

**Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.**  
**四川科倫博泰生物醫藥股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**ARTICLES OF ASSOCIATION**

*(Applicable after the issuance of H Shares)*

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## Chapter 1 GENERAL PROVISIONS

- Article 1** In order to protect the lawful rights and interests of Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (hereinafter referred to as “**Company**” or “**the Company**”) and its shareholders, employees and creditors, and regulate the organization and acts of the Company, these Articles of Association have been formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “**Securities Law**”), the Foreign Investment Law of the People’s Republic of China (hereinafter referred to as the “**Foreign Investment Law**”) the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (hereinafter referred to as the “**Trial Administrative Measures**”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other relevant laws and regulations, and with reference to the Guidelines for the Articles of Association of Listed Companies (hereinafter referred to as the “**Guidelines for the Articles of Association of Listed Companies**”).
- Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the relevant laws and regulations and the rules of the state.
- The Company was established by way of promotion on November 22, 2016, and the Company was registered with the Administration For Market Regulation Of Chengdu on November 22, 2016 and obtained a business license. The unified social credit code is 91510100MA62MLYR4F.
- Article 3** The Company obtained approval from the China Securities Regulatory Commission (hereinafter referred to as “**CSRC**”) on March 30, 2023 in relation to the application for initial public offering of overseas listed foreign shares (H shares) and “full circulation” of domestic unlisted shares, and obtained the approval from The Stock Exchange of Hong Kong Limited (hereinafter referred to as “**SEHK**”) for the listing and trading of the H shares of the Company on the SEHK on July 10, 2023. The Company was listed on the Main Board of the SEHK on July 11, 2023. The Company as approved issues not more than 25,813,000 overseas listed shares (of which 3,366,900 shares are to be issued pursuant to the exercise of the over-allotment option) with a nominal value of RMB1 each, all of which shall be ordinary shares.
- Article 4** Registered company name:
- Chinese full name: 四川科倫博泰生物醫藥股份有限公司
- English full name: Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.
- Article 5** Domicile of the Company: No. 666 Xinhua Avenue, Chengdu Cross-Strait Science and Technology Industry Development Park, Wenjiang District, Chengdu, Sichuan Province
- Postal code: 611130
- Article 6** The registered capital of the Company is RMB233,185,969.

- Article 7** The Company is a joint stock limited company existing in perpetuity.
- Article 8** The general manager shall be the legal representative of the Company. If the general manager resigns, he/she shall be deemed to have simultaneously resigned as the legal representative. If the legal representative resigns, the Company shall determine a new legal representative within 30 days from the date of resignation.
- If the legal representative causes damage to others while performing his/her duties, the Company shall assume civil liability for such damage. The Company may, after assuming the civil liability, seek compensation from the legal representative at fault in accordance with laws or these Articles of Association.
- Article 9** All of the assets of the Company are divided into shares of equal value, the shareholders shall be liable to the Company to the extent of the shares they have subscribed for and the Company shall be liable for the debts of the Company to the extent of all its assets.
- Article 10** These Articles of Association shall, from the date on which it becomes effective, become a legally binding document regulating the organisation and conduct of the Company, the rights and obligations between the Company and its shareholders, and the rights and obligations between the shareholders inter se, and a legally binding document over the Company, its shareholders, directors and senior management members. Pursuant to the Articles of Association, shareholders may sue shareholders, shareholders may sue directors, general managers and other senior management members of the Company, shareholders may sue the Company, and the Company may sue its shareholders, directors, general managers and other senior management members.
- Article 11** The term “other senior management member” as used in these Articles of Association refers to the Company’s deputy general manager, secretary to the Board, chief financial officer and senior management members appointed and recognized by the Board.
- “General manager” referred to in these Articles of Association shall be the “Manager” as defined in the Company Law.
- Article 12** The Company establishes an organization of the Communist Party and carries out activities thereof in accordance with the provisions of the Constitution of the Communist Party of China. The Company provides necessary conditions for the activities of the party organisation.
- Chapter 2 PRINCIPLES AND SCOPE OF BUSINESS**
- Article 13** The business objectives of the Company are to carry out its business, continuously enhance its standard of operation management and its core competitiveness, provide quality service to its clients, optimize shareholders’ interests and values of the Company, achieve better economic and social efficiency, and promote the prosperity and development of culture based on relevant laws and regulations.
- Article 14** As is registered in accordance with the law, the scope of business of the Company are research and development, production and sales of

biopharmaceuticals, chemical pharmaceutical raw materials and chemical pharmaceutical preparations; import and export of goods and technology; technology promotion services. (for businesses that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities).

The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its scope of business, make amendments to these Articles of Association according to the relevant procedures and go through the procedures for industrial and commercial registration of changes according to relevant provisions.

### **Chapter 3 SHARES**

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

**Article 15** The stock of the Company shall take the form of share certificates. Share certificates of the Company shall be in registered form.

The Overseas Listed Shares issued by the Company may take the form of certificates of overseas depository receipt or other derivative forms of share certificates pursuant to the laws of the listing venue and local practices governing the registration and deposit of securities. If the share capital of the Company includes non-voting shares, the words “non-voting” shall be inserted into the names of such shares. Where the share capital includes shares with different voting rights, the words “limited voting rights” or “restricted voting rights” shall be inserted into the name of each class of shares (other than those with the most favorable voting rights).

Share certificates of the Company shall contain, in addition to those matters provided in the Company Law and these Articles of Association, such other matters as may be required by the stock exchange on which the Company’s shares are listed.

**Article 16** The shares of the Company shall be issued in accordance with the principles of openness, equitability and fairness. Each share of the same class shall carry the same rights.

Shares of the same class and the same issue shall be issued on the same conditions and at the same price; any entity or individual shall pay the same price for each of the shares it/he subscribes for.

**Article 17** The shares issued by the Company shall be denominated in RMB with a par value of RMB1 per share. Subject to compliance with the securities regulatory rules of the place where the Company’s shares are listed, the Company may convert all issued par value shares into no par value shares or convert all no par value shares into par value shares, as resolved by the general meeting of the Company.

The RMB referred to in the preceding paragraph shall refer to the legal tender of the People’s Republic of China.

**Article 18** The Company’s overseas listed shares that are listed on SEHK shall be referred to as “H shares”. Shares issued by the Company which are not listed on domestic or overseas stock exchanges are referred to as unlisted

shares. After the overseas issuance and listing of shares by the Company, shareholders holding unlisted Company's shares may convert their unlisted shares into overseas listed shares and list and trade such shares on the overseas stock exchange, if permitted by relevant laws, administrative regulations and departmental rules. The aforesaid shares shall also comply with the regulatory procedures, rules and requirements of the domestic and overseas securities markets when listed and traded on the overseas stock exchange. The conversion of the aforesaid unlisted shares into overseas listed shares and listing and trading of such shares on the overseas stock exchange, as well as the resulting changes in the shareholding structure set forth in these Articles of Association, do not require the approval by voting at any general meeting.

Of the shares issued by the Company, unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions, and matters such as the registration and settlement arrangements for overseas listed shares shall be governed by the regulations of the place where the Company's shares are listed.

#### Article 19

The Company's promoters are Sichuan Kelun Pharmaceutical Co., Ltd. (the "**Kelun Pharmaceutical**"), Chengdu Kelun Huicai Enterprise Management Center Limited Partnership (the "**Kelun Huicai**"), Chengdu Kelun Huineng Enterprise Management Center Limited Partnership (the "**Kelun Huineng**"), Chengdu Kelun Huizhi Enterprise Management Center Limited Partnership (the "**Kelun Huizhi**") and Chengdu Kelun Huide Enterprise Management Center Limited Partnership (the "**Kelun Huide**").

The names of the promoters of the Company, and the amount of the Company's shares held by them, and their shareholding percentage and capital contribution methods and time of contribution are as follows. The total number of shares issued at the time of the establishment of the Company is 100 million shares, with a par value of RMB1 per share:

No.	Name of the promoter	Number of shares subscribed for ('0,000 shares)	Shareholding percentage	Contribution method	Time of contribution
1	Kelun Pharmaceutical	7,000	70%	Currency	October 31, 2026
2	Kelun Huide	750	7.5%	Currency	October 31, 2026
3	Kelun Huineng	750	7.5%	Currency	October 31, 2026
4	Kelun Huizhi	750	7.5%	Currency	October 31, 2026
5	Kelun Huicai	750	7.5%	Currency	October 31, 2026
Total		10,000	100%	/	/

#### Article 20

The total number of shares issued by the Company is 233,185,969, all of which are ordinary shares, comprising 62,201,712 unlisted shares and 170,984,257 H shares.

**Article 21** The Company or any subsidiary of the Company (including an affiliate of the Company) shall not give financial assistance for others in the form of a grant, advance, guarantee, or lending to acquire shares of the Company or its parent company, except when the Company implements the employee share ownership scheme.

For the interests of the Company, by resolution of the general meeting, or by resolution of the Board in accordance with the Articles of Association or the authorization of the general meeting, the Company or its subsidiaries (including its affiliated enterprises) may provide financial assistance for others to acquire shares of the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Such resolution made by the Board shall be passed by two-thirds or more of all directors.

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

**Article 22** The Company may, in accordance with the needs of its business operation and development and in accordance with the laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, increase its capital in the following manner:

- (I) offering of shares to unspecified parties;
- (II) offering of shares to specific parties;
- (III) bonus issue to existing shareholders;
- (IV) increase in share capital by conversion of common reserve fund;
- (V) other means as stipulated by laws and regulations, the securities regulatory rules of the place where the Company's shares are listed and as is approved by the CSRC.

**Article 23** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures set out in the Company Law, Hong Kong Listing Rules and other relevant regulations, as well as these Articles of Association.

**Article 24** The Company shall not buy back its own shares, except in any one of the following circumstances:

- (I) reduction of the registered capital of the Company;
- (II) merger with another company holding shares of the Company;
- (III) granting shares for the employee shareholding scheme or as equity incentives;
- (IV) shareholders requiring the Company to buy back their shares due to their dissent from the resolution on the merger or division of the Company adopted at a general meeting;

- (V) use of shares for conversion of corporate bonds issued by the Company that could be converted into its share certificates;
- (VI) when it is necessary for the Company to preserve its value and its shareholders' interest.

**Article 25** The Company may acquire its own shares by means of public centralised trading or other means that are approved by laws, administrative regulations and the CSRC, and shall comply with applicable laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed.

If the Company acquires its own shares in the circumstances specified in items (III), (V) and (VI) of Article 24 of the first paragraph of these Articles of Association, it shall do so through public centralised trading.

**Article 26** If the Company acquires its own shares under the circumstances set out in items (I) and (II) of the first paragraph of Article 24 of these Articles of Association, the acquisition shall be resolved by a general meeting; if the Company acquires its own shares under the circumstances set out in items (III), (V) and (VI) of the first paragraph of Article 24 of these Articles of Association, the acquisition may, in accordance with the provisions of these Articles of Association or the authorization of the general meeting, be resolved at a meeting of the Board at which more than two-thirds of the directors are present. If it is otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, such rules shall prevail in the premise of not violating the provisions of the Company Law, the Securities Law, the Trial Administrative Measures and the Guidelines for the Articles of Association of Listed Companies.

After the Company acquires its own shares in accordance with the provisions of Article 24 of these Articles of Association, in case of item (I), such shares shall be cancelled within ten days from the date of acquisition; in case of items (II) and (IV), such shares shall be transferred or cancelled within six months; in case of items (III), (V) and (VI), the number of its own shares held by the Company in aggregate shall not exceed ten percent of the total number of issued Company's shares, and such shares shall be transferred or cancelled within three years.

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

**Article 27** The Company's shares may be transferred in accordance with the law.

All transfers of H shares shall be effected by an instrument of transfer in writing in the usual or common form, or in a form prescribed by the SEHK, or in any other form acceptable to the Board (including a standard form of transfer or transfer form prescribed by SEHK from time to time) and

such instrument of transfer may be executed by hand only or under a valid corporate seal if the transferor or transferee is a corporation. If the transferor or transferee is a recognised clearing house as defined in accordance with the relevant regulations under the laws of Hong Kong from time to time in force and the rules governing the regulation of securities in the place where the shares of the Company are listed (hereinafter referred to as the “**Recognised Clearing House**”) or its nominee(s), the instrument of transfer may be executed by hand or by machine imprint. All instruments of transfer shall be deposited at the legal address of the Company or at such address as the Board shall from time to time designate.

**Article 28** The Company does not accept its own shares as the subject of the pledge.

**Article 29** Shares issued by the Company prior to the public issuance of shares shall not be transferred within one year from the date of listing and trading of the Company’s shares on the stock exchange.

