

**ARTICLES OF ASSOCIATION**  
**OF**  
**Shanghai Bao Pharmaceuticals Co., Ltd.**  
**(May 2026)**

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of Shanghai Bao Pharmaceuticals Co., Ltd. (hereinafter referred to as the “Company”), its shareholders, employees and creditors, and to regulate the organization and behavior of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (2023 Revision) (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 Guidance on the Articles of Association of Listed Companies (hereinafter referred to as the “Guidance on the Articles of Association”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) and other relevant requirements, as well as the relevant requirements of the securities regulatory authorities and stock exchanges of the places where the Company’s shares are listed.

**Article 2** Shanghai Bao Pharmaceuticals Co., Ltd. is a joint stock limited company established in accordance with the Company Law and other relevant regulations.

The Company was established by means of promotion; it was registered with the Shanghai Municipal Administration for Market Regulation (上海市市場監督管理局) and obtained its business license, and the unified social credit code is 91310113MA1GP0J78N.

**Article 3** The Company’s registered names:

Chinese name: 上海寶濟藥業股份有限公司

English name: Shanghai Bao Pharmaceuticals Co., Ltd.

The Company’s domicile: No. 28 Luoxin Road, Baoshan District, Shanghai

**Article 4** The registered capital of the Company is RMB65,196,293.

**Article 5** A director who executes the Company’s affairs on behalf of the Company is the legal representative of the Company. The chairman of the board of directors of the Company shall be a director responsible for executing the Company’s affairs. If a director serving as the legal representative, resigns, he/she shall be deemed to have resigned from the position of the legal representative at the same time. If the legal representative resigns, the Company shall appoint a new legal representative within 30 days from the date of the resignation of the legal representative.

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

Restrictions on the powers of the legal representative under the Articles of Association or by the shareholders’ general meeting shall not be asserted against a bona fide counterparty.

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

**Article 6** The Company is a joint stock limited liability company with perpetual existence.

**Article 7** The Company completed the filing with the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) on October 29, 2025 and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on December 10, 2025. Upon consideration and approval at the general meeting of the Company, these Articles of Association shall come into effect upon the date on which the overseas listed foreign shares (H Shares) of the Company are listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”), and shall replace the previous articles of association of the Company registered with the market regulatory authorities.

The Articles of Association of the Company shall become a legally binding document that regulates the organization and behavior of the Company, the rights and obligations between the Company and its shareholders, and between shareholders from the effective date, and shall be legally binding on the Company, its shareholders, directors and senior management. Pursuant to these Articles of Association, shareholders may sue shareholders; shareholders may sue the directors and senior management of the Company; and shareholders may sue the Company, and the Company may sue shareholders, directors and senior management of the Company.

For the purposes of the preceding paragraph, the term “sue” shall include the institution of proceedings in a court or the application to an arbitration institution for arbitration.

**Article 8** For the purposes of these Articles of Association, the term “senior management” refers to the Company’s general manager, deputy general manager, chief financial officer, secretary to the board of directors and other senior management appointed by the board of directors.

**Article 9** All the assets of the Company are divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares they subscribed for. The Company shall be liable for its debts to the extent of all of its assets.

**Article 10** The Company establishes Communist Party organizations and carries out Party activities in accordance with the Articles of Association of the Communist Party of China. The Company provides the necessary conditions for the activities of Party organizations.

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

**Article 11** The operating objectives of the Company are: to improve the level of operation and management, maximize the economic benefits through the organizational form of joint stock companies, and create satisfactory economic returns for all shareholders.

**Article 12** The business scope of the Company, upon registration in accordance with the law, includes (a) licensed items: manufacture of pharmaceutical products (excluding the application of processing technologies such as steaming, stir-frying, roasting and braising of TCM decoction pieces and production of proprietary Chinese medicine products with confidential prescription); commissioned production of pharmaceutical products (excluding the application of processing technologies such as steaming, stir-frying, roasting and braising of TCM decoction pieces and production of proprietary Chinese medicine products with confidential prescription); import and export of pharmaceutical products; wholesale of pharmaceutical products; retail of pharmaceutical products; pharmaceutical excipient manufacturing; pharmaceutical excipient sales. (For projects subject to approval according to law, business activities can only be carried out after obtaining

the approval of relevant departments. The specific operating projects are subject to the approval documents or permits issued by the relevant departments.) and (b) general items: import and export of goods; import and export of technology; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion. (Except for projects subject to approval according to law, business activities can be carried out independently with a business license and in accordance with the law.)

