

**Shandong Weigao Group Medical Polymer Company Limited**

**Articles of Association**

If there is any inconsistency between the English translation and the Chinese version of this document, the Chinese version shall prevail.

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**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** “Shandong Weigao Group Medical Polymer Company Limited (the Company”) has been established pursuant to Company Law of the PRC (“Company Law”), the Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (“Prescribed Regulation”) and the relevant laws, rules and regulations in the PRC in regulating the establishment of a joint stock company. The establishment of the joint stock company was approved by the Provincial Government of Shandong under the certificate “Lu [2000]53. and it was established on 27 December 2000 under the promotion shares on 28 December 2000. The business registration number is: 3700001806541. The promoters of the Company are Weigao Holding Company Limited, Chen Lin, Zhang Hua wei, Miao Yan Guo, Wang Yi, Zhou Shu Hua, Wang Zhi Fan and Wu Chuan Ming.”

**Article 2** The Chinese registered name of the Company is 山東威高集團醫用高分子製品股份有限公司, and its English registered name is SHANDONG WEIGAO GROUP MEDICAL POLYMER CO., LTD.

**Article 3** Address of the Company: 18 Xingshan Road, Weihai Torch Hi-Tech Science Park, Shandong, the PRC

Post Code: 264210

Telephone No.: 0631-562-2517

Facsimile No.: 0631-562-0555

**Article 4** The legal representative of the Company is the Chairman of the Company.

**Article 5** The Company is a perpetual joint stock limited company.

**Article 6** The Company is an independent corporate legal person. All the Company’s acts shall comply with the PRC laws, rules and regulations and safeguard the lawful interests of its shareholders. The Company shall be governed and protected by the PRC laws, rules and regulations.

**Article 7** The Articles of Association of the Company became effective after being approved by shareholders in General Meeting by way of special resolution and (where necessary) by relevant competent authority in accordance with relevant laws and regulations of the PRC.

## **Articles of Association of Shandong Weigao Group Medical Polymer Company Limited**

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**Article 8** From the date of these Articles of Association becoming effective, these Articles of Association (including future amendments to the articles of association) constitute a legally binding public document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

**Article 9** The Articles of Association are binding upon the Company and its shareholders, directors, supervisors, general managers and other senior management of the Company; all of whom are entitled to raise issues regarding the affairs of the Company in accordance with the Articles of Association.

A shareholder can raise any action against the Company pursuant to the Articles of Association and vice versa, by shareholders against each other, by a shareholder against the directors, supervisors, general managers and other senior management of the Company.

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

**Article 10** The Company may invest in other limited liability companies and joint stock limited companies, and the Company's liabilities with respect to such companies are limited to the amount invested.

The Company may, pursuant to its operational and managements requirements, make investments in other enterprises pursuant to Article 15 of the Company Law.

**Article 11** The entire capital of the Company is divided into equal shares. The liabilities assumed by the shareholders of the Company shall be limited to the extent of the shares held by them. The Company shall be liable to its creditors to the extent of all of its assets.

**Article 12** Employees of the Company may form a trade union in accordance with the law, participate in union activities and protect workers' legal rights and interests. The Company shall provide necessary conditions for the activities of the trade union of the Company.

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

**Article 13** The objects of business of the Company are: people-oriented, focusing on technology and responsible for its own management decisions, and profits and losses.

**Article 14** Manufacture of Class I medical devices; sale of Class I medical devices; manufacture of Class II medical devices; sale of Class II medical devices; manufacture of Class III medical devices; operation of Class III medical devices; wholesale of protective goods for healthcare workers; retail of protective goods for healthcare workers; production of protective goods for healthcare workers (Class I medical devices); production of protective goods for healthcare workers (Class II medical devices); sale of personal hygiene products; sale of hygiene products and disposable medical supplies; production of medical masks; wholesale of medical masks; retail of medical masks; production of daily masks (non-medical); sale of daily masks (non-medical); sale of daily commodities; retail of cosmetics; wholesale of cosmetics; sale of packaging materials and products; manufacture of medical packaging materials; manufacture of plastic products; sale of plastic products; manufacture of special-purpose equipment; manufacture of road motor vehicles; sale of new motor vehicles; manufacture of rubber products; manufacture of maternal and child products; sale of maternal and child products; manufacture of moulds; sale of moulds; production of disinfectants (excluding dangerous chemicals); sale of disinfectants (excluding dangerous chemicals); sale of special equipment for environmental protection; wholesale of hardware products; retail of hardware products; sale of household appliances; retail of computer software and hardware and ancillary equipment; sale of machinery and equipment; rental of medical equipment; rental of machinery and equipment; repair of special equipment; manufacture of special equipment (excluding manufacture of licensed professional equipment); manufacture of electronic special equipment; sale of electronic products; maintenance of electronic and mechanical equipment (excluding special-purpose equipment); technical services, technical development, technical consultation, technical exchange, technical transfer and technical promotion; network technical services; internet information services for medical devices; internet of things application services; sale of artificial intelligence hardware; sale of software; import and export of goods; import and export of technology; production of sterilising equipment; sale of sterilising equipment; professional cleaning, washing and sterilising services; manufacture of high performance fibres and composites; sale of high performance fibres and composites; sale of office supplies; sale of office equipment; sale of office equipment consumables; sale of paper products; corporate group finance company services; laundry services; wholesale of pharmaceuticals; retail of pharmaceuticals; sale of special chemical products (excluding dangerous chemicals); wastewater treatment and recycling; general cargo storage services (excluding dangerous chemicals and other items requiring licensing approval); road cargo transportation (excluding dangerous goods); sale of instruments and meters.

**Article 15** The Company shall amend these Articles of Association according to laws and may amend its scope of operations upon the approval of the relevant competent authorities and change of registration at the Weihai Administration for Industry and Commerce.

### **CHAPTER 3 SHARES AND REGISTERED CAPITAL**

**Article 16** The Company shall have ordinary shares at any time; pursuant to its requirements and upon the approval granted by the examining and approving authorities of the Company authorized by the State Council, the Company may create other classes of shares.

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**Article 17** All the shares issued by the Company are par shares and each share has a par value of RMB0.1.

**Article 18** Upon the approval of CHINA SECURITIES REGULATORY COMMISSION, the Company may issue shares to investors domestically and to investors outside the PRC.

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The aforementioned investors outside the PRC refer to investors in foreign countries, Hong Kong, Macau and Taiwan regions who are subscribing shares of the Company. Domestic investors refer to investors in the People's Republic of China, excluding the aforementioned regions, who are subscribing shares of the Company.

**Article 19** Shares issued to domestic investors by the Company for subscription in Renminbi are known as domestic invested shares.

Shares issued to overseas investors by the Company for subscription in foreign currency, and shares held by foreign investors, or shares that are being transferred from domestic invested shareholders of the Company are known as foreign invested shares; those foreign invested shares, that are listed overseas are known as overseas listed foreign invested shares and those that are not listed overseas are known as non-listed foreign invested shares. Those shares approved by the regulatory authorities, authorized by the State Council and the overseas securities regulatory authorities and listed and traded on the overseas stock exchanges are known as overseas listed shares.

Unless otherwise required in this Articles of Association, shareholders of domestic invested shares and foreign invested shares are holders of ordinary shares sharing the same obligations and rights.

**Article 20** Subject to the review and approval by the regulatory authorities authorized by the State Council, the total number of ordinary shares issued by the Company is 4,570,632,324 shares.

At the time of establishment of the Company, an aggregate of 60,000,000 shares were issued to the promoters (as approved by the China Securities Regulatory Commission, the shares of RMB 1 per share were subdivided into RMB 0.1 per share when the Company was listed on the Growth Enterprise Market of the Hong Kong Stock Exchange in 2004 and the number of shares was subsequently changed to 600,000,000), representing approximately 13.13% of the total number of ordinary shares that may be issued by the Company.

After its establishment, the Company issued 3,970,632,324 ordinary shares, of which 3,922,332,324 ordinary shares were overseas listed shares (including overseas listed foreign invested shares issued pursuant to the exercise of the over-allotment option), representing approximately 85.81% of the total number of ordinary shares issued by the Company and 48,300,000 shares were domestic shares, representing 1.06% of the total number of ordinary shares issued by the Company.

The share capital structure of the Company is as follows: The total number of issued ordinary shares is 4,570,632,324 shares. Among such shares, 4,522,332,324 ordinary shares are overseas listed shares, representing 98.94% of the total ordinary shares issued by the Company, and 48,300,000 ordinary shares are domestic shares, representing 1.06% of the total ordinary shares issued by the Company.

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**Article 21** Upon obtaining the approvals from the securities regulatory authorities of the State Council and the listing approval from the overseas stock exchanges (if required), non-listed shares of the Company may be listed and traded overseas. The aforesaid shares shall be listed and traded on overseas stock exchanges and shall also comply with the regulatory procedures, rules and requirements of the overseas stock market. The aforesaid situations where shares are listed on the overseas stock market. The aforesaid situations where shares are listed on the overseas stock exchanges do not required passing of resolutions at a general meeting or shareholders' class meeting.

**Article 22** After the proposal of issuance of overseas-listed shares and domestic shares of the Company are approved by China Securities Regulatory Commission, the board of directors of the Company may formulate implementation arrangements for separate issuances. The proposal of issuance of overseas-listed shares and domestic shares of the Company may be implemented separately by the Company pursuant to the preceding paragraph within 15 months after the date of approval of China Securities Regulatory Commission.

**Article 23** Where the overseas-listed shares and domestic shares issued are within the total number of shares specified in the proposal of issuance, such shares shall be subscribed for in full at one time. If such shares are not subscribed for in full at one time due to special circumstances, they may be subscribed for in several stages upon the approval of China Securities Regulatory Commission.

**Article 24** The registered capital of the Company is RMB 457,063,232.40.

**Article 25** The Company may, pursuant to its operational and developmental requirements, increase its capital in accordance with the relevant provisions under this Articles of Association.

