creditors or make related announcements;
- (3) to process any transactions of the Company that are related to the liquidation;
- (4) to pay any outstanding taxes and taxes incurred during the liquidation process;
- (5) to clear credits and debts;
- (6) to distribute any remaining assets of the Company when all debts are cleared;
- (7) to represent the Company in any civil procedures.

**Article 206** After disposing of the Company's assets, conducting the balance sheet and asset inventory, the liquidation committee shall draft proposal on the liquidation and submit to the general meeting or related regulatory organizations for confirmation.

The assets of the Company shall be distributed in the following sequence: payment of the liquidation expenses, wages, social insurance premiums and statutory compensation of the employees, payment of overdue taxes, and discharge of the corporate obligations.

Assets that remain after completion of the above procedures shall be distributed to shareholders according to the share class and shareholding.

During the period of liquidation, the Company shall subsist, but is forbidden to launch operational activities not related to liquidation.

Assets of the Company shall not be distributed to any shareholders before settlement as prescribed in the preceding paragraphs.

**Article 207** Should the Company liquidate due to dissolution and the liquidation committee, after liquidation of the Company assets, formulation of balance sheet and asset checklists, believes that there is insufficient of the Company's assets to clear debts, the committee shall apply for bankruptcy and liquidation to the People's Court immediately.

After the People's Court accepts the bankrupt application, the liquidation committee shall handover liquidation affairs to the bankruptcy administrator designated by the People's Court.

**Article 208** Members of the liquidation committee shall perform their liquidation duties with obligations of loyalty and diligence.

Members of the liquidation committee who fail to perform liquidation duties causing losses to the Company shall be liable for compensation. Those who willfully or through gross negligence cause losses to the creditors shall be liable for compensation.

**Article 209** At the end of the liquidation, the liquidation committee shall produce a liquidation report and statement of income and expenditure and financial accounts. The documents, upon verification by a registered accountant, shall be submitted to the general meeting or related regulatory organizations for confirmation.

Within thirty (30) days of the confirmation of the liquidation report by general meeting or related regulatory organizations, the liquidation committee shall submit the abovementioned documents to company registration organizations for cancellation of the Company's registration.

## **CHAPTER 18 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**Article 210** The Company shall amend these Articles of Association according to laws, regulations, regulatory rules and these Articles of Association. The Company shall make amendment to the Articles of Association upon the occurrence of any one of the following events:

- (1) the Company Law or the relevant laws, regulations, and regulatory rules are amended and these Articles of Association are in conflict with the amended laws, regulations, and regulatory rules;

- (2) any change in the Company's situation which leads to inconsistency with matters stated in these Articles of Association; and
- (3) a resolution regarding the amendment of these Articles of Association is passed at a general meeting.

**Article 211** Following is the procedure for amending the Articles of Association:

- (1) the Board of Directors passes a resolution in accordance with the Articles of Association, and formulate a revision scheme suggesting that the general meeting shall revise the Articles of Association;
- (2) shareholders be notified of the amendments and a general meeting be convened to vote thereon;
- (3) provided that relevant requirements in these Articles of Association are followed, the amendments proposed at the general meeting shall be passed as a special resolution.

The general meeting may pass a special resolution to authorize the Board of Directors:

1. should the Company increase its registered capital, the Board of Directors has the authority to amend the related content on registered capital in the Articles of Association accordingly; and
2. should amendment on words or order of clauses of the Articles of Association approved by the general meeting be required by relevant regulatory organizations during the process of examination and approval, the Board of Directors has the authority to make corresponding amendments as requested by the relevant regulatory organizations.

**Article 212** If necessary, approval from competent authorities shall be sought for amendments to the Articles of Association resolved by the general meeting; whereas such amendments involving company registration matters shall be registered according to law to register changes made thereof. Announcement of such amendments shall be made if required to be disclosed by laws, regulations, and regulatory rules.

## **CHAPTER 19 SETTLEMENT OF DISPUTES**

**Article 213** The Company shall comply with the following rules in resolving disputes:

- (1) Any dispute regarding the rights and obligations set out in the Articles of Association, Company Law and any other related laws, administrative regulations between shareholders of overseas listed foreign share and the Company, between shareholders of overseas listed foreign share and the Company's Directors or senior management, between shareholders of overseas listed foreign share and domestic shareholders, shall be submitted for arbitration by related parties. The aforesaid disputes to be submitted shall be all claims or disputes related to the disputes. All parties for the same claim and all parties involved to the disputes, if they are the Company's shareholder, Director or senior management, they shall comply with the arbitration. Disputes on definition of shareholders or share register do not require resolution through arbitration.

- (2) The applicant may choose for the arbitration to be carried out by the China International Economic and Trade Arbitration Commission according to the Commission's arbitration regulations. The applicant may also choose the arbitration to be carried out by the Hong Kong International Arbitration Centre according to the Centre's arbitration regulations. Upon submission of the dispute or opinions about rights for arbitration by the applicant, the arbitration shall proceed at the organization chosen by the applicant. Should the applicant for arbitration choose the arbitration to be carried out at the Hong Kong International Arbitration Centre, all parties may, according to the Centre's regulations on securities arbitration, request the arbitration be carried out in Shenzhen.
- (3) Laws of the People's Republic of China apply to resolution through arbitration on disputes or opinions about rights stated in item (1) above; exceptions can be made should the laws, administrative regulations stipulate otherwise.
- (4) A ruling by the arbitration organization is the final decision, and is binding to all parties.
- (5) Save for the disputes or opinions about rights described in item (1) of this Article, the dispute resolution method of filing a lawsuit in the People's Court shall be applied in accordance with other provisions of these Articles of Association.