The Company can change its business scope in accordance with the law according to its own development needs.

## CHAPTER 3 SHARES

### Section 1 Issuance of Shares

**Article 13** The shares of the Company shall be in the form of registered share certificates. Except as provided in the Company Law, the information required to be stated on the shares of the Company shall also include other information as required by the stock exchange on which the Company's shares are listed.

**Article 14** The par value shares issued by the Company shall be denominated in RMB, with a par value of RMB0.2 per share.

For the purposes of the preceding paragraph, "RMB" refers to the legal currency of the PRC.

**Article 15** 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/she subscribes for.

**Article 16** The Company shall register and file with CSRC according to the laws for the issuance of shares to domestic investors and foreign investors.

For the purposes of the preceding paragraph, the term "foreign investors" refers to investors from foreign countries or from the Hong Kong Special Administrative Region, the Macao Special Administrative Region or Taiwan that subscribe for shares issued by the Company, and the term "domestic investors" refers to investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors to be subscribed for in Renminbi are referred to as "domestic unlisted shares". Shares issued by the Company to foreign investors to be subscribed for in foreign currency are referred to as "foreign investment shares". Foreign investment shares which are listed outside the PRC are referred to as "overseas listed foreign investment shares".

For the purposes of the preceding paragraph, the term "foreign currency" refers to the legal currency, other than the RMB, of another country or region that can be used to pay subscription moneys to the Company and which is recognized by the competent state foreign exchange control authority.

Foreign shares issued by the Company and listed in Hong Kong are referred to as “H Shares”. H Shares are shares which have been admitted for listing on the Hong Kong Stock Exchange with a par value denominated in RMB and are subscribed and traded in Hong Kong dollars. Domestic unlisted shares can be converted into H Shares after obtaining the approval from the State Council or its authorized bodies or the consent of the Hong Kong Stock Exchange.

Shareholders of domestic unlisted shares of the Company shall convert the domestic unlisted shares held by them into overseas listed shares and list and trade on an overseas stock exchange in compliance with the relevant regulations of the CSRC, and authorize the Company to file with the CSRC. The listing and trading of the transferred or converted shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market. If the transferred shares are listed and traded on an overseas stock exchange, or if the unlisted domestic shares are converted into overseas listed shares and are listed and traded on the overseas stock exchange, there is no need to convene a general meeting for voting.

**Article 18** Domestic unlisted shares issued by the Company are centrally deposited with China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限公司). Overseas listed foreign shares issued by the Company in Hong Kong are mainly held in custody of the securities depository and clearing company in Hong Kong, and may also be held by shareholders in their own names.

**Article 19** When the Company was established, the promoters of the Company converted the net asset value corresponding to the original equity of Shanghai Bao Pharmaceuticals Co., Ltd. to subscribe for the shares of the Company. The registered capital was fully paid at the time of the Company’s establishment. The number of shares subscribed by the promoters and the percentage to the total share capital are as follows:

No.	Name of shareholders	Number of shares subscribed (0'000 shares)	Percentage of Shareholding (%)	Method of capital contribution	Time of capital contribution
1	Liu Yanjun (劉彥君)	1221.7229	24.4476	Net assets converted into shares	2023-04-30
2	Center Laboratories Limited	738.9632	14.7872	Net assets converted into shares	2023-04-30
3	Wang Zheng (王徵)	450.0000	9.0049	Net assets converted into shares	2023-04-30
4	Shanghai Luoxu Management Consulting Partnership Enterprise (Limited Partnership)(上海羅旭管理諮詢合夥企業(有限合夥))	375.0000	7.5040	Net assets converted into shares	2023-04-30
5	Venus Capital HK Limited	322.2222	6.4479	Net assets converted into shares	2023-04-30
6	Tan Jingwei (譚靖偉)	300.0000	6.0032	Net assets converted into shares	2023-04-30