The increase of capital may be made by way of the following methods:

- (I) Public issue of shares;
- (II) Non-public issue of shares;
- (III) Distribution of bonus issue of shares to existing shareholders;
- (IV) Capitalisation of Common Reserve Fund;



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(V) Other ways as permitted by applicable laws and administrative regulations and approved by CHINA SECURITIES REGULATORY COMMISSION.

The resolution to increase the Company's capital shall be made in accordance with the procedural requirements as stated in its Articles of Association and subject to such resolution being passed, the procedures involved in increasing capital shall be carried out in accordance with all relevant laws and administrative regulations.

**Article 26** The Company shall sell the shares of which the holder(s) is or are untraceable and shall keep the proceeds, provided that:

- (I) the dividends proposed under the relevant shares are due for payment at least three times within twelve years, and the shareholder(s) does not or do not claim any of the dividend; and
- (II) after the expiration of twelve years, the Company shall publish an advertisement in newspapers indicating the intention to sell the shares hereof and informs CHINA SECURITIES REGULATORY COMMISSION and relevant overseas securities regulatory authorities according to this Articles of Associations.

**Article 27** Unless otherwise required by laws and administrative regulations, the shares of the Company may be freely transferable free from any lien.

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

**Article 28** The Company may reduce its registered capital in accordance with the provisions of this Articles of Association.

**Article 29** In the event of reduction of registered capital, the Company shall prepare a balance sheet and an inventory of its assets.

The Company shall inform its creditors of the reduction in the registered capital within 10 days and, publish an announcement in newspapers within 30 days, of the resolution approving the reduction. The creditors may within 30 days upon receipt of the notice, and those who had not received the written notice may within 45 days of the publication of the newspapers announcement, require the company to pay its outstanding debts or provide guarantees covering such debts.

The Company's registered capital after the reduction must not be lower than the minimum statutory prescribed amount.

**Article 30** Under the following circumstances, and upon obtaining approval in accordance with this Articles of Association and from the relevant government supervisory authorities, the Company may repurchase its issued shares:

- (I) for the purpose of reducing its capital;
- (II) in the event of a merger with other companies which are holding the shares of the Company;
- (III) the shares shall be used for the employee shareholding scheme or equity incentive;
- (IV) in the event of opposition by a shareholder in general meetings in respect of a resolution for the merger or division of the Company, such shareholder can request the

Company to repurchase his shares;

(V) the shares shall be used for conversion into convertible corporate bonds issued by listed companies;

(VI) necessary for safeguarding the value and shareholders' interests of listed companies.

Upon the repurchase of the Company's shares as afore said, for repurchase pursuant to item (I), the repurchased shares should be cancelled within 10 days from the date of repurchase, for repurchase pursuant to items (II), (IV), such shares shall be transferred or cancelled within 6 months of the repurchase date.

For repurchase of the Company's shares pursuant to items (III), (V), (VI) by the Company, it shall not exceed 10% of the Company's total issued shares, and shall be transferred or cancelled within three year.

**Article 31** For reasons set out in items (I), (II) or (IV) of Article 30 of the Articles of Association, the Company may, with the approval of the relevant competent authorities of the State for share repurchase, carry out one of the following means:

(I) an offer to repurchase made to all shareholders on a pro-rated basis;

(II) to repurchase through open transactions in stock exchanges; or

(III) to repurchase through off-market agreements outside a stock exchange.

Buyback of the Company's shares under the circumstances as provided in items (III), (V) and (VI) of paragraph 1 of Article 30 shall be conducted through open centralized trading.

**Article 32** If the repurchase is made for reasons set out in items (I), (II) of Article 30 of the Articles of Association, the prior approval shall be obtained from the general meeting in accordance with the provisions of the Articles of Association. If the repurchase is made for reasons set out in items (III), (V) or (VI) of Article 30 of the Articles of Association, it shall be approved by resolution passing by two-thirds of the votes cast by the directors attending the board meeting.

Where the Company repurchases its shares by an off-market agreement outside a stock exchange, the prior sanction of shareholders shall be obtained in accordance with the manner specified in this Articles of Association. The Company may release or vary a contract so entered into by the Company or waive any of its rights thereunder with the prior approval of shareholders obtained in the same manner.

A contract to repurchase shares referred to in the preceding paragraph shall include but not limited to an agreement to become obliged to repurchase or acquire the right to repurchase shares.

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The Company shall not assign a contract to repurchase its shares or any rights provided thereunder.

If relevant matters involved in the repurchase of shares aforementioned are otherwise required by the laws, regulations, departmental rules, the Articles of Association and Hong Kong Stock Exchange, such requirements and regulations shall prevail.

**Article 33** Upon the repurchase of the Company's shares according to law, the shares repurchased under the circumstances as provided in item (I) of Article 30 of the Articles of Association shall be cancelled within ten days from the date of acquisition; the shares repurchased under the circumstances as provided in items (II), (IV) of Article 30 of the Articles of Association shall be transferred or cancelled within six months; and the shares acquired by the Company in accordance with items (III), (V), (VI) of Article 30 of the Articles of Association shall not exceed 10% of the Company's issued shares, and the shares acquired shall be either transferred or cancelled within three years.

Upon the repurchase of the Company's shares according to law, the Company must in accordance with applicable law and administrative regulations cancel or transfer such repurchased shares and must apply to Weihai Administration for Industry and Commerce for the registration of the changes in the Company's registered capital and issue a public notice stating so. The nominal value of the shares so cancelled must be deducted from the Company's registered capital.

**Article 34** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

(I) where the Company repurchases shares at par value, payment shall be made out of the book on the surplus distributable profits of the Company or out of proceeds of the new issue of shares made for that purpose;

(II) where the Company repurchases shares of the Company at a premium over its par value, payment up to the par value may be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

(1) if the shares being repurchased were issued at par value, then payment shall be made out of the book surplus on the distributable profits of the Company;

(2) if the shares being repurchased were issued at a premium over its par value, payment shall be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue of shares shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's capital reserve fund account (including the premiums on the new issue of shares) at the time of the repurchase;

(III) the Company shall make the following payments out of the Company's distributable profits:

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

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

**Article 35** The Company and its subsidiaries shall not at any time give financial assistance in any way to any person acquiring or proposing to acquire shares in the Company. The aforesaid persons acquiring the shares in the Company include those who have incurred, directly or indirectly, any liability for the purpose of acquiring shares in the Company.

The Company or its subsidiaries shall not at any time give financial assistance in any way to the persons who have incurred such liability for the purpose of reducing or discharging that liability.

This Article is not applicable to the circumstances described in Article 37 of this Chapter.

**Article 36** In this chapter, financial assistance includes, but not limited to, the following meanings:

- (I) gifts;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than the compensation in respect of the Company's own default) or release or waiver of any rights;
- (III) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the novation of, or the assignment of rights arising under, such loan or agreement; or
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

In this chapter, "incurs any obligation" includes the assumption of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether such obligation is to be borne solely by such person or jointly with any other persons), or through changing one's financial position by any other means.

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**Article 37** The following activities shall not be deemed to be prohibited activities as prescribed in Article 35:

(I) provision of financial assistance by the Company given in good faith and in the interest of the Company, and the main purpose in giving the financial assistance is not for the acquisition of Shares, or the giving of financial assistance is an incidental part for the purpose of certain mater plan of the Company;

(II) a legal distribution of the Company's assets by way of dividends;

(III) an allotment of bonus shares by means of dividends;

(IV) a reduction of registered capital, a repurchase of shares or a reorganisation of the shareholding structure in accordance with the Articles of Association;

(V) and the lending of money by the Company within its scope of business, provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits; and

(VI) provision of money by the Company for contributions to employee share schemes, provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits.

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

**Article 38** The Company's share certificates shall be in registered form.

The following major items shall be specified on the share certificate of the Company:

(I) the Company's name;

(II) the date of registration of the Company;

(III) the class of the share certificate, par value and number of shares represented by the share certificate;

(IV) the serial number of the share certificate;

(V) a share certificate of the Company shall also contain other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

**Article 39** The share certificates shall be signed by the Chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management, the share certificates shall also be signed by such other senior management. The share certificates shall take effect after being affixed, or affixed by way of printing, under the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman or other relevant senior management of the Company on the share certificates may also be in printed form.

**Article 40** The Company shall keep a register of shareholders which shall contain the following particulars:

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

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

**Article 41** The Company may, in accordance with the mutual understanding and agreement between China Securities Regulatory Commission and the overseas securities regulatory authorities, maintain its register of shareholders of overseas-listed shares outside the PRC and appoint overseas agent(s) to manage such register.

The original register of shareholders of overseas-listed shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall maintain a copy of the register of shareholders of overseas listed shares at the Company's domicile; the appointed overseas agent(s) shall ensure the consistency between the original and the copy of the register of shareholders of overseas-listed shares at all times.

Should there be any inconsistency between the original and the copy of the register of shareholders of overseas-listed foreign shares, the original version shall prevail.

**Article 42** The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the followings:

- (I) the register of shareholders maintained at the Company's domicile (other than those parts as described in items (II) and (III) of this Article);

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(II) the register of shareholders of overseas- listed shares of the Company maintained at the place where the overseas securities exchange on which the shares are listed is located;

(III) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 43** Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

**Article 44** All fully paid overseas-listed shares listed on Hong Kong Stock Exchange may be transferred freely in accordance with this Articles of Association. However, the Board may refuse to recognize any instrument of transfer without stating any reasons unless the following conditions are satisfied:

(I) A fee of HK\$2.5 or a higher fee acceptable to Hong Kong Stock Exchange is paid to the Company so as to register the instrument of transfer in respect of shares and any other documents that relate to the ownership of shares or may have an effect on its ownership;

(II) the instrument of transfer only involves the overseas- listed shares listed on Hong Kong Stock Exchange;

(III) the stamp duty for the instrument of transfer has been paid;

(IV) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;

(V) the relevant shares are free from any liens of the Company.

If the Company refuses to register the transfer of shares, the Company shall deliver a written notification related to the refusal of shares transfer to the transferor and transferee within 2 months from the date of the formal application for transferring the shares.

**Article 45** After the shares are transferred, the names of transferees shall be registered as the holders of shares in the register of shareholders.