Directors and senior management members of the Company shall declare to the Company the shares (including preferred shares) held by them in the Company and the changes therein, and shall not transfer more than twenty-five percent of the total number of shares held by them in the Company each year during their term of office as determined upon taking office; their shareholding in the Company shall not be transferred within one year from the date of listing and trading of the Company’s shares.

The Company’s shares held by the above-mentioned personnel shall not be transferred within six months after their departure from office. If there are other provisions under laws, administrative regulations, and the securities regulatory rules of the place where the Company’s shares are listed, such provisions shall prevail.

If the shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted transfer period.

**Article 30** If any of the Company’s shareholders holding five percent or more Company’s shares (other than a Recognised Clearing House as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or its nominee), directors, senior management members sell shares or other securities of an equity nature within six months after buying the same or buy shares or securities within six months after selling the same, the earnings thereof shall belong to the Company and the Board shall recover such earnings. Except for any sale of shares by a securities company holding five percent or more Company’s shares as a result of its purchase and underwriting of the untaken shares after offering and other circumstances stipulated by CSRC.

The shares or other securities of an equity nature held by directors, senior management members or natural person shareholders referred to in the preceding paragraph shall include shares or other securities of an equity nature held by their spouses, parents or children and those held by using others’ accounts.

If the board of directors of the Company does not act in accordance with the first paragraph of this Article, shareholders shall have the right to request the Board of directors to do so within thirty days. If the Board of the Company

fails to act within the above-mentioned period, the shareholders shall have the right to bring a lawsuit directly to a people's court in their own name in the interest of the Company.

If the Board of the Company does not act in accordance with the first paragraph of this Article, the directors responsible shall be jointly and severally liable in accordance with the law.

## **Chapter 4 SHAREHOLDERS AND GENERAL MEETING**

### **Section 1 Shareholders**

#### **Article 31**

The register of members shall be sufficient evidence of the holding of shares in the Company by the shareholders. Shareholders shall enjoy rights and assume obligations in accordance with the type of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and assume equal obligations.

The Company shall maintain a register of members in accordance with laws, administrative regulations, departmental rules and the Hong Kong Listing Rules, and the evidence provided by the securities registration authority, or register the shareholders in accordance with laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

Transfer of shares shall be recorded in the register of members. Subject to the Articles of Association and other applicable provisions, upon transfer of the Company's shares, the name of the transferee of the shares will be registered in the register of members as the holder of such shares. Different parts of the register of members shall not overlap. The transfer of shares registered in a certain part of the register of members shall not, during the continuance of the registration of such shares on that part of the register, be registered in any other part of the register.

The Company may, in accordance with the mutual understanding and agreements made between the competent securities authorities of the State Council and overseas securities regulatory authorities, maintain its register of holders of H shares outside the PRC and appoint overseas agent(s) to manage such register.

The Company shall enter into a share custody agreement with the securities registrar, regularly check information on major shareholders and changes in shareholdings of major shareholders (including pledges of shareholdings) to keep abreast of the shareholding structure of the Company.

Changes or corrections to the parts of the register shall be made in accordance with the laws of the place where the respective part of the register is kept. The original of register of holders of H shares shall be maintained in Hong Kong and made available for inspection by shareholders. Duplicates of the share register for holders of H shares shall be maintained at the domicile of the Company. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register for holders of H shares at any time. If there is any inconsistency between the original and the duplicate of share register for holders of H shares, the original shall prevail. However, the Company may suspend registration of shareholders (if necessary) in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

**Article 32**

Any person who is registered shareholder or who requests to have his name (title) entered into the register of members may, if his share certificate (hereinafter referred to as the “**original certificate**”) in respect of shares in the Company is lost, apply to the Company for a replacement new share certificate in respect of such shares (hereinafter referred to as the “**Relevant Shares**”). If a shareholder other than a holder of H shares loses his share certificate and applies for a replacement new share certificate, it shall be dealt with in accordance with relevant requirements of the Company Law or other applicable laws and regulations. If a holder of H shares loses his share certificate and applies for a replacement new share certificate, it may be dealt with in accordance with the laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of H shares is maintained.

**Article 33**

For the purpose of holder of H shares, where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- (I) The Company shall not register more than four persons as joint holders of any shares;
- (II) The joint holders of any shares shall assume joint and several liabilities for all amounts payable for relevant shares;
- (III) If any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Company as having title to the relevant shares, but the board of directors may, for the purpose of modifying the register of members, require the surviving joint shareholders to provide a death certificate as it deems appropriate;
- (IV) For joint shareholders of any shares, the person whose name stands first in the register of members shall be entitled to receive the share certificate of the relevant shares or receive the notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders of relevant shares. Any joint shareholder may sign the form of proxy. If there are more than one joint shareholder present in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of relevant shares.

Where one of the joint shareholders delivers receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint shareholders, such receipt shall be deemed as valid receipt from such joint shareholders to the Company.

**Article 34**

When the Company hold a general meeting, distributes dividends, carries out liquidation or other matters requiring the identification of shareholders, the Board or the convener of the general meeting shall decide the shareholding record date. Shareholders whose names appear on the register of members

following close of trading on the date of record shall be the shareholders entitled to the relevant rights and interests. If there are other provisions under laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

**Article 35**

Shareholders of the Company are entitled:

- (I) to receive dividends and other distributions in other forms in proportion to the number of shares held by them;
- (II) to request, convene, preside over, attend or appoint a proxy to attend general meetings in accordance with the law and to exercise the corresponding voting rights (except in cases where the shareholder is required to abstain from voting on relevant matters in accordance with the securities regulatory rules of the place where the Company's shares are listed);
- (III) to monitor the Company's business operations and make recommendations or queries;
- (IV) to transfer, gift or pledge shares held by them in accordance with laws, administrative regulations, and these Articles of Association;
- (V) to inspect and copy these Articles of Association, the register of members (including the register of holders of H shares), minutes of general meetings, resolutions of meetings of the Board, resolutions of meetings of the audit committee of the Board and financial accounting reports; shareholders individually or jointly holding more than 3% of the Company's shares for more than 180 consecutive days may request to inspect the Company's accounting books and accounting vouchers;
- (VI) to participate in the distribution of the remaining properties of the Company in the event of its termination or liquidation in accordance with the proportion of the shares they hold;
- (VII) to require the Company to purchase their shareholdings in the event of their objection to resolutions of the general meetings concerning merger or division of the Company;
- (VIII) other rights prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

**Article 36**

Where a shareholder requests to inspect and read or copy the relevant information or demand for materials as set forth in the preceding Article, this shareholder shall comply with the provisions of the Company Law, the Securities Law, and other laws and administrative regulations, and provide the Company with written documents evidencing the class and number of shares held by this shareholder in the Company and the Company shall provide the above information in accordance with the law upon verification of the shareholder's identity. Involving insider information or materials for which the Company has confidentiality obligations, the Company shall prudently assess the scope and content of the materials to be provided in accordance with the law.

Shareholders requesting to inspect the accounting books and vouchers of the Company shall submit a written request to the Company, stating the purpose. If the Company reasonably believes that the shareholder's inspection of the accounting books and vouchers is for an improper purpose that may harm the legitimate interests of the Company, it may refuse such inspection, and shall provide a written reply to the shareholders within fifteen days from the date of the shareholders' written request, explaining the reasons for the refusal. If the inspection is denied by the Company, the shareholder may initiate legal proceedings in the people's court.

A shareholder may appoint an accounting firm, law firm or other intermediary agencies to inspect the materials specified in the preceding paragraph.

Shareholders and the accounting firms, law firms and other intermediary agencies they appointed shall comply with the requirements of laws and administrative regulations on the inspection of state secrets, trade secrets, personal privacy and personal information etc., when inspecting and copying relevant materials.

Where a shareholder requests to inspect or copy materials related to wholly owned subsidiaries of the Company, the four preceding paragraphs shall apply.

#### **Article 37**

If a resolution of the general meeting or the Board of the Company violates the laws or administrative regulations, shareholders have the right to petition a people's court to invalidate the resolution.

If the procedure for convening or the method of voting at a general meeting or a meeting of the Board violates the laws, administrative regulations or these Articles of Association, or if the contents of a resolution breaches these Articles of Association, shareholders have the right to request the people's court to revoke such resolution within 60 days from the date on which the resolution was adopted, unless there is only a slight defect in the procedure for convening or the method of voting at a general meeting or a meeting of the Board, which has no substantive impact on the resolution.

Where the Board, shareholders and other stakeholders dispute the validity of a resolution of a general meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling to revoke the resolution, the stakeholders shall execute the resolution of the general meeting. The Company, directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the people's court makes a judgement or ruling on relevant matters, the Company shall fulfil its obligation to disclose the information in accordance with the laws, administrative regulations, the requirements of the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

Resolutions of the general meeting or the Board of the Company shall be invalid in any of the following circumstances:

- (I) the resolution was not made by a general meeting or a meeting of the Board;

- (II) the resolution was not voted on at a general meeting or a meeting of the Board;
- (III) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or these Articles of Association;
- (IV) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or these Articles of Association.

**Article 38**

If any director or senior management member, other than the members of the audit committee, has violated the laws, administrative regulations or provisions of these Articles of Association in performing their duties in the Company and therefore has caused loss to the Company, shareholders who have individually or jointly held above 1% shares in the Company for more than one hundred and eighty consecutive days may make a written request to the audit committee of the Board to initiate legal proceedings at the people's court. If the member of the audit committee of the Board has violated laws, administrative regulations or provisions of these Articles of Association in performing its duties and therefore has caused loss to the Company, the shareholders may make a written request to the Board to initiate legal proceedings at a people's court.

If the audit committee of the Board or the Board rejects or fails to initiate legal proceedings within thirty days after receiving the request, or the situation is so urgent that the Company's interests will suffer irreparable harm if legal proceedings are not initiated immediately, the shareholders specified in the preceding paragraph shall have the right to directly initiate legal proceedings at a people's court in their own names for the benefit of the Company.

If any other person infringes on the Company's interest and therefore has caused loss to the Company, the shareholders specified in the first paragraph of this Article may initiate legal proceedings at a people's court pursuant to procedures stated in the two preceding paragraphs.

If the director, supervisor, or senior management of a wholly-owned subsidiary of the Company violates laws, administrative regulations, departmental rules, or these Articles of Association in the performance of duties and therefore has caused loss to the company, or if any other person infringes on the lawful interests of the subsidiary and therefore has caused loss, shareholders individually or jointly holding more than 1% of the Company's shares for more than 180 consecutive days may request in writing that the supervisory committee or board of directors of the wholly-owned subsidiary initiates legal proceedings at a people's court, or initiates legal proceedings directly at a people's court in their own name pursuant to procedures stated in the three preceding paragraphs.

**Article 39**

If any director and senior management member has violated the laws, administrative regulations or provisions of these Articles of Association and has therefore impaired the interests of the shareholders, the shareholders may initiate legal proceedings at a people's court.

**Article 40** Shareholders of the Company bear the following obligations:

- (I) to abide by the laws, administrative regulations, and these Articles of Association;
- (II) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (III) not to withdraw their contributed share capital except in circumstances stipulated by the laws and regulations;
- (IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;
- (V) other obligations required by laws, administrative regulations and these Articles of Association.

Where shareholders of the Company abuse their shareholders' rights, thus causing any losses to the Company or other shareholders, such shareholders shall be liable for compensation in accordance with laws. Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be liable for the debts owed by the Company.

**Article 41** The controlling shareholder and de facto controller of the Company shall exercise their rights and fulfill their obligations in accordance with the laws, administrative regulations, and the regulations of the CSRC and the stock exchange, safeguarding the interests of the Company.

The controlling shareholder and de facto controller of the Company who do not serve as directors but actually execute the affairs of the Company shall be subject to the provisions of these Articles of Association regarding the fiduciary duties and diligent obligations of directors.

The controlling shareholder and the de facto controller who pledge the shares of the Company they hold or actually control shall maintain the Company's control and the stability of its production and operations.

The controlling shareholder and de facto controller who transfer their shares in the Company shall comply with the restrictive provisions regarding share transfers as stipulated by the laws, administrative regulations, the requirements of the CSRC and the stock exchange, as well as their commitments made concerning the restrictions on share transfers.