No.	Name of shareholders	Number of shares subscribed (0'000 shares)	Percentage of Shareholding (%)	Method of capital contribution	Time of capital contribution
7	Shanghai Luohui Management Consulting Partnership Enterprise (Limited Partnership)(上海羅輝管理諮詢合夥企業(有限合夥))	120.0000	2.4013	Net assets converted into shares	2023-04-30
8	Jiaying Xiqi Venture Capital Partnership (Limited Partnership) (嘉興熙柒創業投資合夥企業(有限合夥))	116.3856	2.3290	Net assets converted into shares	2023-04-30
9	PCJ Bao Holdings Limited	111.0000	2.2212	Net assets converted into shares	2023-04-30
10	Shenzhen Fuhai Junyong No. 6 Venture Capital Enterprise (Limited Partnership)(深圳富海雋永六號創業投資企業(有限合夥))	91.6537	1.8341	Net assets converted into shares	2023-04-30
11	Ningbo Hongsheng Enterprise Management Partnership Enterprise (Limited Partnership) (寧波鴻晟企業管理合夥企業(有限合夥))	90.9081	1.8191	Net assets converted into shares	2023-04-30
12	Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司)	87.2892	1.7467	Net assets converted into shares	2023-04-30
13	Jinan Chanfa Saixingyuanchuang Venture Capital Partnership (Limited Partnership)(濟南產發賽星源創業投資合夥企業(有限合夥))	74.1958	1.4847	Net assets converted into shares	2023-04-30
14	Shanghai Luoqun Management Consulting Partnership Enterprise (Limited Partnership)(上海羅群管理諮詢合夥企業(有限合夥))	68.6660	1.3741	Net assets converted into shares	2023-04-30
15	Xiamen Youlang Equity Investment Partnership Enterprise (Limited Partnership) (廈門悠朗股權投資合夥企業(有限合夥))	66.6664	1.3341	Net assets converted into shares	2023-04-30
16	Shanghai Guqing Enterprise Management Center (上海谷晴企業管理中心)	66.6660	1.3340	Net assets converted into shares	2023-04-30

No.	Name of shareholders	Number of shares subscribed (0'000 shares)	Percentage of Shareholding (%)	Method of capital contribution	Time of capital contribution
17	Shanghai Cixi Venture Capital Center (Limited Partnership)(上海慈熙創業投資中心(有限合夥))	50.0000	1.0005	Net assets converted into shares	2023-04-30
18	Shanghai Luoyuan Management Consulting Partnership Enterprise (Limited Partnership)(上海羅圓管理諮詢合夥企業(有限合夥))	44.4440	0.8894	Net assets converted into shares	2023-04-30
19	Zheng Keqing (鄭可青)	44.4440	0.8894	Net assets converted into shares	2023-04-30
20	Nanjing United Future Jianfeng Medical Industry Investment Partnership (Limited Partnership) (南京聯合未來健峰醫療產業投資合夥企業(有限合夥))	43.6446	0.8734	Net assets converted into shares	2023-04-30
21	Yangtze River Delta Industrial Innovation Phase II (Shanghai) Private Investment Fund Partnership (Limited Partnership) (長三角產業創新二期(上海)私募投資基金合夥企業(有限合夥))	43.6446	0.8734	Net assets converted into shares	2023-04-30
22	Ningbo Longhuahui Boyuan Venture Capital Partnership (Limited Partnership) (寧波隆華匯博源創業投資合夥企業(有限合夥))	43.6446	0.8734	Net assets converted into shares	2023-04-30
23	Zheng Xiaodong (鄭效東)	43.6446	0.8734	Net assets converted into shares	2023-04-30
24	Shenzhen Fuhai Junyong No. 2 Venture Capital Enterprise (Limited Partnership) (深圳富海雋永二號創業投資企業(有限合夥))	39.2801	0.7860	Net assets converted into shares	2023-04-30
25	Shenzhen Jiaxing No. 2 Investment Partnership Enterprise (Limited Partnership) (深圳市嘉星二號投資合夥企業(有限合夥))	39.2801	0.7860	Net assets converted into shares	2023-04-30