In the event of death of a member who is one of the joint holders of any shares, the survivor(s) shall be the only person(s) recognized by the Company as having title in the relevant shares, however, the Board of Directors shall have the right to require the evidence of death as it considers proper for the purposes of amending the Register of Members. In respect of joint holders of any shares, only the joint holder whose name stands first on the list on the Register of Members shall have the right to collect the share certificate(s) of relevant shares, to receive notices of the Company and to attend or vote at general meetings of the Company, and any notice given to such person shall be deemed notice to all the joint holders of the relevant shares.

**Article 46** The issue of all overseas-listed shares or their transfer thereafter shall be registered in the part of the register of shareholders kept in Hong Kong pursuant to the requirements of this Article 41.

**Article 47** Any shareholders of overseas-listed shares can transfer all or part of their shares by using written transfer instruments commonly used in the place of listing or transfer documents that have been signed or bearing machine printed signatures. Transfer of shares of the Company held by shareholders of non-overseas listed shares shall be executed in accordance with the relevant laws and regulations in China.

**Article 48** Where PRC laws and regulations and the Hong Kong Listing Rules stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or the base date on which the Company decides to distribute dividends, such provisions shall prevail.

**Article 49** When a general meeting is convened, for dividend distribution, liquidation and other actions that may require the determination of shareholdings prior to the performance by the Company, the Board of Directors shall be entitled to fix a certain date for such determination of shareholdings. At the close of the date for determination of shareholdings, the shareholders whose names appear in the register of shareholders are the shareholders of the Company.

**Article 50** For any person who raises an objection to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of shareholders.

**Article 51** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the "Original Certificates") are lost, could apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

**Article 52** Applications for re-issue of shares by holders of domestic shares and holders of unlisted foreign shares shall be processed pursuant to Article 144 of the Company Law.

**Article 53** Application for re-issue of share certificates by a holder of overseas-listed shares, who has lost his share certificate, may be dealt with in accordance with the law of the place where the original register of holders of overseas-listed shares is maintained, the rules of the stock exchange or other relevant regulations.



**Article 54** Application for the re-issue of share certificates by a shareholder of overseas-listed shares listed in Hong Kong shall satisfy the following requirements:

(I) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarized certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the lost; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.

(II) The Company confirms that it has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

(III) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every 30 days within a period of 90 consecutive days in such newspapers as may be prescribed by the Board of Directors.

(IV) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be displayed in the premises of the stock exchange for a period of 90 days.

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

(V) If, by the expiration of the 90-day period referred to in paragraphs (III) and (IV) of this Article, the Company has not received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.

(VI) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and enter the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.

(VII) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable undertaking is provided by the applicant for such expenses.

**Article 55** Where the Company issues a replacement certificate in accordance with this Articles, the name of a bona fide purchaser of the replacement certificate issued or of a person (if it is a bona fide purchaser) who is subsequently registered as a shareholder owning the shares to which the certificate relates, shall not be removed from the register of shareholders.

**Article 56** 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 certificate, unless the claimant proves that the Company had fraudulent act.

**CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

**Article 57** A shareholder of the Company is a person who legally holds the shares of the Company and has had his name entered in the register of shareholders.

Shareholders shall enjoy the rights and have the obligations according to the category and amount of shares held by them. Shareholders holding shares of the same class shall enjoy equal rights and have the same obligations.

**Article 58** The ordinary shareholders of the Company shall be entitled to the following rights:

(I) the right to dividends and other distributions in proportion to the number of shares held;

(II) the right to attend or appoint a proxy to attend general meeting and to exercise the voting right;

(III) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;

(IV) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles;

(V) the right to obtain relevant information in accordance with the provisions of the Articles, including:

1. the right to obtain a copy of the Articles, subject to payment of the cost of such copy;

2. the right to inspect and make copies, subject to payment of a reasonable charge:

(1) all parts of the register of shareholders;

(2) personal particulars of each of the Company's Directors, Supervisors, general managers and other senior management members, including:

① present forename and surname and any former forename or surname and any aliases;

② principal address (residence);

③ nationality;

④ main profession and all other part-time occupations and duties;

⑤ identification document and its number;

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- (3) reports on the status of the Company's share capital;
- (4) reports showing the aggregate par value, quantity, highest and lowest prices in respect of each class of shares repurchased by the Company since the last accounting year, and the aggregate amount paid by the Company for this purpose;
- (5) minutes of general meetings.
- (VI) in the event of termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;
- (VII) such other rights conferred by laws, administrative regulations and Articles of Association.

The Company shall not exercise its rights to freeze or otherwise jeopardize the rights attaching to any shares held in the event that any person has not disclosed the rights and interests they hold directly or indirectly.

**Article 59** Holders of the ordinary shares of the Company shall have the following obligations:

- (I) to abide by the Articles of Association;
- (II) to pay the share subscription price based on the shares subscribed and the method of subscription;
- (III) to assume other obligations required by the laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

**Article 60** In addition to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder (as defined under the following Article) shall not exercise his voting rights in respect of the following matters in a manner prejudice to the interests of all or part of the shareholders of the Company:

- (I) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person), in any way, of the Company's properties, including (but not limited to) any opportunities beneficial to the Company;
- (III) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including (but not limited to) any rights to distributions and voting rights save pursuant to a restructuring submitted to shareholders for approval at a general meeting in accordance with the Articles of Association.

**Article 61** The term “controlling shareholder” referred to in the preceding provision shall mean a person who has satisfied any one of the following conditions:

(I) he severally or jointly, acting in concert with others, is entitled to elect more than half of the Board;

(II) he severally or jointly, acting in concert with others, is entitled to exercise or to control the exercise of more than 30% (inclusive) of the voting rights of the Company;

(III) he severally or jointly, acting in concert with others, holds more than 30% (inclusive) of the outstanding issued shares of the Company;

(IV) he severally or jointly, acting in concert with others, has de facto control over the Company in any other manner(s).

### **CHAPTER 8 GENERAL MEETINGS**

**Article 62** The general meeting is the Company’s authoritative organization which shall exercise its functions and powers in accordance with the laws.

**Article 63** The general meeting shall have the following functions and powers:

(I) to decide the Company’s operational policies and investment plans;

(II) to elect and replace directors and decide on matters relating to their remuneration;

(III) to elect and replace supervisors who are appointed from the shareholders’ representatives and decide on matters relating to their remuneration;

(IV) to consider and approve the reports of the Board;

(V) to consider and approve the reports of the Supervisory Committee;

(VI) to consider and approve the Company’s proposed annual budgets and final accounts;

(VII) to consider and approve the Company’s profit distribution plans and loss recovery plans;

(VIII) to decide on the increase or reduction of the Company’s registered capital;

(IX) to decide on matters such as merger, division, dissolution, liquidation and change in the form of the Company;

(X) to decide on the issue of debentures by the Company;

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(XI) to decide on the appointment, dismissal and non-reappointment of the accounting firms of the Company;

(XII) to amend the Articles of Association of the Company;

(XIII) to consider the motions raised by shareholders who represent more than 3% (inclusive) of the total number of voting shares of the Company;

(XIV) to decide on the repurchase of shares by the Company under the circumstances as provided in items (I), (II) of Article 30 of the Articles of Association;

(XV) other matters which, according to the laws, administrative regulations and the Articles of Association, should be resolved by shareholders at general meetings.

**Article 64** The Company shall not, without the prior approval of shareholders at general meetings, enter into any contract with any person other than a director, supervisor, general manager and other senior management member whereby the administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

**Article 65** General meetings are classified into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board. Annual general meetings are held once a year and within six months from the end of the preceding financial year.

Two or more independent directors may propose to convene an extraordinary general meeting.

Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:

(I) the number of directors is less than that is required by Company Law or two-thirds of the number of directors specified in the Articles of Association;

(II) the accumulated losses of the Company amount to one-third of the total amount of its share capital;

(III) shareholder(s) holding more than 10% (inclusive) of the Company's outstanding issued shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;

(IV) it is deemed necessary by the Board or requested by the Supervisory Committee to convene an extraordinary general meeting.

**Article 66** When convening a general meeting, the Company shall notify all shareholders twenty days before the date of the meeting; when convening an extraordinary general meeting, the Company shall notify all shareholders fifteen days before the date of the meeting.

**Article 67** Shareholders severally or jointly holding 3% or more of the shares of the Company, may raise the interim proposal and submit them in writing to the Board ten days prior to the date of the shareholders' general meeting; the Board shall, within two days after receipt of such proposals, notify other shareholders, and submit such interim proposal to the shareholders' general meeting for consideration. The contents of the interim proposal shall be within the scope of the functions and powers of the shareholders' general meeting, and contain clear issues and specific matters for resolutions.

**Article 68** The shareholders' general meeting shall not decide on the matters not specified in the notices mentioned in Articles 66 and 67.

**Article 69** A notice of a general meeting shall be subject to and conditional upon:

(I) being served in writing;

(II) specifying the place, date and time of the meeting;

(III) stating the issues to be considered at the meeting;

(IV) providing such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made (including but limited to) upon an merger of the Company, share repurchases, share capital reorganization, reconstruction of the Company in any other way, the specific terms of the proposed transaction must be provided in details together with copies of the proposed agreement (if any), and the cause and effect of such proposal must be properly explained;

(V) containing a disclosure of the nature and extent, if any, of the material interests of a director, supervisor, general manager and other senior management member in the proposed transaction; and the effect of the proposed transaction on the director, supervisor, general manager and other senior management member in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;

(VI) containing the full text of a special resolution to be proposed at the meeting;

(VII) containing a conspicuous statement that a shareholder entitled to attend and vote may appoint one or more proxies to attend and vote instead of him and such proxy is not necessarily be a shareholder of the Company;

(VIII) specifying the time and place for service of voting proxy forms for the relevant meeting;

**Article 70** The notice of a shareholders' general meeting shall be sent to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by any methods as permitted by the stock exchange of the place where the Company's shares are listed (including but not limited to post, email, fax, announcement, release on the websites of the Company or the stock exchange of the locality where the Company's shares are listed). In case of delivery by post, the addresses of the recipients shall be those registered in the share register.