**Article 42** The controlling shareholder and de facto controller of the Company shall comply with the following provisions:

- (I) to exercise shareholder rights in accordance with the law, without abusing control or using connected relationships to harm the legitimate rights and interests of the Company or other shareholders;

- (II) to strictly fulfill the public statements and commitments made, and shall not unilaterally change or waive them;
- (III) to strictly fulfill the information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company to ensure effective information disclosure, and promptly inform the Company of any significant events that have occurred or are expected to occur;
- (IV) shall not misappropriate the Company's funds in any manner;
- (V) shall not compel, instruct, or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (VI) shall not use undisclosed significant information of the Company for personal gain, shall not disclose any undisclosed significant information related to the Company in any manner, and shall not engage in illegal or regulatory violations such as insider trading, short-term trading, or market manipulation;
- (VII) shall not damage the legitimate rights and interests of the Company and other shareholders by means of non-fair connected transactions, profit distribution, asset restructuring, external investments, etc.;
- (VIII) to ensure the integrity of the Company's assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (IX) laws, administrative regulations, regulations of the CSRC, securities regulatory rules of the place where the Company's shares are listed and other provisions of these Articles of Association.

## **Section 2 General Provisions for General Meeting**

### **Article 43**

The Company's general meeting shall be composed of all shareholders. The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (I) to elect and replace directors who are not employee representatives and to decide on matters relating to the remuneration of directors;
- (II) to consider and approve the report of the Board;
- (III) to consider and approve the Company's projects for profit distribution and loss recovery;
- (IV) to resolve on the increase or reduction of the registered capital of the Company;
- (V) to resolve on the issue of corporate bonds;
- (VI) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company, unless otherwise provided by the laws;

- (VII) to amend these Articles of Association;
- (VIII) to resolve on the engagement and dismissal of the Company's accounting firm responsible for the Company's auditing services;
- (IX) to consider and approve the guarantees as provided in Article 44;
- (X) to consider the purchase or sale of material assets of the Company exceeding thirty percent of the Company's latest audited total assets within one year;
- (XI) to consider and approve the change of use of proceeds;
- (XII) to consider share incentive schemes and employee share ownership schemes;
- (XIII) to consider other matters that shall be decided by the general meeting as stipulated in the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

The above-mentioned functions and powers of the general meeting shall not be exercised by the Board or other bodies and individuals on its behalf by way of delegation, except as otherwise provided by the laws, administrative regulations, departmental rules, or as stipulated in the Articles of Association or authorized by the general meeting for the Board to make resolutions regarding the issuance of the Company's shares or bonds and other matters. Except for the above matters, the general meeting may authorise or delegate the Board and/or persons authorised by the Board to carry out the matters it authorises or delegates, subject to the mandatory provisions of laws and regulations and the relevant laws and regulations and regulatory rules of the place where the Company's shares are listed.

**Article 44**

The following external guarantees of the Company shall be subject to the approval of the general meeting:

- (I) any guarantee provided by the Company and the Company's controlled subsidiaries after the total amount of external guarantees exceeds fifty percent of the latest audited net assets;
- (II) any guarantee provided by the Company after the total amount of external guarantees exceeds thirty percent of the latest audited total assets;
- (III) guarantees provided by the Company in an amount exceeding thirty percent of the Company's latest audited total assets within one year;
- (IV) guarantees provided to subjects with a gearing ratio of over seventy percent;

- (V) guarantees where the amount of a single guarantee exceeds ten percent of the latest audited net assets;
- (VI) guarantees provided to shareholders, de facto controllers and their related parties.

When a guarantee is reviewed by the Board, in addition to being reviewed and approved by a majority of all directors, it shall be reviewed and approved by more than two-thirds of the directors present at the Board meeting. When a guarantee mentioned in item (III) above is reviewed at the general meeting, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. When considering the resolution of providing guarantee to shareholders, actual controller and connected parties thereof at the general meeting, such shareholders or shareholders controlled by such actual controller shall not vote on such resolution. Such resolution requires a simple majority of the voting rights of other shareholders attending the general meeting to be passed.

If the general meeting or the Board fail to provide external guarantees in accordance with the approval authority and review procedures stipulated in these Articles of Association, resulting in losses to the Company, the relevant responsible persons shall be liable for compensation, and the Company has the right to pursue the legal liability of the relevant responsible persons in accordance with the law.

**Article 45** The general meetings are classified into annual general meetings and extraordinary general meetings. The general meeting is convened by the Board. The annual general meeting shall be held once a year within six months after the end of the previous accounting year.

**Article 46** The Company shall hold an extraordinary general meeting within two months upon the occurrence of any of the following events:

- (I) the number of directors is less than the minimum quorum stipulated in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;
- (II) the uncovered loss of the Company reaches one-third of the total paid-in share capital;
- (III) upon request in writing by shareholders individually or jointly holding more than ten percent of the Company's shares;
- (IV) the Board may deem necessary;
- (V) upon request by the audit committee of the Board;
- (VI) other circumstance as specified by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

**Article 47** The venue for holding a general meeting of the Company shall be at the domicile of the Company or such other specific places as specified at the notice of the general meeting.

A meeting venue will be established for general meetings and meetings shall be held on site. On the premise of the lawfulness and validity of general meetings, according to the laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed, the Company shall facilitate the participation of shareholders in general meetings by providing internet, video, telephone or other means.

After the notice of the general meeting has been given, the venue of the on-site meeting of the general meeting shall not be changed without justifiable reasons. If there is a need to change, the convener shall announce and explain the reasons at least two working days before the date of the on-site meeting.

### **Section 3 Convening of General Meeting**

**Article 48** More than half of the independent non-executive directors shall have the right to propose to the Board to hold an extraordinary general meeting, and shall make such proposal to the Board in writing. The Board shall, in accordance with laws, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, give a written response on whether or not it agrees to hold such an extraordinary general meeting within ten days after receipt of the proposal from the independent non-executive directors aforesaid.

If the Board agrees to hold an extraordinary general meeting, it shall issue a notice to hold such meeting within five days after the resolutions are made; if the Board does not agree to hold such meeting, it shall give the reasons therefor in writing and publish the same in a public announcement.

**Article 49** The audit committee of the Board shall have the right to propose to the Board to hold an extraordinary general meeting, and shall make such proposal to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, give a written response on whether it agrees or disagrees to hold such meeting within ten days after receipt of the proposal.

If the Board agrees to hold an extraordinary general meeting, it shall issue a notice to hold such general meeting within five days after passing the board resolutions. Changes to the original proposal as stated in the notice shall obtain the consent of the audit committee of the Board.

If the Board does not agree to hold such meeting, or fails to give a response within ten days after receipt of the proposal, it shall be deemed that the Board cannot perform or has failed to perform the duties to convene the general meeting, and the audit committee of the Board may itself convene and preside over such meeting.

**Article 50** When a shareholder requests to convene an extraordinary general meeting, the following procedures shall be followed:

- (I) the Shareholders who individually or jointly hold more than ten percent of the shares of the Company shall have the right to propose to the Board to hold an extraordinary general meeting, and shall make such proposal to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, give written feedback on approval or disapproval of holding an extraordinary general meeting within ten days after receiving the written request.
- (II) when the Board agrees to hold an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

Where the laws, administrative regulations, departmental rules, securities regulatory rules of the places where the Company's shares are listed have any other provisions, such provisions shall prevail.
- (III) if the Board does not agree to hold the extraordinary general meeting or fails to give a reply within ten days after receipt of the request, shareholders severally or jointly holding more than ten percent of the shares of the Company shall be entitled to propose and request in writing to the audit committee of the Board to hold an extraordinary general meeting.
- (IV) if the audit committee of the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the said request. Changes in the original request in the notice shall be subject to the approval of relevant shareholders.
- (V) If the audit committee of the Board fails to give the notice of the general meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, shareholders who individually or collectively hold more than ten percent of the shares of the Company for more than ninety consecutive days may convene and preside over the meeting themselves.

**Article 51** If the audit committee of the Board or the shareholders decide to convene a general meeting on their own initiative, they shall notify the Board in writing.

Where the shareholders convene a general meeting, the shareholding of the convening shareholder prior to the resolution of the general meeting shall not be less than ten percent of the shares with voting rights of the Company.

**Article 52** When the audit committee of the Board or shareholders themselves convene a general meeting, the Board and the secretary to the Board shall cooperate.

The Board shall provide the register of members as of the date of record.

**Article 53** When the audit committee of the Board or shareholders themselves convene a general meeting, the necessary expenses of the meeting shall be borne by the Company.

#### **Section 4 Proposals and Notices for General Meeting**

**Article 54** The contents of proposals before the general meeting shall fall within the authority of the general meeting, contain a clear topic and a specific resolution and comply with relevant provisions of laws, administrative regulations, the Hong Kong Listing Rules and these Articles of Association.

**Article 55** The Board, audit committee of the Board and shareholders individually or jointly holding more than one percent of shares in the Company are entitled to make proposals at the general meeting.

Shareholders individually or jointly holding at least one percent of the shares of the Company may submit extempore proposals in writing to the convener ten days prior to the date of such meeting. The convener shall issue a supplementary notice of the general meeting and make a public announcement of the contents of such extempore proposal within two days after receipt of the proposal, and submit such extempore proposal to the general meeting for consideration. Unless the extempore proposal violates the relevant provisions of laws, administrative regulations, the Hong Kong Listing Rules and these Articles of Association, or do not fall within the scope of the functions and powers of the general meeting.

Except as provided in the preceding paragraph, the convener shall not make any changes to the proposals set forth in the notice of the general meeting or add any new proposals once the notice and announcement of the general meeting have been issued.

Any proposals which are not stated in the notice of general meeting or not in compliance with Article 54 of these Articles of Association shall not be voted and passed as resolutions at the general meeting.

**Article 56** When the Company is to hold an annual general meeting, it shall notify all the shareholders by means of public announcement at least twenty-one days before the date of the meeting. When the Company is to hold an extraordinary general meeting, it shall notify all the shareholders by means of public announcement at least fifteen days before the date of the meeting. Regarding the calculation of the notice period, the date of the meeting shall not be included. Where the laws, regulations and securities regulatory rules of the places where the Company's shares are listed have any other provisions, such provisions shall prevail.

**Article 57** The notice of a general meeting shall contain the following particulars:

- (I) the time, venue and duration of the meeting;
- (II) the matters and proposals submitted for consideration at the meeting;
- (III) a clear statement that all shareholders are entitled to attend the meeting and may appoint proxies in writing to attend and vote at such meeting on their behalf and that such proxies need not be the shareholders of the Company;

- (IV) the date of record for the shareholders who are entitled to attend the meeting;
- (V) the name and telephone number of the contact person for the meeting;
- (VI) the time and procedure for voting by internet or other means;
- (VII) other requirements stipulated by laws, administrative regulations, department rules, the regulatory rules of the place where the shares of the Company are listed or these Articles of Association.

Any notice and supplementary notice of general meeting shall include the contents prescribed by the Hong Kong Listing Rules and these Articles of Association, and sufficiently and completely disclose all contents of all proposals. If any matter to be discussed requires reviewed by the independent non-executive directors, the Company shall be promptly convened independent non-executive for review.

**Article 58** Where the general meeting is to discuss matters relating to the election of directors, full details of the candidates for directors shall be disclosed in the notice of the general meeting in accordance with laws, administrative regulations and the securities regulatory rules of the places where the Company's shares are listed.

Except for the election of directors by cumulative voting, each candidate for director shall be put forward by a single proposal.

**Article 59** After issuing a notice of the general meeting, the general meeting shall not be delayed or cancelled without justified reasons, and proposals, as set out in the notice, shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least two working days before the original date of holding the general meeting.

If there are special provisions in the securities regulatory rules of the place where the Company's shares are listed regarding the procedures for the adjournment or cancellation of a general meeting, such provisions shall prevail, provided that they do not violate the Company Law, the Securities Law, the Trial Administrative Measures and the Guidelines for the Articles of Association of Listed Companies.

### **Section 5 Holding of General Meeting**

**Article 60** The Board and other conveners of the Company will take necessary measures to ensure the normal order of the general meeting. Measures will be taken to stop acts that interfere with general meetings, causing a nuisance and violate the legitimate rights and interests of shareholders and such actions will be promptly reported to the relevant authorities for investigation and handling.

**Article 61** All holders of ordinary shares registered on the record date or their proxies shall have the right to attend a general meeting and exercise their voting rights in accordance with relevant laws, regulations and these Articles of Association.

Shareholders may attend general meetings in person or, appoint a proxy to attend and vote at the meeting on their behalf.

Any shareholder who is entitled to attend and vote at the general meeting shall be entitled to appoint one or more persons, who need not be a shareholder, as his/her proxy(ies) to attend and vote on his/her behalf.

**Article 62**

An individual shareholder who attends a meeting in person shall produce his or her own identity card or other valid document evidencing his or her identity or proof of holding the Company's shares. If he or she appoints a proxy to attend the meeting on his or her behalf, such proxy shall produce his or her own valid proof of identity and the instrument of appointment from the shareholder.