No.	Name of shareholders	Number of shares subscribed (0'000 shares)	Percentage of Shareholding (%)	Method of capital contribution	Time of capital contribution
26	Qingdao Yuanchuang Energy Conservation and Environmental Protection Venture Capital Fund Partnership Enterprise (Limited Partnership) (青島源創節能環保創業投資基金合夥企業(有限合夥))	33.3330	0.6670	Net assets converted into shares	2023-04-30
27	Yantai Duoying New Kinetic Energy Investment Center (L.P.) (煙台多盈新動能投資中心(有限合夥))	33.3330	0.6670	Net assets converted into shares	2023-04-30
28	Nie Miao (聶淼)	33.3330	0.6670	Net assets converted into shares	2023-04-30
29	Fuhai Jingxuan No. 2 Venture Capital (Hangzhou) Partnership (Limited Partnership) (富海精選二號創業投資(杭州)合夥企業(有限合夥))	29.0964	0.5822	Net assets converted into shares	2023-04-30
30	Shenzhen Fuhai Youxuan No. 2 High Tech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥))	29.0964	0.5822	Net assets converted into shares	2023-04-30
31	North Shanghai Biomedical Industry Park Development (Shanghai) Co., Ltd. (北上海生物醫藥產業園開發(上海)有限公司)	29.0964	0.5822	Net assets converted into shares	2023-04-30
32	Shanghai Jifu Supply Chain Management Partnership Enterprise (Limited Partnership) (上海濟福供應鏈管理合夥企業(有限合夥))	26.1868	0.5240	Net assets converted into shares	2023-04-30
33	ROSY ELEGANT COMPANY LIMITED	25.0000	0.5003	Net assets converted into shares	2023-04-30
34	Wang Jufang (王菊芳)	14.5482	0.2911	Net assets converted into shares	2023-04-30
35	Cui Hongyan (崔洪艷)	10.1837	0.2038	Net assets converted into shares	2023-04-30
36	Liu Jintao (劉金濤)	10.1837	0.2038	Net assets converted into shares	2023-04-30

No.	Name of shareholders	Number of shares subscribed (0'000 shares)	Percentage of Shareholding (%)	Method of capital contribution	Time of capital contribution
37	Huang Haitao (黃海濤)	7.2741	0.1456	Net assets converted into shares	2023-04-30
38	Tianjin Bo'ao Enterprise Management Partnership (Limited Partnership) (天津博奧企業管理合夥企業(有限合夥))	7.2740	0.1456	Net assets converted into shares	2023-04-30
39	Xu Sumin (許素敏)	5.8193	0.1165	Net assets converted into shares	2023-04-30
40	Chen Jichun (陳紀春)	4.3645	0.0873	Net assets converted into shares	2023-04-30
41	Luo Chun (駱純)	4.3645	0.0873	Net assets converted into shares	2023-04-30
42	Li Jueping (李珏萍)	1.4548	0.0291	Net assets converted into shares	2023-04-30
<b>Total</b>		<b>4,997.3075</b>	<b>100.0000</b>	—	—

**Article 20** The Company has a total of 325,981,465 shares, all of which are ordinary shares, including 171,654,215 domestic unlisted ordinary shares, representing 52.66% of the total number of shares of the Company, and 154,327,250 H ordinary shares, representing 47.34% of the total shares of the Company.

**Article 21** Except for the implementation of the employee stock ownership scheme, the Company or its subsidiaries (including any enterprise affiliated to it) shall not provide any financial assistance, by way of donation, advanced payment, guarantee or loan, etc, for others to obtain shares of the Company or its parent company.

For the interests of the Company, the Company may provide financial assistance to others to obtain shares of the Company or its parent company, after a resolution of the general meeting or the board of directors makes a resolution in accordance with the Articles of Association or the authorization of the general meeting, provided that the aggregate amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the board of directors shall be passed by more than two-thirds of all directors.