If the notice of general meetings issued by the Company in the manners required by the relevant stock exchange or regulatory agencies where the shares are listed is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

For the holders of domestic shares, the notice of a general meeting may also be sent by way of public announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by China Securities Regulatory Commission before the date of the meeting; after the publication of the announcement, the holders of Domestic Shares shall be deemed to have received the notice of the relevant general meeting.

**Article 71** In the event that a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or where such person has not received the notice of meeting, the meeting and any resolutions made therein shall not become void accordingly.

**Article 72** Any shareholder entitled to attend and vote at the shareholders' meeting shall have the right to appoint 1 or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy/proxies so appointed by the shareholder shall exercise the following rights:

- (1) have the same right as the shareholder to speak at the meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote on a poll, but for a shareholder who has appointed more than one proxy, such proxies may only vote on a poll.

**Article 73** The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a legal entity, either under seal or under the hand of a director or the duly authorised attorney or officer. Such power of attorney shall contain the number of shares to be represented by the proxy.

**Article 74** The instrument appointing a proxy shall be deposited at the residence of the Company or at some other place specified for that purpose in the notice of meeting no later than twenty-four hours prior to the meeting at which the proxy is authorized to vote or twenty-four hours before the time specified for the voting. Where such an instrument is signed by a person under power of attorney on behalf of the appointer, that power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the proxy, be deposited at the Company's residence or at some other place specified for that purpose in the notice of meeting. If the appointer is a legal person, its legal representative or a person appointed by its Board of Directors or other decision-making body shall be entitled to attend a shareholders' general meeting of the Company as its proxy, and attendance or actions by the appointee at such meeting shall for the purpose of the Articles be deemed the attendance or (as the case may be) actions of the appointer.

Where such shareholder is a recognized clearing house (or its nominees) within the meaning of the laws in Hong Kong, the shareholder may authorize a person or persons as he thinks fit to act as his representative (or representatives) at any general meeting or any meeting of any class of shareholders, provided that if more than one person is so authorized, the authorization must specify the number and class of shares in respect of which each such person is so authorized. The person so authorized is entitled to exercise the rights which can be exercised by the recognized clearing house (or its nominees) on behalf of the recognized clearing house (or its nominees) as if he was an individual shareholder of the Company.

**Article 75** Any instrument issued to a shareholder by the Board of the Company for use in appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favour of or against the motions according to his free will, and instructions shall be given in respect of each individual matter to be voted on at the meeting. The instrument of proxy shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as it thinks fit.

**Article 76** A vote given by a proxy in accordance with the terms of an instrument of proxy shall remain valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such aforesaid issues shall have been received by the Company before the commencement of the meeting .

**Article 77** A proxy shall produce his/her own proof of identity when attending a general meeting on behalf of a member. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce its own proof of identity and a notarized copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative.

**Article 78** Resolutions of general meeting are divided into ordinary resolutions and special resolutions.



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

**Article 79** In the case of voting at general meetings, shareholders (including their proxies) may exercise their voting rights in accordance with the number of their voting shares, each share shall have one vote.

Where any shareholder of the Company is required under the Listing Rules of Hong Kong to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution; any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 80** Any vote of shareholders at a general meeting shall be taken by poll.

**Article 81** A poll demanded on the election of the chairman of the meeting, or on adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issues shall be taken at any time as the chairman of the meeting directs before the end of the meeting, and any matter other than that upon which a poll has been demanded may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 82** On a poll taken at a meeting, a shareholder (including his proxies) entitled to two or more votes need not cast all his votes in the same way.

**Article 83** In the case of equality of votes, the chairman of the meeting shall be entitled to a casting vote.

**Article 84** The following matters shall be resolved by an ordinary resolution at a general meeting:

- (I) working reports of the Board and the Supervisory Committee;
- (II) plans formulated by the Board for distribution of profits and for making up losses;
- (III) removal of any members of the Board and members of the Supervisory Committee, and determination of their remuneration and method of payment;
- (IV) annual preliminary and final budget, balance sheet, profit and loss account and other financial statements of the Company;

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(V) such other matters other than those specified by laws, administrative regulations or the Articles of Association to be resolved by special resolutions.

**Article 85** The following matters shall be resolved by a special resolution at a general meeting:

(I) the increase or decrease in share capital and the issue of shares of any class, warrants and other similar securities of the Company;

(II) the issue of debentures of the Company;

(III) the division, merger, dissolution, liquidation and change of the Company;

(IV) amendments to the Articles of Association;

(V) the plans of the Company to purchase or sell major assets or provides a guarantee, within a year, the amount of which exceeds thirty per cent of the Company's total assets;

(VI) such other matters be considered by the general meeting by way of an ordinary resolution to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

**Article 86** Shareholders seeking to convene an extraordinary general meeting or a class meeting shall proceed in accordance with the following procedures:

(I) two or more shareholders holding in aggregate of more than ten per cent (inclusive) of the shares carrying the right to vote at the meeting sought to be held may, by signing one or more counterpart requisition(s) in writing stating the object of the meeting, require the Board of Directors to convene an extraordinary general meeting or a class meeting. The Board of Directors shall proceed to do so as soon as possible after it receive such requisition(s).

The shareholdings referred to shall be calculated as at the date of the delivery by shareholders of such requisitions.

(II) If the Board fails to issue a notice of convening a meeting within thirty days from the date of the receipt of the above written requisition, the requisitionists themselves may convene such a meeting in a procedure as nearly same as the procedure in which meetings are to be convened by the Board, provided that any meeting so convened shall not be convened after the expiration of four months from the date of receipt of the requisition by the Board.

Any reasonable expenses for convening the meeting incurred by the requisitionists by reason of the failure of the Board to duly convene a meeting upon the above requisition shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.

**Article 87** A general meeting shall be convened by the chairman of the Board who shall preside as chairman of the meeting. If the chairman of the Board cannot attend the meeting for any reasons, the general meeting shall be convened by the vice chairman of the Board who shall preside as chairman of the meeting. If both the chairman and vice chairman of the Board cannot attend the meeting, the chairman of the Board may designate a director of the Company to convene and preside at the meeting as chairman on its behalf. If no chairman has been designated, shareholders attending the meeting may elect a person to act as chairman. If for any reasons the shareholders cannot elect a chairman, the shareholder with the greatest number of voting shares present at the meeting whether in person or by proxy shall act as chairman.

**Article 88** The chairman of a general meeting shall be responsible for deciding whether or not a resolution of the general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes.

**Article 89** Where the chairman of a general meeting has any doubt on the result of the resolution proposed for voting, he may count the number of votes cast. If no counting is made by the chairman of the meeting, any shareholder or his proxy attending the meeting who queries the results announced by the chairman shall have the right to demand a counting of the votes immediately after the announcement. The chairman shall forthwith conduct a counting of the votes as demanded.

**Article 90** Where a counting of the votes has been conducted at a general meeting, the results shall be recorded in the minutes.

Minutes of the general meetings shall be compiled with the decisions of the businesses thereof and shall be signed by directors present at the meeting. These minutes and the signed attendance record of those shareholders attending the meeting and the powers of attorney of those attending by proxy shall be kept at the Company's residence.

**Article 91** Copies of the minutes of the general meetings shall be available to any shareholder for inspection during the office hours of the Company without charge. If any shareholder demands a copy of such minutes from the Company hereof, the Company shall send out the copy within seven days upon receiving reasonable charges.

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

**Article 92** Holders of various classes of shares are referred to class shareholders.

Class shareholders shall have rights and assume obligations in accordance with laws, regulations and the Articles.

**Article 93** Any proposal by the Company to vary or abrogate the rights conferred on any class shareholders must be approved by a special resolution of the general meeting and by the class shareholders affected at a separate meeting convened in accordance with Articles 95 to 99.

**Article 94** The rights of class shareholders are deemed to be varied or abrogated in the following circumstances:

(I) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;

(II) the exchange of all or part of the shares of such class into shares of another class, or the exchange of all or part of the shares of another class into the shares of such class or conferring such rights of exchange;

(III) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

(IV) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;

(V) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;

(VI) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;

(VII) the creation of a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;

(VIII) the imposition of restrictions or additional restrictions on the transfer or ownership of the shares of such class;

(IX) the issue of rights to subscribe for, or convert into, shares of such class or another class;

(X) the increase in rights or privileges of shares of other classes;

(XI) the restructuring of the Company which will result in shareholders of different classes bearing a disproportionate burden of such proposed restructuring;

(XII) the variation or abrogation of the provisions of this chapter.

**Article 95** Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning Articles 94 (2) to (8) and (11) to (12), but Interested Shareholder(s) shall not be entitled to vote at class meetings.

In this Article, an "Interested Shareholder" has the following meaning:

(I) in the case of a repurchase by a general offer made to all shareholders in equal proportions or through open transactions on a stock exchange under Article 31, an "Interested Shareholder" refers to a Controlling Shareholder within the meaning of Article 61;

(II) in the case of a repurchase of its own shares by contract made outside the stock exchange under Article 31, an "Interested Shareholder" refers to a shareholder to which the contract relates;

(III) in the case of a restructuring of the Company, an "Interested Shareholder" refers to a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

**Article 96** Resolution of any class meeting shall be passed by votes of not less than two-thirds of the voting rights of shareholders of that class represented at that meeting who, according to Article 95, are entitled to vote at class meetings.

**Article 97** Where the Company convenes a class meeting of shareholders, it shall issue written notices forty-five days before that meeting to notify the respective shareholders of that class whose names appear in the share register of the items to be considered and the date and venue of the meeting. Shareholders intending to attend the class meeting should send written replies to confirm their attendance and such replies should reach the Company twenty days before the meeting.

Where the number of voting shares represented by those shareholders intending to attend the meeting reaches not less than half of the total number of voting shares of that class, the Company may convene the class meeting. Otherwise, the Company shall, within five days, inform the shareholders again of the items to be considered and the date and venue of the meeting by way of a public announcement. After making the announcement, the class meeting may be convened.

**Article 98** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Any meeting of a class of shareholders shall be conducted in a manner as similar as possible to that of the general meetings. The provisions of the Articles of Association relating to the manner to conduct any general meeting shall apply to any meeting of a class of shareholders.