Shareholders that are legal persons shall be represented at the general meeting of the Company by their legal representative the person resolved and authorized by the Board or other decision-making body. If the legal representative attends the meeting, he or she shall produce his or her own identity card and valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall produce his or her own identity card and documents proving that he/she is appointed by the shareholder who is a legal person (except that the shareholder is a recognised clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the Company's shares are listed or its nominee ("**Recognized Clearing House**")).

Where the shareholder is a Recognised Clearing House, the Recognised Clearing House may authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting or at any meeting of any class of shareholders or at any meeting of creditors; provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised and shall be signed by an authorised officer of the Recognised Clearing House. A person so authorised may attend a meeting on behalf of the Recognised Clearing House (without production of a share certificate, notarised authorisation and/or further evidence that he is duly authorised) and exercise the same rights as if he were an individual shareholder of the Company (and enjoy the same statutory rights as other shareholders, including the right to speak and to vote).

**Article 63**

The instrument of appointment by which a shareholder appoints another person to attend a general meeting shall specify the following particulars:

- (I) the name of the principal, and the class and number of shares of the Company held by the principal;
- (II) the name of the proxy;
- (III) specific instructions from the shareholders, including instructions as to whether to vote for, vote against, or abstain from voting on, each item on the agenda of the general meeting as an item for consideration thereat;
- (IV) the date of issuance and term of validity of the instrument of appointment;
- (V) the signature (or seal) of the principal. If the principal is a legal person shareholder, the power of attorney shall be under the seal of the legal entity.

- Article 64** The letter of authorization shall be deposited at the domicile of the Company or at such other place as specified in the notice convening the meeting not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time specified for the voting. If the letter of authorization is signed by another person authorized by the principal, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be deposited together with the letter of authorization at the domicile of the Company or at such other place as specified in the notice of the meeting.
- Article 65** The register of attendees shall be prepared by the Company. The meeting register shall include the name of the participants (or the name of the unit), identity card number, the number of voting shares held or represented by the meeting, and the name of the principal (or the name of the unit).
- Article 66** The convener and other persons engaged by the company in accordance with the Hong Kong Listing Rules will jointly verify the legality of the shareholders' qualifications based on the shareholder register provided by the securities registration and clearing institution, and record the names of the shareholders and the number of voting shares they hold. Registration for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held by them.
- Article 67** Directors and senior management members shall be in attendance at the meeting and accept any inquiries by shareholders if so required by the general meeting. Subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, the aforementioned persons may be present at the meeting as non-voting delegates through internet, video, telephone or other equivalent means.
- Article 68** A general meeting is presided over by the chairman of the Board. If the chairman of the Board fails or is unable to perform his or her duties, the meeting shall be presided over by the director jointly elected by more than one half of the directors.
- At a general meeting convened by the audit committee of the Board, the convener of the audit committee of the Board shall preside. If the convener of the audit committee of the Board is unable or fails to perform his or her duties, a member of the audit committee jointly elected by more than half of the members of the audit committee shall preside over the meeting.
- If a general meeting is convened by a shareholder himself/herself or shareholders themselves, the meeting shall be presided over by the convener(s) or the representative selected by the convener(s).
- When a general meeting is held, if the chairman of the meeting violates the rules of procedure, making continuance of the general meeting impossible, with the consent of shareholders holding more than one half of the voting rights present at the meeting, the general meeting may elect a person to serve as the chairman of the meeting and the meeting shall continue.

- Article 69** The Company shall formulate the Rules of Procedure for General Meetings which shall specify in detail the procedures for convening, holding and voting at general meeting, and cover notification, registration, consideration of proposals, voting, vote counting, announcement of voting results, adoption of meeting resolutions, keeping and signing of meeting minutes, announcement, etc., as well as the principles for the authorization of the Board by the general meeting. The contents of the authorization shall be clear and specific. The rules of procedure of the general meeting shall be set out as an appendix to the Articles of Association, which shall be formulated by the Board and approved by the general meeting.
- Article 70** The Board shall report on their work during the past year to the general meeting at annual general meetings. Each independent nonexecutive director shall also give a report on the performance of his or her duties.
- Article 71** The directors and senior management members shall provide explanations in response to the queries and suggestions made by shareholders at a general meeting.
- Article 72** The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting in person and the total number of voting shares that they hold before a vote is held. The meeting registration shall prevail in respect of the number of shareholders and proxies present at the meeting in person and the total number of voting shares held by them.
- Article 73** Minutes shall be kept of general meetings and the secretary to the Board shall be responsible therefor. The meeting minutes shall include:
- (I) time, place and agenda of the meeting and name of the convener;
  - (II) name of the chairman of the meeting and directors, general manager and other senior management members present or in attendance at the meeting;
  - (III) number of the present shareholders and proxies, the total number of voting shares they represent and the percentage of the total shares of the Company they represent;
  - (IV) the discussions in respect of each proposal, highlights of the speeches made at the meeting and the voting results;
  - (V) details of the queries or recommendations of the shareholders, and the corresponding answers or explanations;
  - (VI) the name of counting officers and scrutinizers;
  - (VII) such other matters which shall be recorded in the meeting minutes in accordance with the provisions of the laws and regulations.
- Article 74** The convener shall ensure that the minutes are truthful, accurate and complete. The attending or presenting directors, supervisors, Secretary to the Board, convener or their representatives and the chairman of the meeting

shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, internet and valid information regarding alternative voting methods shall be filed, for no less than ten years.

**Article 75** The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to resume the meeting or directly terminate that meeting immediately followed by a timely public announcement.

### **Section 6 Voting and Resolutions at General Meeting**

**Article 76** The resolutions of a general meeting shall either be classified as ordinary resolutions or special resolutions.

Ordinary resolutions shall be approved by more than half of voting rights held by the shareholders (including their proxies) attending the meeting.

Special resolutions shall be approved by above two-thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

**Article 77** The following matters shall be passed as ordinary resolutions at a general meeting:

- (I) work reports of the Board;
- (II) profit distribution plans and plans for making up losses drafted by the Board;
- (III) the appointment, dismissal and remuneration of the members of the Board and the method of payment of the remuneration;
- (IV) the appointment or removal of an accounting firm;
- (V) matters other than those which laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or these Articles of Association require to be adopted by special resolution.

**Article 78** The following matters shall be passed as special resolutions at a general meeting:

- (I) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company (including the authorization of the Board to make resolutions on such matters);
- (II) the division, spin-off, merger, dissolution, liquidation or change in the corporate form of the Company;
- (III) the amendment of these Articles of Association;
- (IV) the purchase or sale by the Company within one year of (a) material asset(s) or amount of guarantees exceeding 30% of the audited total assets of the Company at latest period;

- (V) equity incentive plans;
- (VI) other matters required by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed or these Articles of Association, or resolved by the shareholders at a general meeting, by an ordinary resolution, to be of a nature that may have a material impact on the Company and should be adopted by special resolution.

**Article 79** Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares that they represent (except in cases where the shareholder is required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the Company's shares are listed). Each share shall carry one voting right.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Shareholders who purchase the voting shares of the Company in violation of first and second paragraphs of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after the purchase, and such number shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

In accordance with the applicable laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company's shares are listed, where any shareholder shall abstain from voting for any particular resolution, or is restricted to vote only for or against such resolution, any votes in violation of such requirement or restriction by the shareholders (or their proxies) shall not be counted in the voting results.

**Article 80** The Board, independent non-executive directors and shareholders holding more than one percent of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may openly solicit voting rights from shareholders. Solicitation of voting rights from shareholders should make sufficient disclosure of information, including the specific voting intention, to persons from whom such voting rights are solicited. Solicitation of voting rights from shareholders by offering money or other forms of consideration is forbidden. Except for statutory conditions, the Company shall not set a minimum shareholding limit for voting right solicitation.

**Article 81** When a general meeting examines the relevant connected transactions (as defined in the Hong Kong Listing Rules), the connected shareholders and its close associates (as defined in the Hong Kong Listing Rules) shall not participate in voting and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes; the announcement of the general meeting shall fully disclose the voting by unconnected persons.

Before the general meeting considers matters relating to connected transactions, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations and normative documents. Connected persons or their authorized representatives may attend the general meeting, and may clarify their views to the shareholders in accordance with the procedures of the meeting, but they shall abstain from voting in a poll.

Where the general meeting considers matters relating to connected transactions, connected shareholders shall abstain from voting. If connected shareholders fail to abstain from voting, other shareholders attending the meeting shall have the right to request them to abstain from voting. After connected persons have abstained from voting, other shareholders shall vote according to their voting rights and pass the corresponding resolutions in accordance with the provisions of these Articles of Association. The chairman of the meeting shall announce the number of shareholders and proxies except connected persons present at the general meeting and the total number of their voting shares.

In order to be valid, the resolutions made at the general meeting on matters relating to connected transactions shall be passed by more than half of the votes cast by the non-connected shareholders attending the general meeting. However, in order to be valid, in the event of such connected transaction involving matters that need to be passed by special resolution as stipulated in these Articles of Association, the resolutions of the general meeting must be passed by more than two thirds of the voting rights held by the non-connected persons attending the general meeting.

Where connected persons or their close associates participate in voting in violation of the provisions under this article, their voting in respect of matters relating to connected transactions shall be invalid.

Where applicable laws, administrative regulations, departmental rules, regulatory documents or securities regulatory rules of the place where the Company's shares are listed have other provisions, such provisions shall prevail.

**Article 82** Except for special circumstances such as a crisis, the Company will not enter into a contract with a person other than a director, manager and other senior management to entrust the management of the company's entire or important business to such person unless approved by a special resolution of the general meeting.

**Article 83** The list of candidates for the position of director shall be put in the form of a proposal before the general meeting for voting.

When the general meeting votes on the election of directors, it may, pursuant to these Articles of Association or a resolution of the general meeting, do so by cumulative voting. When two or more independent non-executive directors are elected at the general meeting, a cumulative voting shall be implemented

For the purposes of the preceding paragraph, the term "cumulative voting" means that, when the general meeting votes to elect directors, each share carries a number of voting rights equivalent to the number of directors to be elected, and a shareholder may cluster his or her voting rights.

The Board shall announce the biographies and basic information of candidates for directors to shareholders.

**Article 84**

The method of, and procedure for, nominating directors who are not representatives of the employees are as set forth below:

- (I) a shareholder alone or shareholders together holding at least 1 percent of the total outstanding voting shares of the Company may propose to the general meeting candidates for the position of director who is not a representative of the employees in the form of a written proposal, provided that the number of persons nominated complies with these Articles of Association and is not greater than the number of persons to be elected; the aforementioned proposal submitted to the Company by (a) shareholder(s) shall be served on the Company at least 7 days before the date the general meeting is to be held.
- (II) the Board or the nomination committee may, to the extent of the number of persons specified in these Articles of Association, propose a list of recommended director candidates consistent with the number of persons to be elected; once the Board has conducted its review and adopted a resolution determining the director candidates, it shall bring the same before the general meeting in the form of a written proposal. The nomination of candidates for independent nonexecutive directors shall be carried out in accordance with laws and regulations and the securities regulatory requirements of the places where the Company's shares are listed.
- (III) the written notices of the intention to nominate director candidates and of the nominees indicating their willingness to accept the nomination as well as relevant written materials on the nominees shall be dispatched to the Company not earlier than the date after the notice of the general meeting is dispatched and not later than seven days before the date of the meeting; the term of the nomination and the acceptance of the nomination shall be no less than seven days. The Board shall provide to the shareholders the biographies and basic particulars of the director candidates.
- (IV) the general meeting votes on each of the director candidates.
- (V) if the need arises for an additional or replacement of director at short notice, the same shall be proposed by the Board, recommending that the general meeting elect or replace the same.

**Article 85**

The specific operating procedures of the cumulative voting system are as follows:

- (I) Independent non-executive directors, non-independent directors of the Company shall be elected separately and voted separately.
- (II) In the election of independent non-executive directors, the number of votes each shareholder is entitled to is equal to the number of shares held by him/her multiplied by the number of independent non-executive directors he/she is entitled to elect. The number of votes can only be cast to independent non-executive director candidates, and who have received more votes are elected.

- (III) In the election of non-independent directors, the number of votes each shareholder is entitled to is equal to the number of shares held by him/her multiplied by the number of non-independent directors he/she is entitled to elect. The number of votes can only be cast to candidates for non-independent directors, and who have received more votes are elected.
- (IV) Where the number of candidates exceeds the number stipulated in these Articles of Association, the number of independent non-executive directors, non-independent directors elected by each shareholder shall not exceed the number of independent non-executive directors, non-independent directors specified in these Articles of Association. The total number of votes cast shall not exceed the number of votes to which a shareholder is entitled, otherwise such ballot papers shall be invalid.
- (V) The scrutineers and vote-counters at the general meeting must carefully check the aforesaid circumstances in order to ensure the fairness and effectiveness of the cumulative voting.