In case of a violation of the preceding two paragraphs that results in losses to the Company, any directors and senior management responsible for the violation shall be liable for compensation.

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

**Article 22** The Company may, upon resolution by the general meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:

- (1) offering of shares to unspecified targets;
- (2) offering of shares to specified targets;
- (3) distribution of bonus shares to existing shareholders;
- (4) conversion of the reserve fund to additional share capital;
- (5) other means as permitted by laws, administrative regulations and approved by the securities regulatory authorities and stock exchanges of the places where the Company's shares are listed.

The Company's issuance of new shares to increase capital shall, upon approval according to the Articles of Association, be carried out in accordance with the procedures stipulated by relevant national laws, administrative regulations and the Listing Rules.

**Article 23** The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be made in accordance with the procedures stipulated in the Company Law, and other related regulations and the Articles of Association.

**Article 24** The Company shall not repurchase its own shares except in the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merger with other company holding shares of the Company;
- (3) use of shares for the purpose of employee shareholding schemes or equity incentive schemes;
- (4) repurchase of the shares held by shareholders, who vote against any resolutions proposed in any general meeting on the merger or division of the Company, upon their request;
- (5) conversion of shares into convertible corporate bonds issued by the Company that could be converted into shares;
- (6) circumstances necessary for a company to safeguard corporate value and general equity;
- (7) other circumstances permitted by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed.

**Article 25** The Company may acquire its own shares through public centralized transactions, or other methods approved by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, securities regulatory authorities, stock exchanges and other relevant regulatory authorities.

If the Company acquires its own shares pursuant to any of the circumstances stipulated in (3), (5) and (6) of Article 24 of the Articles of Association, the acquisition of the shares of the Company shall be conducted through a public concentration transaction, subject to the requirements of the Listing Rules and the regulatory rules and guidelines of the Hong Kong Stock Exchange.

**Article 26** If the Company acquires its own shares due to the circumstances specified in (1) and (2) of Article 24 of the Articles of Association, it shall be subject to a resolution of the general meeting. If the Company acquires its own shares due to the circumstances specified in (3), (5), and (6) of Article 24 of the Articles of Association, it may, pursuant to the Articles of Association or the authorization of the general meeting, be subject to a resolution of a board meeting at which more than two-thirds of directors are present.

If laws, administrative regulations, departmental rules, the Articles of Association and the Hong Kong Stock Exchange have other provisions on the aforementioned matters related to the repurchase of shares, such provisions shall prevail.

**Article 27** After the Company has repurchased shares in accordance with the law, it shall cancel the part of its shares within the time limit prescribed by laws and administrative regulations, and apply to the original company registration authority for change of registered capital. After the Company has acquired its shares pursuant to Article 24 of the Articles of Association, under the circumstance stipulated in item (1), the shares of the Company so acquired shall be canceled within 10 days from the date of acquisition; under the circumstances stipulated in either item (2) or item (4) above, the shares of the Company so acquired shall be transferred or canceled within six months; under the circumstances stipulated in item (3), (5) or (6), the total shares of the Company held by the Company shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or canceled within three years.

If laws, regulations, regulatory documents, and the securities regulatory authorities and stock exchanges of the places where the Company's shares are listed have other provisions on the aforementioned matters related to the repurchase of shares, such provisions shall prevail.

### **Section 3 Share Transfer**

**Article 28** Shares of the Company are legally transferable.

All transfers of H Shares shall be in the form of written transfer instruments in normal or ordinary form or any other form acceptable to the board of directors (including such standard transfer forms or transfer forms as may be prescribed by the Hong Kong Stock Exchange from time to time). If the transferor or transferee of the Company's shares is a recognized clearing house within the meaning of the relevant ordinances of the laws of Hong Kong as in force from time to time (hereinafter referred to as the "recognized clearing house") or its agent, the written transfer document may be signed by hand or by machine imprint. All instruments of transfer shall be placed at the legal address of the Company or at such address as the board of directors may designate from time to time.