**Article 99** Other than shareholders of other classes of shares, shareholders of domestic invested shares which are non-overseas listed and shareholders of overseas listed shares are regarded as different classes of shareholders.

The special voting procedures for class members do not apply to:

(I) the issuance of domestic invested shares and overseas listed foreign invested shares by the Company in every twelve months, whether separately or together, if such issuance of domestic invested shares and overseas listed shares are approved by the shareholders in a general meeting by way of special resolution, and the domestic invested shares and overseas listed-shares proposed to be issued by the Company does not, in each case, exceed twenty per cent of the shares in issue of such class;

(II) plans in respect of the issuance of domestic invested shares and overseas listed shares at the time of establishment of the Company and completed within fifteen months commencing from the date of approval by the China Securities Regulatory Commission.

(III) Upon obtaining the approvals from the securities regulatory authorities of the State Council and the listing approval from the overseas stock exchanges (if required), non-listed shares of the Company may be listed and traded overseas.

## **CHAPTER 10 BOARD OF DIRECTORS**

**Article 100** The Company shall have a board of directors which comprises eight directors including one chairman, one vice chairman and three independent directors (who do not have any relationship with the shareholders of the Company and who are not employees of the Company).

At the re-election of the board of directors, external directors (who are not employees of the Company) shall constitute not less than half of the members of the board of directors.

**Article 101** The directors shall be elected at the shareholders' general meeting for a term of three years. Upon expiry of the term, a director shall be eligible for re-election. Directors shall be elected at the shareholders' general meeting from the board of directors or the candidates nominated by shareholders representing three per cent (inclusive) or more of the Company's issued shares. The shortest period for the issue of notice in writing to the Company regarding the intention to nominate candidates and the indication of the candidate of its willingness to accept such nomination shall be 7 days. Such period shall commence from the first date after the issue of the notice of the general meeting, and shall end on the seventh day prior to the convening of the general meeting. The chairman, vice-chairman shall be elected and removed by over half of all the directors. The term of the chairman and vice-chairman shall be for three years, and shall be eligible for re-election.

The directors are not required to hold any shares in the Company.

Subject to compliance with the relevant laws and administrative regulations, the general meeting may remove any director within his term by way of an ordinary resolution (any term in any contract in respect of compensation shall not be affected by this Article).

**Article 102** The Board shall be responsible to the general meeting and shall exercise the following powers:

(I) To be responsible for the convening of the general meeting and to report on its work to the general meeting;

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- (II) To implement the resolutions of the general meetings;
- (III) To decide on the Company's business plans and investment plans;
- (IV) To formulate the Company's annual financial budget plan and final accounts plan;
- (V) To formulate the Company's profit distribution plan and plan for making up losses;
- (VI) To formulate proposals for increases or decrease in the registered capital of the Company and the issue of debentures of the Company;
- (VII) To draw up plans for the merger, division or dissolution of the Company;
- (VIII) To decide on the establishment of the Company's internal management structure;
- (IX) To appoint or dismiss the Company's general manager, and pursuant to the general manager's nominations to appoint or dismiss the deputy general manager and other senior management of the Company (including financial officers) and decide their remunerations;
- (X) To establish the Company's basic management system;
- (XI) To formulate proposals for amendments to the Articles of Association;
- (XII) to prepare plan for repurchase of the shares of the Company under the circumstances as provided in items (I), (II) of Article 30 of the Articles of Association;
- (XIII) to decide on the repurchase of shares by the Company under the circumstances as provided in items (III), (V) or (VI) of Article 30 of the Articles of Association;
- (XIV) Other powers conferred by the Articles of Association or the shareholders' general meeting.

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For the above matters, except for items (VI), (VII), (XI) (XIII) which shall be approved by voting of more than two-thirds of the directors, others may be approved by voting by over one half of the directors.

Where the number of vacancy of directors is not more than the number fixed by the Company Law or not less than two-third of the number of directors prescribed by the Articles of Association, the Board shall have power to appoint any person to be a director to fill a casual vacancy of the Board. Any director so appointed shall hold office until the next following annual general meeting and shall then be eligible for re-election.

The Company shall provide all the necessary information so as to facilitate the external Director in discharging his duties.

Independent Directors may report directly to the members in general meeting, China Securities Regulatory Commission and other relevant regulatory departments.

**Article 103** In disposing of fixed assets, the Board of Directors shall not, without the prior approval in a general meeting, dispose of or agree to dispose of any fixed assets where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds thirty-three per cent of the value of the fixed assets as stated in the latest balance sheet placed before the general meeting.

A disposal of fixed assets as referred to in this Article includes an act involving the transfer of an interest in certain assets but does not include the provision of security by way of fixed assets.

The breaching of the first paragraph of this Article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

**Article 104** The Chairman shall exercise the following powers:

- (I) To preside over the general meeting, and to convene and preside over the meetings of the Board of Directors;
- (II) To check the implementation of board resolutions;
- (III) To sign the securities issued by the Company;
- (IV) Other powers vested by the Board.

If the chairman of the Board of Directors is unable to perform his duties and authorities, he may designate a vice chairman to exercise perform his duties and authorities on his behalf.



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**Article 105** The Board should meet regularly and board meetings should be held at least twice a year. The meeting shall be convened by the Chairman. Notice of at least fourteen days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings for discussion of urgent matters, the meeting shall be convened if proposed by more than three directors or by the Chairman and reasonable notice should be given. A regular meeting does not include the practice of obtaining board consent through the circulation of written resolutions.

All Directors shall be notified in accordance with the prescribed time limit as regards all major decisions which require the approval of the Board. Meanwhile, sufficient information shall be supplied and the Directors may request the provision of supplemental materials. When more than one-fourth of the Directors or more than two external Directors are of the view that the materials are not sufficient or the submission is inaccurate, they may propose in joint names to postpone the Board meeting or postpone the discussion of certain matters in the Board meeting and the Board shall so adopt.

**Article 106** The written notices of Board meetings and extraordinary board meetings shall be delivered by personal delivery, facsimile, courier, or registered airmail.

**Article 107** Should a Director attend the meeting, and has no dispute relating to non-receipt of notice of the meeting prior to attending the meeting or when the meeting commences, such notice shall be deemed to have been sent to him/her.

**Article 108** Any regular board meeting or extraordinary meeting may be held through other electronic means of communication so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.

**Article 109** The Board meeting may not be held unless not less than half of the Directors (including proxies) are present.

Each Director shall have one vote. Unless otherwise required by these Articles of Association, resolutions of the Board shall be passed by more than half of all Directors.

In the case of an equality of votes, the chairman shall be entitled to cast one more vote.

**Article 110** Directors shall attend Board meetings in person.

If a director is unable to attend the meeting in person for any reason, he may appoint in writing another director to attend the meeting on his behalf. The instrument of appointment shall specify the scope of the authorization. A director attending the meeting on his behalf shall exercise the director's rights within the scope authorized by the power of attorney. Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

A Director shall not attend any Board meeting or vote on any resolution approving any matters in which the Director or any of his associates has a material interest nor shall such Director be counted in the quorum present at the meeting.

**Article 111** On matters requiring approval from the extraordinary Board Meeting, if the Board has distributed the agenda to all directors and signed an agreement stipulating that the number of directors attending the meeting has reached the quorum required by Article 102, the written resolution can be reached and no Board Meeting is necessary. Such written agreement shall be deemed to have the same legal effect as the resolution passed by the Board meeting convened in accordance with the procedures as stipulated in these Articles.

**Article 112** The Board of Directors shall keep minutes of its decisions on the matters under their consideration. Directors attending the meeting and the person taking minutes shall sign their names on the minutes of that meeting. Directors shall be responsible for the resolutions of the Board of Directors. Where a resolution of the Board of Directors is in violation of the laws and administrative regulations or these Articles of Association, thereby causing serious losses to the Company, the Directors who participated in such a resolution shall be liable to compensate to the Company. However, if a Director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, that Director may be relieved of such liability.

Any opinion stated by the Independent Directors at the Board meeting shall be recorded in the Board resolutions. Board resolutions in relation to connected transactions of the Company shall take effect only after the signing by two or more Independent Directors.

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

**Article 113** The Company shall have a Secretary to the Board, who is a senior management member of the Company.

**Article 114** Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His/ her primary responsibilities are:

- (I) to ensure that the Company has complete organizational documents and records;
- (II) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;

(III) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents of the Company are furnished with such records and documents without delay.

**Article 115** Directors or other senior management members of the Company may also act as the Secretary to the Board of the Company. The accountant(s) of the certified public accountants' firm appointed by the Company shall not act as the Secretary to the Board of the Company.

Provided that where the office of the Secretary to the Board of the Company is held concurrently by a Director, and an act is required to be made by a Director and the Secretary to the Board of the Company separately, the person who concurrently holds the offices of Director and Secretary to the Board of the Company shall not perform the act in dual capacity.

## **CHAPTER 12 GENERAL MANAGER OF THE COMPANY**

**Article 116** The Company shall have one general manager, who shall be appointed or dismissed by the Board.

**Article 117** The general manager of the Company shall be responsible to the board of directors and shall have the following functions:

- (I) to be in charge of the management of production and operation and to organize the implementation of the resolutions of the Board;
- (II) to organize the implementation of the annual business plans and investment plans of the Company;
- (III) to draft proposals for the establishment of internal management bodies of the Company;
- (IV) to draft the basis management system of the Company;
- (V) to formulate the basic rules and regulations of the Company;
- (VI) to propose the appointment or dismissal of the deputy general manager and other senior management, including the person in charge of finance, of the Company;
- (VII) to appoint or dismiss the management personnel other than those required to be appointed or dismissed by the Board;
- (VIII) other functions granted by the Articles of Association and the Board.

**Article 118** The general manager of the Company can attend the board meetings of the Company, but general manager who is a not a director of the Company has no voting rights in the board meetings.

**Article 119** In performing his/her functions, the general manager of the Company shall carry out the duty in good faith and diligence in accordance with the laws, regulations and the Articles of Association.