**Article 86** With the exception of the cumulative voting system, the general meeting will hold a vote on each proposal. If there are different proposals concerning a certain matter, the votes thereon shall be taken in the order the proposals were proposed. The general meeting will not set aside or not vote on a proposal, unless the general meeting is suspended or if it is unable reach a resolution due to force majeure or other such special reason.

**Article 87** When considering a proposal, the general meeting may not revise it, and should it do so, such amendment shall be deemed as a new proposal and may not be voted on at the current general meeting.

**Article 88** The same voting right shall only be exercised by one means, either through on-site voting or via internet or other voting means. If the same voting right is exercised by more than one means, the result of the first vote cast shall prevail.

**Article 89** Voting at a general meeting shall be made by ballot.

**Article 90** Before the general meeting votes on proposals, it shall elect two shareholder representatives to count the votes and scrutinize the voting. If any shareholder is related (connected) to the matter to be discussed, the relevant shareholder and his proxy shall not participate in vote counting or scrutinize the voting.

During the voting process of the general meeting, the vote count and examination of the poll shall be conducted together by representatives of shareholders and other relevant persons appointed in accordance with the Hong Kong Listing Rules under the Hong Kong Listing Rules, and shall announce the voting outcome at the meeting. The voting outcome for each resolution shall be recorded in the meeting minutes.

Corporate shareholders or their proxies voting through the internet or other methods shall have the right to check their own votes cast through the relevant voting system.

- Article 91** The conclusion of the general meeting on-site cannot be earlier than voting by internet or other methods. The chairman of the meeting shall announce the voting circumstances and results of each resolution, and shall also announce whether the resolutions have been passed according to the voting results.
- Before the voting results are officially announced, the companies, counting officers, scrutinizers, major shareholders, the internet service provider and all relevant parties in relation to voting on-site, by internet and otherwise shall be obligated to keep confidential the voting results.
- Article 92** Shareholders who are present at the general meeting shall adopt one of the following stances when a proposal is put forward for voting: for, against or abstention.
- For voters whose voting slips are left blank, incorrectly completed, illegible or without vote casting, he shall be deemed to have waived his voting rights, and the votes in respect of the number of shares held by him shall be counted as “abstain”, except that the securities depository and clearing institution, as the nominal holder of shares under the Mainland-Hong Kong Stock Connect, makes a declaration according to the intentions of the actual holders.
- Article 93** If the chairman of the meeting has any doubts as to the voting outcome of any resolution, he/she may have the votes recounted. If the chairman does not recount the votes, and the shareholders or their proxies who have attended the meeting have doubts as to the outcome announced by the chairman, they may request a vote recount immediately after the announcement of the voting outcome, and the chairman shall have the votes recounted immediately.
- Article 94** Resolutions of general meetings shall be announced in a timely manner in accordance with relevant laws, regulations, departmental rules, normative documents, the securities regulatory rules of the place where the shares of the Company are listed or the provisions of these Articles of Association.
- Article 95** If any proposal is not adopted, or the current general meeting amends the resolution of the last general meeting, special reminder thereof shall be given in the announcement of the resolutions of the general meeting.
- Article 96** If the proposal on election of new directors for a new session is passed at the general meeting, the new directors shall take office from the date when the resolution is passed at the general meeting.
- Article 97** If any proposal for a cash dividend, share allocation, or conversion from capital reserves to share capital is adopted at the general meeting, the Company shall implement detailed plans within two months after the conclusion of the general meeting.

## **Chapter 5 BOARD**

### **Section 1 Directors**

- Article 98** A director of a company is a natural person and is not allowed to act as a director of the company under any of the following circumstances:

- (I) persons without civil capacity or with limited civil capacity;
- (II) persons who have committed corruption, bribery, embezzlement, misappropriation of property or disruption of the order of socialist market economy and have been sentenced to criminal punishment, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights, or who have been given suspended sentence, where less than two years have lapsed since the date of expiration of the probation period;
- (III) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise which had its business license revoked and had been ordered to shut down due to violation of the laws and who were personally liable, where less than three years have elapsed since the date of the revocation or being ordered to shut down;
- (V) persons who have a substantial amount of debts due and outstanding shall be listed as persons subject to enforcement for dishonesty by the people's court;
- (VI) persons who have been banned from the securities market by the CSRC and the time limit has not expired;
- (VII) other contents as required by laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's shares are listed.

If a director, supervisor, the general manager or other senior management members is elected or appointed in violation of this Article, such election, appointment or engagement shall be invalid and his/her duties shall be ceased.

#### **Article 99**

Director who is not a representative of the employees shall be elected or replaced by a general meeting and may be removed from office by the general meeting before the expiration of his term of office. Directors are appointed for a term of three years, subject to re-election upon expiry of the term. Director who is a representative of the employees shall be elected or replaced by the employee representative assembly and may be removed from office by the employee representative assembly before the expiration of their term without the need for submission to the general meeting for deliberation, subject to reelection upon expiry of the term.

The term of office of a director shall be calculated from the date when he takes office, until expiration of the term of office of the Board of the session. In case of failure to timely elect a director upon expiration of the director's

term of office, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and these Articles of Association until the new directors assume their office.

Directors may be held concurrently by the manager or other senior management member, but the total number of directors who concurrently hold the positions of manager or other senior management member and the directors held by employee representatives shall not exceed one-half of the total number of directors of the company.

#### **Article 100**

Directors shall abide by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, and shall have the faithful obligations the Company. They shall take measures to avoid conflicts between their own interests and those of the Company, and shall not use their authority to seek improper benefits. Directors shall have the faithful obligations the Company. They shall take measures to avoid conflicts between their own interests and those of the Company, and shall not use their authority to seek improper benefits. Directors shall have the following faithful obligations to the Company:

- (I) do not take bribes or accept other illegal income by taking advantage of their powers
- (II) do not misappropriate the property of the company or misappropriate the company's funds;
- (III) shall not deposit the funds of the company in an account opened in the name of an individual or in the name of another individual;
- (IV) shall not to directly or indirectly enter into contracts or conduct transactions with the Company without reporting to the Board or the general meeting and obtaining the approval through a resolution of the Board or the general meeting in accordance with the provisions of these Articles of Association;
- (V) shall not take advantage of his position to seek commercial opportunities for himself or for others that should belong to the Company, except in any of the following circumstances: (1) report to the Board or the general meeting and obtain approval through a resolution of the Board or the general meeting; (2) according to the provisions of laws, administrative regulations, or these Articles of Association, the Company may not take advantage of this business opportunity;
- (VI) shall not operate the same kind of business as the Company for himself or for others without reporting to the Board or the general meeting and obtaining the approval through a resolution of the Board or the general meeting in accordance with the provisions of these Articles of Association;
- (VII) shall not retain for personal benefit any commissions from transactions with the Company;
- (VIII) shall not disclose the Company's secrets without authorization;

- (IX) shall not use its related (connected) relationship to harm the interests of the Company;
- (X) other faithful obligations stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

Any income earned by a director in violation of this article shall belong to the company; if any loss is caused to the company, the director shall be liable for compensation.

When close relatives of directors or the senior management, enterprises directly or indirectly controlled by directors, the senior management or their close relatives, and related parties having other affiliations with directors or the senior management enter into contracts or conduct transactions with the Company, the provisions of item (IV) of paragraph 1 of this Article shall apply.

**Article 101** Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, and shall have diligent obligations towards the Company, ensuring that their performance of duties is conducted with the reasonable care that a manager should normally exercise in the best interests of the Company. Directors shall have the following diligent obligations towards the Company:

- (I) exercise the rights granted by the Company with caution, seriousness, and diligence to ensure that the Company's business activities comply with national laws, administrative regulations, and various national economic policies, and do not exceed the business scope specified in the business license;
- (II) fair treatment should be given to all shareholders;
- (III) timely understanding of the Company's business operation and management status;
- (IV) a written confirmation should be signed regarding the Company's periodic reports and ensure that the information disclosed by the Company is true, accurate, and complete;
- (V) shall truthfully provide relevant status and data to the audit committee of the Board, and shall not hinder the audit committee of the Board from exercising their powers;
- (VI) other diligent obligations stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

**Article 102** In case a director has failed to be present in person twice consecutively without authorizing another director to be present at the board meeting on his/her behalf, he/she shall be considered unable to fulfill his/her duties as a director, and the Board shall accordingly suggest the general meeting or

employee representative assembly making replacement. If a director attends a board meeting through internet, video, telephone, or other equivalent means, in accordance with the securities regulatory rules of the place where the Company's shares are listed, it shall also be deemed that they have attended the meeting in person.

**Article 103** A director may resign before the expiry of his/her term of office. The resigning director shall submit to the Board a written resignation, and the resignation shall take effect on the date the Company receives the resignation. Further details shall be disclosed by the Board within two days.

In case that the number of the Board of the Company falls below the minimum quorum as a result of the resignation of a director, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations and departmental rules and these Articles of Association until the re-elected directors assume their office.

**Article 104** The Company has established a management system for the resignation of directors, clarifying the safeguards for accountability and recovery regarding any unfulfilled public commitments and other outstanding matters. When the resignation of a director takes effect or his or her term of office expires, he or she shall duly carry out all handover procedures with the Board. His or her fiduciary duty to the Company and the shareholders shall not, as a matter of course, terminate at the end of his or her term of office, but shall remain in effect for one year. The director's obligation to maintain the confidentiality of the Company's trade secrets shall survive the end of his or her term, until such secrets enter the public domain instead of being limited to three years. The terms for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time which has elapsed between the termination of tenure and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company is terminated. The responsibilities that a director is required to undertake during his or her term of office due to the execution of duties shall not be exempted or terminated upon resignation.

**Article 105** The general meeting may resolve to dismiss non-employee representative directors, and the employee representative assembly may resolve to dismiss employee representative directors, with the dismissal taking effect on the date the resolution is made.

If directors are removed without just cause before the expiration of their term, the directors may demand compensation from the Company.

**Article 106** No director may act on behalf of the Company or the Board in his or her own name unless these Articles of Association specify that he or she may do so or he or she is lawfully authorized to do so by the Board. A director shall declare his position and capacity in advance if, when such director is acting in his or her private capacity, a third party would reasonably assume him or her to be acting on behalf of the Company or the Board.

**Article 107** A director who causes the Company to sustain a loss as a result of a violation of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or a breach of these

Articles of Association by him or her during the performance of his or her duties shall be liable for damages.

If a director causes damage to others while performing the duties of the Company, the Company shall be liable for compensation; if the director acts with intent or gross negligence, he or she shall also be liable for compensation.

**Article 108** The Company shall establish an independent non-executive director system.

Independent non-executive directors shall comply with laws, administrative regulations, relevant provisions of the CSRC and the stock exchange where the Company's shares are listed.

## **Section 2 Board**

**Article 109** The Company shall have a board of directors.

**Article 110** The Board shall comprise eleven directors, including one employee representative director, including one employee representative director, with one chairman and no vice chairman. The number of independent non-executive directors at any time shall not be less than 3 and shall constitute more than one-third of the total number of members of the Board. The qualifications, nomination and election procedures, term of office, resignation, and powers of independent non-executive directors shall be implemented in accordance with relevant provisions of the laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed. Unless otherwise provided in this chapter, the qualifications and obligations of directors in these Articles of Association shall apply to independent non-executive directors.

**Article 111** The Board shall perform the following duties and powers:

- (I) to convene the general meeting and report its performance at the general meetings;
- (II) to implement resolutions adopted at the general meetings;
- (III) to make decisions on the Company's business plans and investment plans;
- (IV) to formulate the Company's profit distribution plans and loss recovery plans;
- (V) to formulate the proposals on the increase or reduction of the Company's registered capital, the issuance of shares, bonds or other securities, and listing plans;
- (VI) to formulate plans for major acquisition, repurchase of the shares of the Company or the merger, division, dissolution or change of the nature of incorporation of the Company;
- (VII) to decide on such matters as the Company's external investment, acquisition or disposal of assets, pledge of assets, external guarantees, entrusted assets management, connected transactions, external donations, etc., to the extent authorized by the general meeting;

- (VIII) to determine on the establishment of the Company's internal management bodies and on the establishment or closing of the Company's branches or representative offices;
- (IX) to engage or dismiss the Company's general manager and secretary to the Board, and deciding on matters relating to their remuneration, rewards and punishments; to engage or dismiss such senior management members as deputy general manager, financial officer and etc., as proposed by the general manager, and deciding on matters relating to their remuneration, rewards and punishments;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate proposals for amendments to these Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to propose to the general meeting the appointment or replacement of an accounting firm that provides audit service of annual financial statement to the Company;
- (XIV) to decide the establishment of special committees of the Board and their compositions;
- (XV) to consider the acquisition of shares of the Company in accordance with the conditions stipulated in items (III), (V) and (VI) of the first paragraph of Article 24 of these Articles of Association;
- (XVI) to exercise other functions and powers conferred by the laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed, at general meetings and these Articles of Association.
- (XVII) in accordance with the provisions of these Articles of Association or as authorized by the general meeting, it decides to issue shares not exceeding 50% of the issued shares within three years;
- (XVIII) to exercise other functions and powers conferred by the laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed, at general meetings and these Articles of Association.