**Article 29** The Company may not accept its own shares as the subject matter of a pledge.

**Article 30** The shares in issue of the Company prior to the public offering of the shares are not transferable within one year from the listing of the shares of the Company on a stock exchange. If laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of the shares of the Company held by shareholders and actual controllers of listed companies, such provisions shall prevail.

Directors and senior management of the Company shall make disclosure to the Company of the shares held by them and the change of such shareholding; every year during the term of their office, they shall not transfer shares exceeding 25% of the total number of shares they held; the shares they held are not transferable within one year from the listing of the shares of the Company. They, within six months from their resignation or termination of their office, shall not transfer the shares of the Company.

If the securities regulatory authorities and stock exchanges where the Company's shares are listed have other regulations on the transfer restrictions of overseas listed shares, such regulations shall prevail.

If the shares are pledged within the transfer restriction period as prescribed by laws and administrative regulations, the pledgee may not exercise the pledge right within the transfer restriction period.

**Article 31** If any of the shareholders, directors and senior management of the Company holding more than 5% shares in the Company sells stocks or other equity securities in the Company held by him/her within six months after purchase, or purchases such stocks or other equity securities within six months after sale, the proceeds resulting therefrom shall belong to the Company, which will be recovered by the board of directors of the Company, except for any securities company, Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited which hold more than 5% shares in the Company due to purchase of the remaining stocks after the underwriting, and other circumstances provided by the securities regulatory authorities, stock exchanges and other relevant regulatory authorities of the place where the Company's shares are listed.

For the purpose of the preceding paragraph, stocks or other equity securities held by directors, senior management or natural person shareholders include those held by their spouses, parents, children and held through others' accounts.

Where the board of directors of the Company fails to comply with the provisions of the first paragraph of this Article, a shareholder may require the board of directors to do so within 30 days. Should the board of directors of the Company fail again within such period, a shareholder may directly file a lawsuit in the people's court in its/his/her own name for the benefit of the Company.

Where the board of directors of the Company fails to comply with the provisions of the first paragraph of this Article, the responsible directors shall be jointly and severally liable in accordance with the laws.

## CHAPTER 4 SHAREHOLDERS AND GENERAL MEETINGS

### Section 1 General Provisions of Shareholders

**Article 32** During the period when the overseas listed foreign shares (H Shares) of the Company are listed on the Hong Kong Stock Exchange, the Company must ensure that all documents of title of all of its securities listed on the Hong Kong Stock Exchange (including the H Shares) include the following statement, and must indicate and procure its share registrar to refuse to register the subscription, purchase or transfer of shares in the name of any individual holder, unless and until such individual holder lodges with such registrar a duly signed form in respect of such share which shall include the following statement:

- (1) the purchaser of the shares, the Company and each of its shareholders, and the Company and each of its shareholder agree to observe and comply with the requirements of the Company Law, the Listing Rules and other relevant laws and regulations and the Articles of Association;
- (2) the purchaser of the shares, each of the Company's shareholders, directors and senior management agree, and the Company acting on behalf of itself and each of the directors and senior management, also agree with each shareholder that, all disputes and claims arising from these Articles of Association, or disputes or claims relating to the Company's affairs arising from the rights and obligations under the Company Law, the Listing Rules and other relevant PRC laws and administrative laws, shall be submitted to arbitration for settlement in accordance with the provisions of the Articles of Association, and that any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and announce its verdict. Such arbitration shall be final and conclusive;
- (3) the purchaser of the shares agrees with the Company and each shareholder that the shares of the Company shall be freely transferred by the holder;
- (4) the purchaser of the shares authorizes the Company to enter into a contract on his/her behalf with each of the directors and senior management, pursuant to which such directors, general manager and other senior management undertake to observe and fulfill their obligations to shareholders as stipulated in the Articles of Association.