**CHAPTER 13 SUPERVISORY COMMITTEE**

**Article 120** The Company shall establish a Supervisory Committee, which is responsible for supervising the board of directors, directors, managers and other senior management of the Company, so as to prevent any abuse of their functions and powers and violation of the legal rights and interests of the shareholders, the Company and its employees.

**Article 121** The Supervisory Committee shall comprise three members, one of whom shall act as chairman of the Supervisory Committee. When the term of office changes, external supervisors shall represent more than half of the total number of the Supervisory Committee and have at least two independent supervisors. The term of a Supervisor shall be three years and eligible for re-election and re-appointment. The election or removal of the chairman of the Supervisory Committee shall be decided by more than two-thirds of the members of the Supervisory Committee.

**Article 122** The Supervisory Committee shall comprise two shareholders' representatives and one employee representative of the Company. Shareholders' representatives shall be elected and removed by shareholders at general meeting. Employee representatives shall be elected democratically and removed by the Company's employees.

**Article 123** The Company's Directors, general manager, head of financial department and senior management shall not serve concurrently as a supervisor.

**Article 124** Meetings of the Supervisory Committee shall be held at least once every six months and shall be convened by the chairman of the Supervisory Committee or two supervisors.

**Article 125** The Supervisory Committee shall be accountable to the shareholders at general meeting and shall exercise the following functions and powers according to laws:

(I) to examine the Company's financial affairs;

(II) to supervise the Company's Directors, general manager and other senior management to see whether they have violated any laws, administrative regulations or the Association of Articles in performing their duties;

(III) if an act of the Company's Directors, general manager and other senior managements is jeopardizing the Company's interest, then require them to rectify such act;

(IV) to verify financial reports, business reports, profit distribution plans and other such financial information proposed to be submitted by Board at the shareholders' general meeting and, if in doubt, to appoint, in the name of the Company, any certified public accountant or practicing auditor to assist in reviewing them;

(V) to propose to convene an extraordinary general meeting of shareholders;

(VI) to represent the Company in negotiations with Directors or in initiating legal proceedings against a Director;

(VII) to exercise other powers authorised at general meetings.

Supervisors shall attend meetings of the Board of Directors.

The Supervisory Committee may directly report to China Securities Regulatory Commission and other relevant authorities.

The external supervisors shall report independently to the general meeting the performance of the senior management of the Company in relation to their fiduciary and diligence.

**Article 126** Meetings of the Supervisory Committee shall be held only if more than two-thirds of the supervisors are present, and the resolution at a meeting of Supervisory Committee shall be passed by two-thirds of the supervisors by poll.

**Article 127** All reasonable expenses incurred by the Supervisory Committee in exercising its duty required to appoint professionals such as lawyers, certified public accountants or practicing auditors shall be borne by the Company.

**Article 128** A supervisor shall carry out his duties honestly and in good faith in accordance with the laws, administrative regulations and the Articles of Association.

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

**Article 129** A person shall not serve as a Director, supervisor, general manager or any other senior management of the Company, if any of the following circumstances applies:

(I) a person without capacity for civil conduct or with limited capacity for civil conduct;

(II) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;

(III) a person who is a former director or factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

(IV) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;

(V) a person who has a relatively large amount of debts due and outstanding;

(VI) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where the said investigation or prosecution is not yet concluded;

(VII) a person who is not eligible for enterprise leadership according to laws and administrative regulations;

(VIII) a non-natural person;

a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction.

**Article 130** The validity of an act of a Director, general manager or other senior management of the Company on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election, or qualification.

**Article 131** In addition to the obligations imposed by laws, administrative regulations or rules of the securities exchange(s) on which the shares of the Company are listed, each Director, Supervisor, general manager or other senior management of the Company owes a duty to each shareholder in the exercise of the following functions and powers of the Company entrusted to him:

(I) not to cause the Company to exceed the scope of business stipulated in its business license;

(II) to act in good faith in the best interests of the Company;

(III) not to expropriate the Company's property through any means, including (but not limited to) the opportunities which may benefit the Company;

(IV) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders at general meetings for approval in accordance with the Articles of Association.

**Article 132** Each Director, Supervisor, general manager and other senior management of the Company owes a duty, in the exercise of his powers or in the discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 133** Each Director, Supervisor, general manager and other senior management of the Company shall observe his fiduciary obligation when discharging his duties and shall not place himself in a position where his interest and his duty may have conflict. This principle includes (but not limited to) discharging the following obligations;

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- (I) to act in good faith in the best interests of the Company;
- (II) to exercise powers within the scope of his powers and not to exceed those powers;
- (III) to exercise the discretion vested in him personally and not allow himself to act under the control of another and, unless and to the extent permitted by laws and administrative regulations or with the informed consent of shareholders at general meeting, not to delegate the exercise of his discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) except as otherwise provided in the Articles of Association or with the informed consent of shareholders at general meeting, not to enter into a contract, transaction or arrangement with the Company;
- (VI) without the informed consent of shareholders at general meeting, not to use the Company's property for his own benefit;
- (VII) not to use his functions and powers as a means to accept bribes or any other illegal income, not to expropriate the Company's property in any way, including (but not limited to) opportunities that may benefit the Company;
- (VIII) without the informed consent of shareholders at general meeting, not to accept commissions in connection with the Company's transactions;
- (IX) to observe the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (X) without the informed consent of shareholders at general meeting, not to compete with the Company in any way;
- (XI) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for the shareholder(s) of the Company or other individual(s) with the Company's assets;
- (XII) without the informed consent of shareholders at general meeting, not to reveal confidential information relating to the Company that was acquired by him during his tenure in the Company and not to use the information save and except where disclosure of such information is in the furtherance of the interests of the Company. However, disclosure of such information to the court or other governmental authorities is permitted under the following circumstances:
  - 1. disclosure is made under compulsion of relevant law;

2. the interests of the public require such disclosure;
3. the interests of that Director, Supervisor, general manager or other senior management require such disclosure.

**Article 134** A Director, Supervisor, general manager or other senior management of the Company shall not cause a person or an institute (in this chapter referred to as "connected persons") set out below to do what he is prohibited from doing:

(I) the spouse or minor child of that Director, Supervisor, general manager or other senior management of the Company;

(II) a person acting in the capacity of trustee of that Director, Supervisor, general manager or other senior management of the Company or any person referred to in paragraph (I);

(III) a person acting in the capacity of partner of that Director, Supervisor, general manager or other senior management of the Company or any person referred to in paragraphs (I) and (II);

(IV) a company in which that Director, Supervisor, general manager or other senior management of the Company, severally or jointly with the persons referred to in paragraphs (I), (II) and (III) or other Directors, Supervisors, general managers and other senior management of the Company, has de facto control;

(V) a Director, Supervisor, general manager or other senior management of the Company being controlled as referred to in paragraph (IV).

**Article 135** The fiduciary duties of Directors, Supervisors, general managers and other senior management of the Company do not necessarily cease with the termination of their tenure. Their duty of confidence in relation to the Company's trade secrets survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationship with the Company terminated.

**Article 136** Except for circumstances prescribed in Article 60 of the Articles of Association, a Director, Supervisor, general manager and other senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

**Article 137** Where a Director, Supervisor, general manager or other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, other than his contract of service, he shall declare the nature and extent of his interest to the Board of Directors at the earliest convenience, whether or not the contract, transaction or arrangement or proposal



thereof is otherwise subject to the approval of the Board of Directors. Unless the Director, Supervisor, general manager or other senior management of the Company has disclosed his interest in accordance with the previous provision of this Article and the contract, transaction or arrangement in which he is interested has been approved by the Board of Directors at a meeting in which he was not counted in the quorum and had refrained from voting, any contract, transaction or arrangement in which a Director, Supervisor, general manager or other senior management of the Company is materially interested shall be voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the Director, Supervisor, general manager or senior management concerned.

A Director, Supervisor, general manager or other senior management of the Company is deemed to be interested in any contract, transaction or arrangement in which a connected person of that Director, Supervisor, general manager or senior management is interested.

**Article 138** Where a Director, Supervisor, general manager or other senior management of the Company gives to the Board of Directors a notice in writing before the relevant contract, transaction or arrangement is first taken into consideration by the Company stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding provisions of this chapter to be a sufficient declaration of his interest, so far as attributable to those facts.

**Article 139** The Company shall not in any manner pay taxes for and on behalf of its Directors, Supervisors, general managers and other senior management.

**Article 140** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, general manager and other senior management of the Company or of the Company's parent company or any of their respective associates.

The preceding provision shall not apply to the following circumstances:

(I) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;

(II) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, general manager and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders at general meeting;

(III) The provision of a loan or a guarantee for a loan by another person to any of its Directors, Supervisors, general managers and other senior management or their connected persons by the Company in the ordinary course of its business on normal commercial terms, where the ordinary course of business of the Company includes providing loans and providing loan guarantees.

**Article 141** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 142** A loan guarantee provided by the Company in breach of the first paragraph of Article 140 shall be unenforceable against the Company, unless:

(I) the guarantee was provided to a connected person of a Director, Supervisor, general manager or other senior management of the Company or its holding company and at the time the loan was advanced the lender did not know the relevant circumstances;

(II) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 143** "Guarantee" as referred to in the preceding provisions of this chapter includes an undertaking or property provided by the Guarantor to secure the performance of obligations by the obligor.

**Article 144** In addition to any rights and remedies provided by law and administrative regulations, where a Director, Supervisor, general manager or other senior management of the Company is in breach of his duties to the Company, the Company has a right to adopt the following measures:

(I) require the relevant Director, Supervisor, general manager and other senior management to compensate for losses sustained by the Company as a consequence of such breach;

(II) rescind any contract or transaction entered into by the Company with the relevant Director, Supervisor, general manager and other senior management or with a third party where such third party knew or should have known that there was such a breach;

(III) require the relevant Director, Supervisor, general manager and other senior management to surrender the gain by reason of such breach;

(IV) recover any monies received by the relevant Director, Supervisor, general manager and other senior management that should have been received by the Company including, but not limited to, commissions;

(V) require the relevant Director, Supervisor, general manager and other senior management to return the interest earned or which may have been earned in respect of the monies that should have been given to the Company.