Resolutions relating to the preceding paragraph, with the exception of items (V), (VI), (XI) and (XVI) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors.

With the authorization of the general meeting, the Board of the Company has the right to decide to issue shares not exceeding 50% of the issued shares within three years; however, if the contribution is made in the form of non-monetary assets, it shall be resolved by the general meeting.

If the decision of the Board to issue shares in accordance with the preceding paragraph results in a change in the registered capital of the Company or in the number of shares in issue, the amendment to the respective information in these Articles of Association shall not be subject to the resolution of the general meeting.

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

**Article 112** The Company does not set up a Supervisory Committee, and the audit committee of the Board shall exercise the duties and responsibilities of the Supervisory Committee as stipulated in the Company Law.

**Article 113** The Board shall also be responsible for the followings:

- (I) to formulate, review and improve the corporate governance system and condition of the Company;
- (II) to review and supervise the training and continuing professional development of directors and senior management;
- (III) to review and supervise the compliance of the Company's policies with laws and relevant regulations of the securities regulatory authority where the shares are listed and to make the relevant disclosure;
- (IV) to formulate, review and supervise the code of conduct and relevant compliance manual of employees and directors of the Company;

The Board shall be responsible for the aforementioned corporate governance functions. It may also delegate the duties to one or more of its special committees of the Board.

**Article 114** The Board shall give explanations to the general meeting in respect of audit reports with non-standard audit opinions issued by certified public accountants in respect of financial reports of the Company.

**Article 115** The Board shall formulate the rules of procedures of meetings of the Board to ensure the implementation of the resolutions of the general meeting, its work efficiently and decision making in proper manner. The rules of procedures shall be appended to these Articles of Association and shall be formulated by the Board and approved at the general meetings.

**Article 116** The Board shall lay down strict procedures to inspect and decide on the approval limit for external investment, acquisition or disposal of assets, pledge of assets, provision of external guarantees, entrusted assets management, connected transactions and external donations. For major investment projects, the Board shall organize the relevant experts and professionals to conduct assessment, and propose to a general meeting for approval.

**Article 117** The Board shall have one chairman. The chairman is elected by the Board with a majority of all directors.

- Article 118** The chairman of the Board shall perform the following duties and powers:
- (I) to preside over the general meetings, and to convene and preside over Board meetings;
  - (II) to supervise and inspect the execution of the resolutions of the Board;
  - (III) to sign the shares, bonds and other marketable securities issued by the Company;
  - (IV) to sign the important documents of the Board;
  - (V) in the event of an occurrence of any severe natural disaster or any other force majeure event, to exercise his special power of disposition in relation to the Company's affairs in the Company's interests and in compliance with the relevant legal provisions, and, subsequently report such disposition to the Board and the general meeting of the Company;
  - (VI) to exercise other powers required by the laws, regulations or these Articles of Association or authorized by the Board.
- Article 119** If the chairman of the Board is unable or fails to perform his or her duties, the duties shall be performed by the vice chairman. When the vice chairman is unable or fails to perform his or her duties, the duties shall be performed by the director jointly elected by more than one half of the directors.
- Article 120** Meetings of the Board are classified into regular meetings and interim meetings. The Board shall hold at least four regular meetings each year. Meetings shall be convened by the chairman of the Board.
- Article 121** An interim board meeting may be held upon the proposal of shareholders holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the Board or audit committee of the Board. Chairman of the Board shall convene and chair the board meeting within ten days after receiving such proposal.
- The chairman of the Board shall hold a meeting with the independent non-executive directors at least once a year without other directors attending.
- Article 122** The notice of board meeting and interim board meeting shall be served by hand, facsimile, express delivery service or other electronic means (in case of indirect delivery, telephone acknowledgement shall be made and properly recorded) fourteen days (excluding the date on which the meeting is held) in case of regular meetings or in principle two days in case of interim meetings before the date of the meeting; with the consent of all directors of the Company, the abovementioned notice period may be waived.
- If an interim meeting of the Board needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral method, provided that the convener gives an explanation thereof at the meeting and the same is entered into the meeting minutes.

- Article 123** A notice of a meeting of the Board shall include the following particulars:
- (I) the date and venue of the meeting;
  - (II) the duration of the meeting;
  - (III) the reasons for holding the meeting and the topics to be discussed thereat;
  - (IV) the date of issuance of the notice.
- Article 124** Meetings of the Board may be held only if more than half of the directors are present. When voting on board resolutions, each director shall have one vote.
- Article 125** If a director or his/her associate (as defined in the Hong Kong Listing Rules in effect from time to time) has a related (connected) relationship with a matter or an enterprise, individuals involved in a matter on which a resolution is to be made at a meeting of the Board, he or she shall promptly report in writing to the Board and the directors with a connected relationship shall not exercise his or her right to vote regarding such resolution, nor shall he or she exercise the voting right of another director as such director's proxy thereon. Such a Board meeting may be held only if more than half of the directors without a related (connected) relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than half of the directors without a related (connected) relationship. If the Board meeting is attended by less than three directors without a related (connected) relationship, the matter shall be submitted to the general meeting for consideration.
- The specific voting of the Board on connected transactions under the Hong Kong Listing Rules shall comply with the relevant provisions of the Hong Kong Listing Rules.
- Article 126** The Board may hold meetings by way of on-site meeting, electronic communication, or circulating written resolutions. Votes at meetings of the Board shall be held by disclosed ballot.
- Article 127** Directors shall attend meetings of the Board in person. In the event of a director is unable to attend a meeting in person for any reason, he may appoint in writing another director to attend the meeting on his behalf. The power of attorney shall contain the name of proxy, subject matters of representation, the scope of the authorization and validity, and signed or affixed with a seal by the appointer. The proxy shall exercise the rights of a director within the scope of the authorization. A director failing to attend the board meeting in person or by proxy shall be deemed as having waived his voting rights at such meeting.
- Article 128** The Board shall keep minutes of its decisions on the matters considered at its meetings. The directors attending a meeting shall sign the minutes of the meeting.

The minutes of Board meetings shall be kept in corporate archives for a period of no less than ten years.

**Article 129** The minutes of meetings of the Board shall consist of the following:

- (I) the date and venue for the holding of meeting and name of person convening the meeting;
- (II) the name of the director present and name of director (proxy) being appointed to attend on the other's behalf;
- (III) the agenda;
- (IV) the main point of director's speech;
- (V) the method of voting and the result (the result shall state the number of votes for, against or abstention) of each resolution;
- (VI) other issues that the attending directors think should be recorded.

### **Section 3 Independent Directors**

**Article 130** Independent Directors shall diligently perform their duties in accordance with laws and administrative regulations, the provisions of the CSRC, the stock exchange and these Articles of Association, actively participating in decision-making, exercising supervisory oversight and checks and balances, and providing professional advice within the Board, so as to safeguard the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

**Article 131** Independent directors must maintain independence. The following persons are ineligible to serve as independent directors:

- (I) any person employed by the Company or its subsidiaries, as well as their spouses, parents, children and close relatives;
- (II) any natural person shareholder who directly or indirectly holds more than one percent of the Company's issued shares or is among the top ten shareholders of the Company, as well as their spouses, parents and children;
- (III) any person employed by shareholders who directly or indirectly hold more than five percent of the Company's issued shares or by any of the Company's top five shareholders, as well as their spouses, parents and children;
- (IV) any person employed by the subsidiaries of the Company's controlling shareholders and de facto controllers, as well as their spouses, parents, and children;
- (V) any person who has significant business dealings with the Company and its controlling shareholders, de facto controllers, or their

respective subsidiaries, or any person employed by entities with significant business dealings and their controlling shareholders or de facto controllers;

- (VI) any person who provides financial, legal, consulting, sponsorship, and other services to the Company and its controlling shareholders, de facto controllers, or their respective subsidiaries, including but not limited to all members of the project teams of intermediary institutions providing services, reviewers at all levels, signatories on reports, partners, directors, senior management, and key responsible persons;
- (VII) any person who had any of the circumstances listed in items (I) to (VI) within the last twelve months;
- (VIII) any person who does not possess independence as stipulated by laws, administrative regulations, rules of the CSRC, stock exchange rules, and these Articles of Association and other regulations of the Company.

The subsidiaries of the controlling shareholders and de facto controllers of the Company mentioned in the preceding items (IV) to (VI), do not include enterprises that are controlled by the same state-owned asset management agency as the Company and do not constitute a related relationship with the Company according to relevant regulations.

The independent directors shall conduct an annual self-assessment of their independence and submit the results of the self-assessment to the Board. The Board shall assess the independence of the serving independent directors annually and issue a special opinion, which shall be disclosed simultaneously with the annual report.

#### **Article 132**

The independent directors of the Company shall meet the following conditions:

- (I) in accordance with laws, administrative regulations, and other relevant provisions, qualified to serve as a director of a listed company;
- (II) meet the independence requirements set forth in these Articles of Association.
- (III) possess basic knowledge of the operation of listed companies and be familiar with relevant laws, regulations, and rules;
- (IV) have more than five years of work experience in law, accounting, or economics necessary to perform the duties of an independent director.
- (V) have good personal ethics and does not have any significant records of dishonesty or other negative conduct.
- (VI) other conditions as stipulated by laws, administrative regulations, the CSRC, stock exchange rules, and these Articles of Association and other regulations of the Company.

**Article 133** Independent directors, as members of the Board, shall have a duty of loyalty and diligence towards the Company and all shareholders, and shall prudently perform the following responsibilities:

- (I) participate in Board decision-making and express clear opinions on the matters discussed;
- (II) supervise potential significant conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, and senior management, and protect the legitimate rights and interests of minority shareholders;
- (III) (provide professional and objective advice on the Company's operational development to enhance the decision-making level of the Board;
- (IV) other responsibilities as stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association and other regulations of the Company.

**Article 134** The independent directors shall exercise the following special powers:

- (I) independently engage intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;
- (II) propose to the Board to hold an extraordinary general meeting;
- (III) propose to hold a Board meeting;
- (IV) legally solicit shareholder rights from shareholders in a public manner;
- (V) express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (VI) other functions and powers as stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association and other regulations of the Company.

The independent directors exercising the functions and powers listed in items (I) to (III) of the preceding paragraph shall obtain the approval of more than half of all independent directors.

**Article 135** The following matters shall be submitted to the Board for consideration after being approved by more than half of the all independent directors of the Company:

- (I) connected transactions that must be submitted for decision by the Board in accordance with laws and regulations, the Hong Kong Listing Rules, and the provisions of relevant systems and rules for managing connected transactions of the Company.
- (II) plans for the Company and relevant parties to change or waive commitments;
- (III) the Board's decisions and measures taken regarding the acquisition matter;

- (IV) other matters as stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association and other regulations of the Company.

**Article 136** The Company shall establish a specialized meeting mechanism composed entirely of independent directors. The Board shall review matters related to connected transactions, which must be pre-approved by a special meeting of independent directors.

The Company shall hold regular or irregular special meetings of independent directors. The matters listed in items (I) to (III) of the first paragraph of Article 134 and Article 135 of these Articles of Association shall be reviewed at a special meeting of independent directors.

The special meeting of independent directors may consider and discuss other matters of the Company as needed.

The special meeting of independent directors shall be convened and presided over by an independent director jointly elected by more than half of the independent directors; if the convener fails to perform or is unable to perform his duties, two or more independent directors may convene the meeting themselves and elect a representative to preside.

The special meeting of independent directors shall prepare meeting minutes as required, and the opinions of the independent directors shall be recorded in the meeting minutes. Independent directors shall sign to confirm the meeting minutes.

The Company provides convenience and support for the holding of special meeting of independent directors.

#### **Section 4 Special Committees of the Board**

**Article 137** The Board establishes special committees including the nomination committee, the audit committee and the remuneration committee, and establishes other special committees when necessary. The special committees shall be accountable to the Board, perform their duties in accordance with these Articles of Association and the authorization of the Board, to provide advice and suggestions for the material decisions of the Board and the exercise of duties by the chairman of the Board within the scope of authorization of the Board, and the proposals shall be submitted to the Board for consideration and decision. The Board shall formulate separate terms of reference for each of the special committees of the Board to determine the composition, duties and procedures of meetings of such special committees. These special committees shall not make any decision in the name of the Board. However, the committees may exercise the right to make decision according to the special authorization of the Board.