**Article 33** The Company shall establish a register of members based on the certificates provided by the securities registration institution. The register of members is sufficient evidence to prove that shareholders hold the shares of the Company. Shareholders shall enjoy the rights and assume the obligations according to the class of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

All acts or transfers of overseas listed foreign shares will be recorded in the register of members of the overseas listed foreign shares maintained at the place of listing in accordance with the Articles of Association. Any member whose name is recorded on the register of members, or any person whose name(s) is required to be entered on the register of members, whose share certificate(s) (i.e. the "original share certificate(s)") has been lost, may apply to the Company for the issue of new share certificate(s) in respect of such share(s) (i.e. the "relevant share(s)"). If a holder of H Shares loses his/her share certificate, he/she may apply for a replacement in accordance with the law of the place where the original register of holders of H Shares is kept, the rules of the stock exchange or other relevant regulations.

Where two or more persons are registered as joint shareholders of any shares, they shall be deemed to be the joint holders of such shares, subject to the following conditions:

- (1) it is not necessary for the Company to have more than four persons registered as joint members for any shares;
- (2) all joint members in respect of any shares shall be jointly and severally liable for payment of all amounts payable on such shares;
- (3) if one of the joint shareholders dies, only the other surviving joint shareholders shall be regarded by the Company as the owners of the relevant shares. However, the board of directors has the right to change the information in the register of members and request the death certificate of the relevant shareholder as it deems appropriate; and
- (4) with respect to joint shareholders of any shares, only the joint shareholder ranking first on the register of members shall be entitled to receive share certificates of such shares from the Company and to receive notices from the Company, and any notice to such person shall be deemed to be given to all joint shareholders of such Shares. Any joint shareholder may sign the proxy form, but if more than one joint shareholder is present in person or by proxy, the vote taken by the joint shareholder with higher priority, whether in person or by proxy, shall be accepted as the only vote on behalf of the remaining joint shareholders. In this regard, the priority of shareholders shall be determined by the ranking of the joint shareholders in relation to the relevant shares in the Company's register of members.

**Article 34** If the PRC laws and regulations and the rules of the stock exchange or regulatory authorities of the place where the Company's shares are listed have other provisions on the period of closure of register of members before the general meeting or the base date for the Company's decision to distribute dividends, such provisions shall prevail.

**Article 35** If the Company convenes a general meeting, distributes dividends, liquidates, or engages in other activities that require confirmation of the identity of shareholders, the board of directors or the convener of the general meeting must determine the equity registration date. Shareholders registered after the market close on the equity registration date are shareholders who enjoy relevant rights and interests.

**Article 36** Shareholders of the Company enjoy the following rights:

- (1) receive dividends and other forms of benefits based on the shares held;
- (2) request, convene, host, participate or appoint proxies of shareholders to attend general meetings in accordance with the law, speak at general meetings, and exercise corresponding voting rights;
- (3) supervise, advise or make enquiries into the operations of the Company;
- (4) transfer, donate or pledge the shares held in accordance with laws, administrative regulations and the Articles of Association;

- (5) if the securities regulatory rules of the places where the shares of the Company are listed have other provisions for inspecting and copying the Articles of Association, the register of members (including the Hong Kong branch register), the corporate bond stubs, the minutes of general meetings, the resolutions of the board of directors meetings and the financial and accounting reports, and shareholders who meet the prescribed requirements can access the Company's accounting books and vouchers, such provisions shall prevail;

The Company must keep full copies of the register of members and the minutes of general meetings as required by the Listing Rules at the Company's address in Hong Kong for free inspection by shareholders, provided that the Company may be closed from register of members in accordance with provisions equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). If a shareholder requests to review the above-mentioned relevant information or request materials, he/she shall provide the Company with written documents certifying the types and number of shares of the Company he/she held, and the Company shall provide such documents as required by the shareholder after verifying the identity of the shareholder;

- (6) in the event of termination or liquidation of the Company, shareholders shall participate in the distribution of the remaining assets of the Company based on the shares held;
- (7) shareholders who object to the resolution on merger or division of the Company passed at the general meeting may request the Company to acquire their shares;
- (8) other rights stipulated in laws, administrative regulations, departmental rules or the Articles of Association.

**Article 37** If a shareholder requests to inspect and copy relevant materials of the Company, he/she 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 certifying the types and quantity of shares of the Company he/she holds, and the Company shall provide such documents as required by the shareholder after verifying the identity of the shareholder.