## **CHAPTER 20 NOTICES**

**Article 214** Unless otherwise provided in these Articles of Association, and subject to compliance with laws, regulations and regulatory rules, communications (with the meaning prescribed in the Listing Rules) (including notices from the Company, same below) sent by the Company to holders of overseas listed foreign shares shall be delivered in a manner permitted by local listing rules. If issued in the form of an announcement, it shall be published on the Company's website or on a website designated by the securities regulatory authority or the stock exchange.

**Article 215** The Company's communications (including notices from the Company) may be issued in the following forms:

- (1) by personal delivery;
- (2) by mail;
- (3) by announcement;
- (4) any other form prescribed by these Articles of Association.

Notices of general meetings may be issued by announcement.



For corporate communications (including notices from the Company) issued by the Company, if delivered by personal delivery, the address of the recipient shall be the address registered in the register of members. The recipient shall sign (or affix a seal) on the delivery receipt, and the date of delivery shall be the date of signing the delivery receipt. If delivered by mail, the address of the recipient shall be the address registered in the register of members. The notice shall be placed in a prepaid envelope and mailed. The notice shall be deemed received by the recipient five days after delivery to the post office. If issued by announcement, all relevant persons shall be deemed to have received the communications upon the announcement. If issued by email or website posting, the date of delivery shall be the date of publishing.

The Company shall publish corporate announcements and other information that needs to be disclosed in designated media in accordance with laws, regulations and regulatory rules.

**Article 216** The mere accidental omission to give the notice of a meeting to, or the mere non-receipt of such notice by, any person entitled to receive the notice shall not invalidate the meeting or the resolutions passed at the meeting.

**Article 217** Any notice, document, material or written statement given to the Company by the shareholders or Directors may be delivered either in personal or by registered mail delivered to the Company's legal domicile.

**Article 218** Shareholders or Directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the Company within the prescribed periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

## **CHAPTER 21 SUPPLEMENTARY PROVISIONS**

**Article 219** The relevant terms in these Articles of Association shall be interpreted as follows:

- (1) "RMB" shall refer to the legal currency of the People's Republic of China;
- (2) "Foreign investors" shall refer to investors from foreign countries or from Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC or Taiwan Province of the PRC that subscribe for shares issued by the Company;
- (3) "Domestic investors" shall refer to investors within the People's Republic of China, excluding Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC or Taiwan Province of the PRC, that subscribe for shares issued by the Company;
- (4) "Foreign currency" shall refer to a legal currency (other than Renminbi) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for payment of the Company's shares;
- (5) "Hong Kong Stock Exchange" shall refer to The Stock Exchange of Hong Kong Limited;

- (6) “Domestic shares” shall refer to shares issued by the Company to domestic investors for subscription in Renminbi;
- (7) “Foreign shares” shall refer to shares issued by the Company to foreign investors for subscription in foreign currency. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares;
- (8) “H shares” shall refer to overseas listed foreign shares issued by the Company and listed on The Stock Exchange of Hong Kong Limited, the par value of which is denominated in Renminbi, and are subscribed for and traded in Hong Kong dollars;
- (9) “A shares” shall refer to ordinary shares firstly issued by the Company to the public in Renminbi and listed on the Shanghai Stock Exchange;
- (10) “Controlling shareholders” shall refer to shareholders whose shares account for more than 50% of the Company’s total share capital; or shareholders whose shareholding ratio does not exceed 50% but whose voting rights are sufficient to have a significant impact on the resolutions of the general meeting;
- (11) “Controlling organizations” shall refer to those corporations, enterprises or institutions which control the Company;
- (12) “De facto controllers” shall refer to persons who through investment relationship, agreement or other arrangements can actually control the conduct of the Company;
- (13) “Stock exchange” shall refer to a stock exchange where the stocks of the Company are listed;
- (14) “Securities regulatory authorities” shall refer to the securities regulatory authorities of the place where the stocks of the Company are listed in the stock exchange;
- (15) “Regulatory authorities” shall refer to government agencies or organizations that exercise supervisory and management functions;
- (16) “Regulatory rules” shall refer to the relevant normative documents promulgated by regulatory authorities;
- (17) “Listing rules” shall refer to the rules governing the listing of securities promulgated by the stock exchange;
- (18) “Cumulative voting system” shall refer to that when a general meeting elects Directors, each share carries the same number of voting right as the number of Directors to be elected, and the voting rights owned by shareholders may be cumulatively used;
- (19) “External Directors” shall refer to Directors who do not hold an office in the Company;
- (20) “Senior management” shall have the meaning as ascribed to this term under Article 9 of these Articles of Association.

Subject to compliance with laws, regulations and regulatory rules, “internal audit agency” referred to in these Articles of Association may include the Company’s internal audit department or relevant specialized agency; “connected relationship” and “close associates” shall have the meaning specified from time to time by regulatory rules; definition of “accounting firm” referred to is the same as “auditors”; phrases “over”, “within” include the number itself; phrases “higher than”, “below”, “above” and “fewer than” do not include the number itself.

**Article 220** These Articles of Association have come into effect upon review and approval by the general meeting.

**Article 221** These Articles of Association is written in Chinese. In case of any discrepancy with any versions in any other languages, the Chinese version shall prevail.

**Article 222** The Articles of Association shall be interpreted by the Board of Directors.