The members of the special committees are all directors, with independent non-executive directors holding the majority in the audit committee, nomination committee, and remuneration committee and serving as conveners. The convener of the audit committee is an accounting professional. The Board is responsible for formulating work procedures for the special committees and standardizing their operations.

The establishment and composition of the special committees shall continue to comply with laws, regulations, and the listing rules of the stock exchange where the Company's shares are listed.

**Article 138** The audit committee shall consist of no less than three directors, and the members of the audit committee shall comply with the provisions of Article 121 of the Company Law, and shall be directors who do not serve as senior management in the Company, including two independent directors. The convener of the audit committee shall be an accounting professional among the independent directors.

**Article 139** The audit committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the work of internal and external auditors, as well as matters related to internal controls. The following matters shall be submitted to the Board for consideration after being approved by a majority of all members of the audit committee:

- (I) disclose financial information in the financial accounting reports and periodic reports, as well as the internal control evaluation report;
- (II) to appoint or dismiss the accounting firm responsible for the Company's auditing business;
- (III) to appoint or dismiss the Company's financial officer;
- (IV) changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association and other regulations of the Company.

**Article 140** The audit committee shall hold at least one meeting every quarter. An extraordinary meeting may be held if two or more members propose it, or if the convener deems it necessary. The meeting of the audit committee shall require the presence of more than two-thirds of its members to be held.

A resolution of the audit committee shall be passed by more than half of the votes of the audit committee members. Voting on resolutions of the audit committee shall be conducted on a one-person, one-vote basis.

The audit committee's resolutions shall be recorded in the minutes as required, and the members of the audit committee present at the meeting shall sign the minutes.

The audit committee's work procedures shall be formulated by the Board.

**Article 141** The nomination committee is responsible for formulating the selection criteria and procedures for directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the Board on the following matters:

- (I) to nominate or appoint or dismiss directors;
- (II) to appoint or dismiss senior management;
- (III) other matters stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association and other regulations of the Company.

If the Board does not adopt or fully adopt the recommendations of the nomination committee, it shall record the opinions of the nomination committee and the specific reasons for non-adoption in the Board's resolution and disclose them.

**Article 142** The remuneration committee is responsible for formulating the appraisal standards for directors and senior management and conducting appraisals, developing and reviewing the remuneration decision-making mechanisms, decision-making processes, payment and cessation recovery arrangements for directors and senior management, and making recommendations to the Board on the following matters:

- (I) remuneration of directors and senior management;
- (II) formulation or changes of equity incentive plan and employee shareholding scheme, and achievement of the conditions for granting and exercising the rights and interests to the incentive targets;
- (III) arrangement of shareholding plans of directors and senior management in subsidiaries to be split;
- (IV) other matters stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association and other regulations of the Company.

If the Board does not adopt or fully adopt the recommendations of the remuneration committee, it shall record the opinions of the remuneration committee and the specific reasons for non-adoption in the Board's resolution and disclose them.

#### **Chapter 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS**

**Article 143** The Company shall have a general manager and shall be appointed or dismissed by the Board.

**Article 144** The Company shall have several deputy general managers and shall be appointed or dismissed by the Board.

The Company shall have a financial officer and a secretary to the Board. The general manager, deputy general managers, financial officer, and secretary to the Board of the Company are senior management members of the Company. All senior management members above, other than general manager, are called other senior management members, which are nominated by general manager.

General manager and other senior management members are appointed or dismissed by the Board. A director may concurrently serve as general manager or other senior management members.

**Article 145** The provisions of these Articles of Association regarding the prohibition of serving as a director, the management system for resignation and the diligent and faithful obligations of directors shall also apply to senior management members.

**Article 146** Persons who hold any administrative position other than director or supervisor in the entity of the Company's controlling shareholder may not serve as senior management members of the Company. Senior management members of the Company only receive salaries from the Company and are not paid by the controlling shareholders.

**Article 147** The general manager and other senior management members shall serve terms of three years and may serve consecutive terms if reappointed.

**Article 148** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, report work to the Board;
- (II) to draft the plan for establishment of the Company's internal management organization;
- (III) to draft the Company's basic management system;
- (IV) to formulate the basic rules and regulations of the Company;
- (V) to request the Board to engage or dismiss other senior management members;
- (VI) to appoint or dismiss management personnel other than those to be engaged or dismissed by the Board;
- (VII) other functions and powers granted by these Articles of Association or the Board.

**Article 149** The general manager shall attend meetings of the Board.

**Article 150** The general manager shall formulate Detailed Rules for the Work of the General Manager and implement the same after obtaining approval of the Board.

- Article 151** The Detailed Rules for the Work of the General Manger shall cover the following:
- (I) the conditions and procedures for the holding of meetings by the general manger, and the attendees thereof;
  - (II) the respective specific duties and responsibilities of, and the division of work between, the general manger and other senior management members;
  - (III) the authority to apply Company funds and assets and execute material contracts, and the system for reporting to the Board;
  - (IV) other matters considered necessary by the Board.
- Article 152** The general manger may tender his or her resignation before the expiry of his or her term of office. The specific procedure and method for resignation of the general manger shall be provided for in the engagement contract between the general manger and the Company.
- Article 153** The deputy general manager of the Company shall be appointed or dismissed by the Board based on the nomination of the general manager, and their remuneration, rewards and punishments shall be determined by the Board.
- Article 154** The Company shall have a secretary to the Board, who shall be responsible for the preparation of the general meetings and Board meetings of the Company, keeping of documents, management of shareholders' data of the Company and handling matters such as information disclosure.
- The secretary to the Board shall comply with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and relevant provisions of these Articles of Association.
- Article 155** A director or senior management member of the Company may also act as the secretary to the Board of the Company. Any accountant from accountancy firm which has been appointed by the Company shall not act as the secretary to the Board.
- Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary shall not perform the act in a dual capacity.
- Article 156** The senior management members who cause the Company to sustain a loss as a result of a violation of the laws, administrative regulations, departmental rules or a breach of these Articles of Association by him or her during the performance of his or her duties shall be liable for damages.
- If senior management members cause damage to others while performing their duties for the Company, the Company shall be liable for compensation; if senior management members act with intent or gross negligence, they shall also be liable for compensation.

**Article 157** Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all its shareholders. Senior management members of the Company shall be liable for compensation in accordance with the law if they fail to faithfully perform their duties or breach their duty of good faith and cause damage to the interests of the Company and holders of public shares.

## **Chapter 7 FINANCIAL AND ACCOUNTING SYSTEMS, DISTRIBUTION OF PROFITS AND AUDIT**

### **Section 1 Financial and Accounting Systems**

**Article 158** The Company shall formulate its financial and accounting systems in accordance with the laws, administrative regulations and the standards formulated by relevant state authorities.

**Article 159** The Company shall adopt the Gregorian calendar year as its fiscal year, which shall commence on January 1 and end on December 31 of the same Gregorian calendar year. The Company shall adopt the Renminbi as its bookkeeping base currency and its account books shall be kept in Chinese.

**Article 160** The Company shall disclose its annual results announcement within three months, and its annual report within four months from the end of each fiscal year, and its interim results announcement within two months and its interim report within three months from the end of the first half of each fiscal year. The Company shall file, disclose, and/or submit annual reports, interim reports, results announcements and other documents to shareholders in accordance with the securities regulatory rules of the place where the Company's shares are listed.

**Article 161** The annual results announcements, annual reports, interim results announcements and interim reports mentioned above shall be prepared in accordance with relevant laws, administrative regulations, and the provisions of the CSRC and the stock exchange where the Company's shares are listed.

**Article 162** The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

**Article 163** When the Company distributes its after-tax profits for a given year, it shall allocate 10 percent of profits to its statutory common reserve.

The Company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

If the Company's statutory common reserve is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory common reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory common reserve, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary common reserve.

After the Company has made up its losses and made allocations to its common reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally.

If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory common reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Shareholders and responsible directors and senior management who cause losses to the Company shall be liable for compensation.

Shares of the Company that are held by the Company itself shall not participate in the distribution of profits.

**Article 164** The Company's common reserves shall be used to make up the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's registered capital.

To make up for losses using the common reserves, discretionary common reserves and statutory common reserves should be used first; if the losses cannot still be covered, capital common reserves may be used as stipulated.

After the Company has made up for its losses in accordance with the provisions of the preceding paragraph, if there are still losses, it may reduce its registered capital to cover the losses in accordance with the law.

When funds in the statutory common reserve are converted into an increase in registered capital, the funds remaining in such reserve will not be less than 25% of the Company's registered capital before the conversion.

**Article 165** After the Company's general meeting has passed a resolution on the profit distribution plan, the Company's Board must complete the dividend (or share) distribution within two months after the general meeting.

**Article 166** The Company shall appoint one or more receiving agents in Hong Kong for holders of H shares to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable in respect of H shares, and hold the same until they can be paid to the relevant shareholders.

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

The receiving agents appointed by the Company for the holders of H shares shall be trust companies registered under the Trustee Ordinance of Hong Kong.

**Article 167** The Company implements an active profit distribution policy and strictly adheres to the following requirements:

(I) Principle of profit distribution

The Company's profit distribution shall attach importance to the reasonable return on investment of investors, maintain the continuity and stability of profit distribution, and comply with the relevant provisions of laws and regulations. The distribution of profits by the Company shall not exceed the range of accumulated distributable profits and shall not harm the Company's ability to continue operations.

(II) Means of profit distribution

The Company may distribute profits in cash, in shares or a combination of both cash and shares or as otherwise permitted by the laws, regulations and securities regulatory rules of the place where the Company's shares are listed. If the Company meets the conditions for cash dividends, cash dividends shall take priority as a form of profit distribution.

At the same time, the Company may distribute dividend in shares for its profit distribution based on its accumulated distributable profits, reserves and cash flow, providing that sufficient distribution in cash dividends and the reasonable capital size of the Company are ensured, taking into account reasonable factors such as the Company's growth and dilution of net assets per share. The specific proportion shall be considered and approved by the Board of the Company and submitted to the general meeting for consideration and approval.

Cash dividends and other payments by the Company to holders of H shares shall be denominated and declared in Renminbi and paid in foreign currency. The foreign currency for the cash dividends and other payments by the Company to holders of H shares and other holders of foreign shares shall be handled in accordance with state regulations on foreign exchange control.

When distributing dividends to shareholders, the Company shall withhold and turn over the tax payable on the dividend income of shareholders based on the amount distributed and in accordance with PRC tax laws.

(III) Decision-making mechanism and procedures for specific profit distribution plans

The specific profit distribution plan of the Company shall be formulated by the Board and submitted to the general meeting for approval after being considered and approved by the Board. The Board and the general meeting shall fully consider the opinions of independent non-executive directors and medium and minority shareholders when formulating and considering specific plans for the Company's profit distribution.

## **Section 2 Internal Audit**

- Article 168** The Company shall implement an internal auditing system, clarifying the leadership structure, responsibilities, authority, personnel allocation, funding assurance, application of audit results, and accountability related to internal auditing work.
- Article 169** The internal audit institution of the Company supervises and inspects the Company's business activities, risk management, internal controls, and financial information. The internal audit institution shall maintain its independence, be staffed with dedicated auditing personnel, and must not be placed under the leadership of the finance department or share office space with the finance department.
- Article 170** The internal audit institution is accountable to the Board. The internal audit institution should be subject to the supervision and guidance of the audit committee during the process of monitoring and inspecting the Company's business activities, risk management, internal controls, and financial information. If the internal audit institution discovers any related significant issues or clues, it should immediately report directly to the audit committee.
- Article 171** The specific organization and implementation of the internal control evaluation of the Company shall be the responsibility of the internal audit institution. The Company issues an annual internal control evaluation report based on the evaluation report and relevant materials issued by the internal audit institution and reviewed by the audit committee.
- Article 172** When the audit committee communicates with external audit entities such as accounting firms and national audit institutions, the internal audit institution should actively cooperate and provide necessary support and collaboration. The audit committee participates in the appraisal of the head of internal audit.

## **Section 3 Engagement of Accounting Firms**

- Article 173** The Company shall engage an accounting firm that complies with the provisions of the Securities Law to carry out audit of accounting statements, verification of net assets and other related advisory services for a period of one year, which is renewable.
- Article 174** The engagement and dismissal of an accounting firm by the Company shall be decided by the general meeting, and the Board shall not appoint an accounting firm before the decision is made by the general meeting.
- Article 175** The Company shall guarantee to provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of data.
- Article 176** The audit fees of the accounting firm shall be determined by the general meeting.