**Article 145** The Company shall enter into a written contract with a Director or Supervisor of the Company concerning his emoluments, which needs prior approval from the shareholders in general meeting. The aforesaid emoluments include:

(I) emoluments as a Director, Supervisor or senior management of the Company;

(II) emoluments as a Director, Supervisor or senior management of any subsidiary of the Company;

(III) emoluments otherwise in connection with the management of the affairs of the Company or any subsidiary thereof;

(IV) the payment by way of compensation for loss of office, or as consideration for or in connection with retirement from office of a Director or Supervisor.

Apart from under a contract of the foregoing, no legal action shall be brought by a Director or Supervisor against the Company for anything due to him in respect of the above matters.

**Article 146** The Company shall stipulate in the contracts entered into by the Company with a Director or Supervisor of the Company in respect of his emoluments that in the event of a takeover of the Company, a Director or Supervisor of the Company shall have the right to receive payment made to him by way of compensation for loss of office, or as consideration for his retirement from office after obtaining prior approval of the shareholders in general meeting. A takeover of the Company referred to in this Article means any of the following:

(I) a takeover offer made by any person to all shareholders;

(II) a takeover offer made by any person with a view to make the offeror become a controlling shareholder within the meaning of Article 61.

If the relevant Director or Supervisor has failed to comply with this Article, any sum received by him on account of the payment belongs to those persons who have sold their shares as a result of the offer made as aforesaid, and the expenses incurred by him in distributing that sum pro rata amongst those persons shall be borne by him and not be paid out of that sum.

**CHAPTER 15 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

**Article 147** The Company shall establish its own financial and accounting system in accordance with laws, administrative regulations and PRC accounting standards formulated by Ministry Of Finance.

**Article 148** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited in compliance with the laws. The financial report of the Company shall include the following financial statements and associated breakdown:

- (I) Balance Sheet;
- (II) Profit and loss account;
- (III) Cash Flow Statement;
- (IV) Notes to the Financial Statements;
- (V) Statement of Profit Distribution.

**Article 149** The Board of the Company shall present before the shareholders at every annual general meeting such financial reports prepared by the Company as required by relevant laws, administrative regulations and regulatory documents promulgated by local governments and the competent authorities.

**Article 150** The Company shall send (referring sent here) a copy of its annual report including its annual accounts together with a copy of the auditors' report thereon by pre-paid post to each of its shareholders of overseas listed shares 20 days before the date of its annual general meeting. The address of each shareholder should be the address listed on the register of shareholders of the Company.

**Article 151** The Company's financial statements shall be prepared in accordance with PRC accounting standards and regulations as well as international accounting standards or the accounting standards of the place of overseas listing. If there are material differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes to the financial statements. For the purpose of approving the distribution of after-tax profits of the relevant accounting years, the amount shall be deemed to be the lesser of the amount determined in accordance with (i) PRC accounting standards and regulations, or (ii) international accounting standards or the accounting standards of the place of overseas listing.

**Article 152** The interim results and financial information to be published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, and at the same time to be prepared in accordance with international accounting standards or that of the place overseas where the shares of the Company are listed.

**Article 153** The Company shall comply with the Listing Rules of The Stock Exchange of Hong Kong Limited to issue an annual results announcement and an interim results announcement by not later than three months after the end of the financial year and two months after the end of the first six months' period of each year respectively.

The Company shall comply with the Listing Rules of The Stock Exchange of Hong Kong Limited to issue an annual report and an interim report by not later than four months after the end of the financial year and not later than three months after the end of the first six months of each year respectively.

**Article 154** The Company shall not have other books of account other than the statutory books of account.

**Article 155** The profit after tax of the Company shall be applied in the following sequence:

(I) to make up the Company's losses;

(II) to make appropriations to the statutory reserve fund;

(III) subject to resolution at the general meeting, to make appropriations to the discretionary reserve fund;

(IV) to pay dividends for the ordinary shares. No dividend or other distribution by way of bonus shares shall be distributable before making up losses, and transfer to the statutory reserve fund.

Shares paid up before payment of calls shall be entitled to interest, but the holders of such paid up shares are not entitled to future dividends in respect of the prepaid amount.

Regarding the exercise of rights to terminate the sending of dividend warrants by mail, if such dividend warrants have not been cashed, such rights shall be exercisable only when the dividend warrants have not been cashed twice consecutively. However, such rights shall become exercisable if the dividend warrants are returned due to delivery failure upon the first delivery attempt.

In respect of the sale of shares whose holders are untraceable, the Company shall not exercise its power to forfeit unclaimed dividends until six years or more after the date of declaration of the dividend. No such right shall be exercisable except in compliance with the following: (1) dividends of the underlying shares have been declared at least three times in the past 12 years, and such dividends have not been cashed during this period; (2) upon the expiry of 12 years and the Company has advertised in newspapers its intention of selling the shares, and has notified to the Stock Exchange of the same.

**Article 156** The capital reserve fund shall include the following sums:

- (I) the amount of share premium arising from the issue of shares in excess of their par value;
- (II) other income to be credited to capital reserve fund in accordance with the provisions of the finance regulatory department of the State Council.

**Article 157** The reserve fund of the Company shall only be used for the following purposes:

- (I) loss making up: the capital reserve fund shall not be used to make up for losses.
- (II) converted into share capital increase. In the event of conversion of the statutory reserve fund into share capital by way of capitalization, the balance of the reserve fund shall not be less than 25% of the registered capital prior to capital injection of the Company.
- (III) expansion of production and operation of the Company.

**Article 158** The proposal for distribution of dividends of the Company shall be determined in general meeting. Upon consideration taken by the Board of Directors on the Company's financial conditions and in compliance with the relevant laws and regulations, the shareholders may pass an ordinary resolution authorising the Board of Directors to distribute and pay dividends.

**Article 159** The Company may distribute dividends in the following forms:

- (I) cash;
- (II) bonus shares.

For exercising the power to forfeit unclaimed dividends, such power shall only be exercised after the expiry of applicable period.

**Article 160** Dividends of ordinary shares shall be calculated and declared in RMB. Dividends of domestic invested shares shall be paid in RMB. Dividends or other distributions of overseas listed foreign invested shares shall be paid in the currency of the place of listing of such foreign invested shares. If the place of listing is more than one, it shall be paid in the currency of the primary listing place determined by the Board. Dividends of non-listed foreign invested shares shall be paid in Hong Kong dollars.

**Article 161** For dividends paid in foreign currencies, the exchange rates applied shall be the average closing prices of the related foreign currencies announced by the People's Bank of China one week prior to the announcement of dividends and other distributions.

**Article 162** The Company shall appoint a receiving agent for shareholders of overseas listed shares.

The receiving agent shall receive on behalf of such shareholder the dividends distributed to and other amounts payable by the Company in respect of the overseas listed shares. The receiving agent appointed by the Company shall satisfy requirements provided under the laws or the relevant provisions of the stock exchange at the place where the shares of the Company are listed. The receiving agent appointed by the Company for overseas listed shares listed in Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

#### **CHAPTER 16 APPOINTMENT OF ACCOUNTING FIRM**

**Article 163** The Company shall engage an independent accounting firm which satisfies the relevant requirements of PRC to audit the annual financial report of the Company and to audit other financial reports of the Company. For the purpose of this Articles of Association, the accounting firm appointed by the Company at any time shall be the auditors of the Company.

The first accounting firm may be appointed by the founders meeting prior to the first annual general meeting and the accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

Where the power as provided above is not exercised by the founders meeting, it shall be exercised by the board of directors.

**Article 164** The term of the office of the accounting firm shall be from the conclusion of the current annual general meeting until the conclusion of the next annual general meeting.

**Article 165** The accounting firm appointed by the Company shall have the following rights:

(I) to inspect at any time the books and accounts, records and supporting documents of the Company and be entitled to request the directors, managers and other senior management of the Company to provide relevant information and explanations thereof;

(II) to request the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of the duties of such accounting firm;

(III) to attend any general meeting and to receive all notices of and other information relating to any general meeting which any shareholder is entitled to receive, and to speak at any general meeting on any matter which concerns it as accounting firm of the Company.

**Article 166** If there is a vacancy in the position of auditors of the Company, the Board may engage an accounting firm to fill the vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during the period during which such a vacancy exists.

**Article 167** Notwithstanding the stipulations in the contract between the Company and the accounting firm, the shareholders in the shareholders' general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 168** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

**Article 169** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved upon by the shareholders' general meeting, and such resolution of the shareholders' general meeting shall be filed with the China Securities Regulatory Commission.

**Article 170** Prior to the removal or the non-renewal of the appointment of the accounting firm, notice of such removal or non-renewal shall be given to the accounting firm and such firm shall be entitled to make representation at the shareholders' general meeting. Where the accounting firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any indecent matters on the part of the Company.

**Article 171** Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accounting firm which is not an incumbent firm to fill a casual vacancy in the office of the accounting firm, or re-appointment of a retiring accounting firm which was appointed by the Board of Directors of the Company to fill a casual vacancy, or removal of the accounting firm before the expiration of its term of office, the following provisions shall apply:

(I) A copy of the proposal concerning such appointment or removal shall be sent before notice of the shareholders' general meeting is given to the accounting firm proposed to be appointed or proposing to leave its post, or the accounting firm which has left its post in the relevant fiscal year (including those accountant firms leaving by removal, resignation and retirement).

(II) If the accounting firm resigns from its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations are received too late): (1) in the notice to make a resolution, state the fact that the accounting firm resigns from its post has made the representations; and (2) deliver a copy of such representations affixed to such notice to each shareholder who is entitled to receive the notice of shareholders' general meeting in a manner as prescribed by the Articles of Association.



(III) If the accounting firm's representations are not sent in accordance with the aforesaid Item (II), such accounting firm may require that such representations be read out at the shareholders' general meeting and may further make an appeal.

(IV) An accounting firm which is resigning from its post shall be entitled to attend:

- (1) the shareholders' general meeting at which its term of office would otherwise have expired;
- (2) the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
- (3) the shareholders' general meeting convened on its resignation.