**Article 177** When the Company dismisses or no longer renews the appointment of an accounting firm, it shall notify the accounting firm ten days in advance. When the general meeting of the Company votes on the dismissal of the accounting firm, the accounting firm is allowed to make representations.

If an accounting firm resigns from its position, it shall make representations to the general meeting whether there has been any impropriety on the part of the Company.

## **Chapter 8 NOTICES AND ANNOUNCEMENTS**

### **Section 1 Notices**

**Article 178** Notices (for the purposes of this Chapter, the term “notice” includes company communications and other written materials) of the Company shall be given or provided by one or more of the following means:

- (I) by hand;
- (II) by mail;
- (III) by such electronic means as e-mail, fax, etc. or on information media;
- (IV) by publishing on the websites designated by the Company and the Hong Kong Stock Exchange in accordance with laws, administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed;
- (V) by way of a public announcement;
- (VI) by any other methods as agreed between the Company and the addressee or as accepted by the addressee after the notice is received;
- (VII) other ways as recognized by the securities regulatory authorities of the place where the shares of the Company are listed or as required by these Articles of Association.

**Article 179** Subject to the securities regulatory rules of the place where the Company’s shares are listed and unless otherwise required in these Articles of Association, where a notice of the Company is published by way of announcement, the said notice shall be deemed as received by all relevant persons once it is published.

**Article 180** The notice of the Company to hold a general meeting shall be made in the form of a public announcement in compliance with the requirements of the securities regulatory rules of the place where the Company’s shares are listed.

**Article 181** The notice of the Company to hold a meeting of the Board shall be delivered by hand or by written means such as mail, email, telephone, facsimile, etc.

**Article 182** For a Company notice given by hand, the person on whom it is served shall sign on (or affix his or her seal to) the note of receipt, and the date on which he or she signed in receipt shall be the date of service;

For a Company notice given by mail, the date of service shall be 48 hours from the date of consignment to the post office;

For a Company notice given by fax, e-mail or publication on a website, the date on which such notice is dispatched shall be the date of service;

For a Company notice given by way of a public announcement, the first day of publication shall be the date of service.

**Article 183** A meeting and the resolutions adopted thereat shall not be invalidated due to the accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, a person entitled to receive the notice.

**Article 184** If the listing rules in the place of listing require the Company to send, mail, issue, dispatch, publish or otherwise provide relevant Company documents in both English and Chinese versions, the Company may, to the extent permitted by laws and regulations and in accordance with applicable laws and regulations, (if a shareholder has so indicated) only send him or her the English versions or Chinese versions of documents if the Company has made sufficient arrangements to ascertain whether its shareholders wish to only receive English versions or Chinese versions of documents.

## **Section 2 Announcements**

**Article 185** The Company designates the media/websites recognized by the stock exchange where the Company's shares are listed as the media for publishing the Company's announcements and other information that is required to be disclosed.

## **Chapter 9 MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION OF THE COMPANY**

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

**Article 186** Merger of the Company may take the form of merger by absorption and merger by new establishment.

Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment refers to establishing a new company by merging two or more companies, whereby the merging parties shall be dissolved.

The payment for the merger of the Company not exceeding 10 percent of the Company's net assets may be made without a resolution of the general meeting, unless otherwise provided in these Articles of Association.

If the Company merges in accordance with the provisions of the preceding paragraph without a resolution from the general meeting, it shall be subject to a resolution by the Board.

**Article 187** If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the Company shall notify its creditors and within 30 days it shall make announcement in newspapers or on the National Enterprise Credit Information Publicity System.

A creditor may, within 30 days from the date of receipt of the written notice or, if the creditor did not receive a written notice, within 45 days from the date of the announcement, require the Company to pay the debt in full or to provide commensurate security.

When the Company merges with a company in which it holds more than 90% of the shares, the merged company does not need to obtain a resolution from the general meeting; however, it shall notify the other shareholders, who have the right to request the Company to acquire their shares at a reasonable price. The payment for the merger of the Company not exceeding 10 percent of the Company's net assets may be made without a resolution of the general meeting.

If the Company merges in accordance with the provisions of the preceding paragraph without a resolution from the general meeting, it shall be subject to a resolution by the Board.

**Article 188** When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

**Article 189** If the Company is divided, its property shall be divided accordingly.

When the Company is divided, it shall prepare a balance sheet and a property list. Within 10 days from the date of adoption of the division resolution, the Company shall notify its creditors and within 30 days it shall make announcement in newspapers or on the National Enterprise Credit Information Publicity System.

**Article 190** The surviving companies shall be jointly liable for the pre-division debts of the Company, unless provided otherwise in a written agreement on debt repayment reached between the Company and a creditor prior to the division.

**Article 191** In the event of a reduction in registered capital, the Company shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within ten days from the date of the resolution of the Company on the reduction of registered capital and within 30 days it shall make announcement in newspaper or on the National Enterprise Credit Information Publicity System. A creditor has the right, within 30 days from the receipt of such notice; or, for creditors who do not receive the notice, within 45 days of the date of the public notice, to demand the Company to pay its debts or to provide a guarantee for such debt(s).

Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced correspondingly in proportion to the shares held by its shareholders, unless otherwise provided by law or these Articles of Association.

**Article 192** If a change occurs in the Company's registered particulars due to its merger or division, the change shall be registered with the Company's registrar in accordance with the law. If the Company is dissolved, de-registration of the Company shall be carried out in accordance with the law. If a new company is established, registration of the establishment of such company shall be carried out in accordance with the law.

Any increase or decrease in the registered capital of the Company shall be registered with the company registration authorities in accordance with the laws.

**Article 193** If the registered capital is reduced to make up for losses, the Company shall not make distribution to its shareholders, nor exempt the shareholders from their obligation to make capital contribution or calls on share.

The provisions of the paragraph 2 of Article 191 of these Articles of Association shall not apply to the reduction in the registered capital in accordance with the preceding article. However, the Company shall make an announcement on either China Securities Journal or Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at the general meeting.

After reducing its registered capital in accordance with the provisions of the preceding two paragraphs, the Company shall not distribute profits until the cumulated amount of the statutory reserve fund and discretionary common reserve fund reaches 50 percent of its registered capital.

**Article 194** If the reduction of the registered capital is in violation of the Company Law and other relevant provisions, shareholders shall return the funds they have received and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the liable directors and senior management members shall be liable for compensation.

**Article 195** Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless otherwise provided in these Articles of Association or the general meeting resolves that the shareholders shall have pre-emptive right.

## **Section 2 Dissolution and Liquidation**

**Article 196** The Company shall be dissolved due to the following reasons:

- (I) expiry of the valid term of the business or the occurrence of other events of dissolution as stated in these Articles of Association;
- (II) the general meeting resolves to dissolve the Company;
- (III) dissolution is necessary as a result of the merger or division of the Company;

- (IV) the Company has its business license revoked, is ordered to close down or is shut down in accordance with the law;
- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights may petition a people's court to dissolve the Company.

Upon the occurrence of events of dissolution specified in the preceding paragraph, the Company shall publicize the events of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

**Article 197** Upon the occurrence of the situation mentioned in items (I) and (II) of Article 192 of these Articles of Association, and the Company has not distributed any property to its shareholders, the Company may continue to exist by amending these Articles of Association or by resolution of the general meeting.

Amendments to these Articles of Association pursuant to the preceding paragraph or by resolution of the general meeting shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the general meeting.

**Article 198** If the Company is dissolved pursuant to item (I), (II), (IV) or (V) of Article 192 of these Articles of Association, it shall be liquidated. The directors are the obligor of liquidation of the Company, and shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose.

**Article 199** The liquidation committee shall consist of directors, unless otherwise provided in these Articles of Association or other persons are elected by a resolution of the general meeting. If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

**Article 200** The liquidation committee shall exercise the following functions and powers during liquidation:

- (I) to liquidate the Company's property, and to prepare a balance sheet and property list;
- (II) notify creditors by notice and public announcement;
- (III) to dispose of unfinished business of the Company relating to the liquidation;
- (IV) to make full payment of taxes owed and of taxes incurred during the liquidation process;

- (V) to liquidate claims and debts;
- (VI) to distribute the Company's property remaining after the debts are paid in full;
- (VII) to represent the Company in civil proceedings.

**Article 201** The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment, and shall make an announcement on newspaper or the National Enterprise Credit Information Publicity System within 60 days.

Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement.

When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

During the claim declaration period, the liquidation committee may not pay any debts to creditors.

**Article 202** After the Company has examined and taken possession of its assets and prepared a balance sheet and a property list, the liquidation committee shall formulate a liquidation plan for approval of the general meetings or the people's court for confirmation.

After paying the liquidation expenses, wages due to employees, social insurance expenses and statutory compensation, taxes payable, the residual assets of the Company after settlement of all debts of the Company shall be distributed to the shareholders of the Company according to the proportion of their shareholdings.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until it has been applied to the making of the payments mentioned in the preceding paragraph.

**Article 203** If the liquidation committee, having inventoried the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the people's court for a bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall turn over the liquidation matters to the bankruptcy administrator designated by the people's court.

**Article 204** Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the general meeting or the people's court for confirmation, and shall submit the same to the company registrar, apply for cancellation of the Company's registration.

**Article 205** The members of the liquidation committee shall perform the liquidation duties and have obligations of loyalty and diligence. The members of the liquidation committee shall be liable to make compensation if they neglect to perform the liquidation duties and cause any loss to the Company. If a creditor sustains a loss due to a willful act or gross negligence on the part of a member of the liquidation committee, such liquidation committee member shall be liable for damages.

**Article 206** Liquidation of the Company declared bankrupt in accordance with the laws shall be processed in accordance with the laws of corporate bankruptcy.

#### **Chapter 10 AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION**

**Article 207** The Company shall amend these Articles of Association if:

- (I) provisions of these Articles of Association conflict with the Company Law or related laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed after such laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed are amended;
- (II) a change occurs in the Company's situation and such change is inconsistent with the matters stated herein;
- (III) the general meeting decides to amend these Articles of Association.

**Article 208** If an amendment of these Articles of Association passed by the resolution of the general meeting needs to be approved by the competent authority, it shall be submitted to the competent authority for approval. If an amendment to these Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.

**Article 209** The Board shall amend these Articles of Association in accordance with the provisions of these Articles of Association, the resolution of the general meeting regarding the amendment to these Articles of Association and the approval opinions of the relevant competent authorities.

**Article 210** Any amendment to these Articles of Association shall be subject to announcement if so required by the laws and regulations.

#### **Chapter 11 SUPPLEMENTARY ARTICLES**

**Article 211** Definitions:

- (I) "controlling shareholder" means shareholder(s) or other person(s) (one or a group of individuals) who has (have) the right to exercise or control the exercise of 30% (or such other percentage as may be prescribed by law from time to time, which is necessary to trigger a mandatory public offer or establish legal or managerial control over

the enterprise) or more of the voting rights at the Company's general meeting; or shareholder(s) or other person(s) (one or a group of individuals) who has (have) the ability to control the majority of the members forming the Board of the Company.

- (II) "de facto controller" means a person who is able to actually direct the acts of the Company by virtue of an investment relationship, agreement or other arrangement.
- (III) "related (connected) relationship" means the relationship between the Company's controlling shareholder, de facto controller, substantial shareholder, director (including one who has been a director in the past 12 months), or senior management member (including the associates of the above parties as defined in the Hong Kong Listing Rules), the related subsidiaries and connected person defined under the listing rules of the place where the Company's shares are listed or the person who is deemed to be connected on the one hand and an enterprise he or she directly or indirectly controls on the other hand, as well as any other relationship that may result in a diversion of the Company's interests. However, enterprises controlled by the state shall not be deemed to have a related (connected) relationship merely by virtue of the fact that such enterprises are under the common control of the state.

- Article 212** The Board may formulate Articles in accordance with the provisions under these Articles of Association, provided that such Articles shall not be in conflict with the provisions of these Articles of Association.
- Article 213** These Articles of Association are written in Chinese. In the event of discrepancies between the Chinese and any other foreign language versions or different versions of these Articles of Association, the most recent Chinese version hereof registered with company registration authorities shall prevail.
- Article 214** The expressions of "or more", "within", "below" shall include the figures mentioned whilst the expressions of "over", "less than", "more than", "exceeding", and "more than half" shall not include the figures mentioned.
- Article 215** The interpretation of these Articles of Association shall be vested to the Board of Directors of the Company.
- Article 216** Appendices to these Articles of Association shall include the Rules of Procedure for General Meetings, and the Rules of Procedure for the Board.
- Article 217** These Articles of Association shall become effective from the date of listing of the Company's overseas listed foreign shares on the Main Board of the Hong Kong Stock Exchange. When making amendments, they shall take effect after being passed by a special resolution at the general meeting.