An accounting firm which is resigning from its post shall be entitled to receive all notices of, and other communications relating to, such meetings referred to in Item (IV) of this Article, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the issuer.

**Article 172** An accounting firm may resign from its office by depositing at the Company's address a resignation notice in writing which shall become effective on the date of such deposit at the Company's address or on such later date as may be stipulated in such notice. Such notice shall include one of the following statements:

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

Where the notice as mentioned in the preceding paragraph is received by the Company, the Company shall within fourteen days send a copy of such notice to the relevant governing authority. If the notice contains the statement referred to in Item (II) of the preceding paragraph, a copy of such statement shall also be placed at the Company for the inspection of shareholders. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains the statement referred to in the aforesaid Item (II), the accounting firm may require the Board of Directors to convene an extraordinary general meeting for the purpose of receiving the explanation of the circumstances connected with its resignation.

## **CHAPTER 17 MERGER AND DIVISION OF THE COMPANY**

**Article 173** In the event of the merger or division of the Company, a plan shall be presented by the Company's Board of Directors and shall be approved in accordance with the procedures stipulated in the Articles of Association before processing the relevant examining and approving formalities as required by law. A shareholder who objects to the plan of merger and division of the Company shall have the right to demand the Company or the shareholders who are in consent to the plan of merger and division of the Company to acquire its shares at a fair price.

The contents of the resolution of merger and division of the Company shall be made into special documents for shareholders' inspection. Such special documents shall be sent by mail to holders of foreign shares.

**Article 174** Merger of a company may be effected both by way of absorption and by establishment of a new entity.

All parties to a merger are required to sign a merger agreement and to prepare their respective balance sheets and inventory of assets. The companies should within ten days of the resolution of the merger inform their respective creditors and publish a notice to the creditors in newspapers within thirty days of the resolution to merge. The creditors shall within thirty days after receiving written notice, and those creditors who had not received written notice may within forty-five days of the first published notice, request the Company to satisfy any outstanding indebtedness or provide guarantees covering such indebtedness. Companies unable to repay such debts or provide guarantees will not be allowed to merge.

For newly merged entities, parties of the merger shall be responsible for the creditors' rights and debts of the companies subsisting after the merger.

**Article 175** When a company demerges, its assets must be separated accordingly.

All parties to a demerger are required to sign a demerger agreement and to prepare their respective balance sheets and inventory of assets. The companies should within ten days of the resolution of the merger inform their respective creditors and publish a notice to the creditors in newspapers within thirty days of the resolution to demerge. The creditors shall within thirty after receiving written notice, and those creditors who had not received written notice may within forty-five days of the first published notice, request the company to satisfy any outstanding indebtedness or provide guarantees covering such indebtedness. Companies unable to repay such debts or provide guarantees will not be allowed to demerge. The demerged entities shall be responsible for the debts of the Company before the demerger in accordance with the agreement reached between them.

**Article 176** Changes in registration particulars of the companies caused by merger or division must be registered with Administration For Industry & Commerce of Weihai City in accordance with the law. Cancellation of a company shall be registered in accordance with law when a company is dissolved. Incorporation of a company shall be registered in accordance with the law when a new company is incorporated.

## **CHAPTER 18 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 177** The Company shall be dissolved and liquidated in accordance with the law upon the occurrence of any of the following events:

(I) A resolution for dissolution is passed at the shareholders' general meeting;

- (II) the Company has to be dissolved on account of its merger or separation;
- (III) the Company is declared as bankrupt according to law on account of its being unable to repay due debts;
- (IV) the Company has been ordered to close down for violation of laws or administrative regulations;
- (V) the expiry of operating term.

**Article 178** Where the Company is dissolved on account of the regulation in sub-clauses (I) and (V) of the preceding Article, a liquidation committee shall be set up in fifteen days, and its members shall be determined by the general meeting through an ordinary resolution. Where the liquidation committee is not formed within the stipulated time frame to conduct the liquidation, the creditors of the Company may apply to the People's Court to appoint relevant personnel to establish the liquidation committee to conduct the liquidation.

Where the Company is dissolved on account of the regulation in sub-clause (III) of the preceding Article, the people's court shall according to the relevant laws, organise the shareholders, the relevant authorities and the professionals to form a liquidation committee for the liquidation work.

Where the Company is dissolved on account of the regulation in sub-clause (IV) of the preceding Article, the relevant competent department shall organise the shareholders, the relevant authorities and the professionals to form a liquidation committee for carrying out the liquidation work.

**Article 179** In the event that the Board makes a decision upon liquidation of the Company (save and except for a liquidation in the event of the Company being declared as bankrupt), it shall, in the notice on the general meeting to be held on this, state that the Board has made a comprehensive investigation of the Company's conditions, and hold that the Company can clear off all liabilities of the Company within twelve months from the commencement of liquidation.

Upon passing of the resolution on liquidation at the general meeting, the functions of the Board of the Company shall be immediately terminated.

The liquidation committee shall follow the instructions from the general meeting, make at least one report each year to the general meeting regarding the income and expenditure of the liquidation committee as well as Company's business and progress on the liquidation, and make the final report to the general meeting at the end of the liquidation.

**Article 180** The liquidation committee shall notify creditors within a period of ten days from the date of its establishment and make an announcement of the liquidation at a newspaper within sixty days of that date. Claims shall be registered by the liquidation committee.

**Article 181** Within thirty days following the date of receive of the written notification, or within forty five days following the public announcement if the written notification is not personally received, creditors shall declare their claims to the liquidation committee. When making declaration of their rights, creditors shall specify the items to which their rights relate and produce evidence to this effect.

**Article 182** During the period of liquidation, the liquidation committee shall perform the following functions and powers:

- (I) clear up the Company's property and formulate the balance sheet and list of property;
- (II) send notifications or declarations to the creditors;
- (III) dispose of and clear up pending business of the Company in relation to liquidation;
- (IV) pay due taxes and taxes accrued;
- (V) clear off claims and debts;
- (VI) dispose of the Company's remaining property after the repayment of the debts;
- (VII) participate in civil proceedings on behalf of the Company.

**Article 183** After clearing up Company's property and formulating the balance sheet and list of property, the liquidation committee shall formulate the liquidation scheme and submit the same to the general meeting or the relevant competent authorities for confirmation.

Payment of debts out of the Company's property shall be made in the order of priority prescribed by applicable laws and regulations. If there is no applicable law, such distribution shall be carried out in accordance with a fair and reasonable procedure determined by the liquidation committee.

The remaining property of the Company after payment has been made under the previous provision shall be distributed to its shareholders according to the class and proportion of their shareholding. The Company shall not undertake any new business during the process of liquidation.

**Article 184** In the event of Company's liquidation owing to dissolution, where the liquidation committee finds out that Company's property are not sufficient for repayment of the debts after clearing up Company's property and formulating the balance sheet and lists of property, it shall immediately apply for declaration of bankruptcy with the people's court. After the Company is declared as bankrupt through a verdict made by the people's court, the liquidation committee shall prepare and hand over the liquidation matters to the people's court.

**Article 185** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report as well as an income/expenditure statement and financial books for the period of liquidation, which shall, after verification by certified public accountants in the PRC, be submitted at the general meeting or to the relevant competent authorities for confirmation.

The liquidation committee shall submit the aforesaid documents to the Industry and Commerce Administration of Weihai City, apply for cancellation of the Company's registration, and announce the Company's dissolution within thirty days after confirmation at the general meeting or by the relevant competent authorities.

**CHAPTER 19 PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 186** The Company may amend its Articles of Association according to laws, administrative regulations and requirements of Articles of Association.

**Article 187** The amendment to the Company's Articles of Association involving the Mandatory Provisions shall become effective upon approval by the company approving department authorised by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

**CHAPTER 20 SETTLEMENT OF DISPUTES**

**Article 188** The Company shall observe the following rules when resolving disputes:

(I) For any disputes or claims related to matters of the Company between shareholders of overseas listed foreign invested shares and the Company; between shareholders of overseas listed foreign invested shares and the directors, supervisors, general managers or other senior management of the Company; between shareholders of overseas listed foreign invested shares and shareholders of domestic invested shares, that arise based on the rights and obligations stipulated in the Articles of Association, Company Law and the "Special Regulations of the State Council on the Overseas Offering and Listing of shares by Joint Stock Companies" and other relevant laws and administrative regulations, any such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim involves the above parties, the entire claim or dispute must be referred to arbitration and all persons (being the Company or shareholders, directors, supervisors, general managers or other senior management of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration.

Disputes regarding definition of shareholders and registration of members may be resolved other than by way of arbitration.

(II) The claimant may refer the arbitration to either the China International Economic Centre in accordance with its arbitration rules, and may also refer the arbitration to the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant refers the arbitration to the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(III) Unless otherwise provided in the laws and administrative regulations, any disputes or claims arising out of item (1) above shall be resolved in accordance with the laws of the PRC.

(IV) The decision made by the arbitration body shall be final and conclusive, and shall be binding on the parties.

#### **CHAPTER 21 MISCELLANEOUS**

**Article 189** Unless otherwise provided under these Articles of Association, all notices, information and written statements of the Company to be given to the holders of overseas listed shares shall be served on each shareholder by personal delivery, or by post to the registered address (including places outside Hong Kong) of each holder of overseas listed shares. Notices to holders of overseas listed shares shall be posted from Hong Kong when possible.

The announcements required by the Articles of Association of the Company shall be published in such newspapers which are specified or authorized by relevant laws and administrative regulations of the PRC.

**Article 190** The Articles of Association are written in Chinese and English, both shall have the same legal effect. Where there is any ambiguity between both versions, the latest Chinese version which has been approved and registered at the Industry and Commerce Administration of Weihai City shall prevail.

**Article 191** The right to interpret this Articles of Association rests on the board of directors of the Company. Matters not stipulated in this Articles of Association shall be proposed and passed at the general meeting by the board of directors.

**Article 192** References to “above”, “within” and “below” in the Articles of Association are inclusive of the item itself whereas “except” and “outside” are exclusive of the item itself.

**Shandong Weigao Group Medical Polymer Company Limited**  
**29 October 2021**