The provisions of the preceding paragraph may also be applied when shareholders request to view or reproduce relevant materials of the Company's wholly-owned subsidiaries.

**Article 38** Shareholders have the right to request the court to invalidate any resolutions of the general meetings or the board of directors in violation of laws and administrative regulations.

If the convening procedures and voting methods of the general meetings and the board of directors' meetings of the Company are in violation of laws, administrative regulations or the Articles of Association, or the content of the resolutions violates the Articles of Association, the shareholders have the right to file a petition with the court to rescind the resolutions within 60 days from the date of the resolutions. However, exceptions are made where there are only minor flaws in the convening procedures and voting methods of the general meetings and the board of directors' meetings and have no substantial impact on the resolution.

Where the board of directors, shareholders and other stakeholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling, the stakeholders shall execute the resolution of the shareholders' meeting, and no entity shall refuse to execute the resolution of the shareholders' meeting on the ground that the resolution is invalid. 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 a relevant matter, 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 where the Company's shares are listed, fully explain the impact, and actively co-operate 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.

**Article 39** Resolutions of a general meeting or a board meeting of the Company shall be invalid in any of the following circumstances:

- (1) the resolution was not made by a general meeting or a board meeting;
- (2) the resolution was not voted on at a general meeting or a board meeting;
- (3) 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 and the Articles of Association;
- (4) 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 and the Articles of Association.

**Article 40** If directors who are not a member of the audit committee and senior management violate laws, administrative regulations or the provisions of the Articles of Association when performing their duties and cause losses to the Company, shareholders who individually or collectively hold more than 1% of the Company's shares for more than 180 consecutive days have the right to request the audit committee in writing to file a lawsuit with the People's Court. If the audit committee violates laws, administrative regulations or the provisions of the Articles of Association when performing their duties and cause losses to the Company, the aforesaid shareholders may request the board of directors in writing to file a lawsuit with the People's Court.

If the audit committee and the board of directors refuse to file a lawsuit after receiving the written request of the shareholders as stipulated in the preceding paragraph, or fail to file a lawsuit within 30 days from the date of receipt of the request, or if the situation is urgent and the interests of the Company will be irreparably harmed if the Company does not file a lawsuit, the shareholders specified in the preceding paragraph have the right to file a lawsuit directly with the People's Court in their own name for the benefit of the Company.

If others infringe upon the legitimate rights and interests of the Company and cause losses to the Company, the shareholders specified in the first paragraph of this article may file a lawsuit with the People's Court in accordance with the provisions of the previous two paragraphs.

Where a director, supervisor or senior management of a wholly-owned subsidiary of the Company violates laws, administrative regulations, or these Articles of Association in the course of performing his/her duties and causes losses to the Company, or where others infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, shareholders individually or collectively holding more than 1% of the Company's shares for more than 180 consecutive days may, in accordance with the first three paragraphs of Article 189 of the Company Law, request the board of supervisors and the board of directors of the wholly-owned subsidiary in writing to initiate legal proceedings in the People's Court, or directly initiate legal proceedings in the People's Court in their own name.

If a wholly-owned subsidiary of the Company does not have a supervisory board or supervisors, but has an audit committee, it shall be executed in accordance with the provisions of paragraphs 1 and 2 of this Article.

**Article 41** If a director or senior management of the Company violates any laws, administrative regulations or the Articles of Association and thereby harms the interests of the shareholders, the shareholders may file a lawsuit with the People's Court.

**Article 42** Shareholders of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (3) not to withdraw of share capital unless prescribed otherwise in laws and regulations;
- (4) not to abuse general rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors;
- (5) to assume other obligations required by laws, administrative regulations, regulatory rules of the places where the Company's Shares are listed and the Articles of Association.

If shareholders of the Company abuse their shareholder rights and cause losses to the Company or other shareholders, they shall be liable for compensation according to law. If shareholders of the Company abuse the Company's independent status as a legal person or the limited liability of shareholders to evade debts and seriously harm the interests of the Company's creditors, they shall be jointly and severally liable for the Company's debts.

## **Section 2 Controlling Shareholder and Actual Controller**

**Article 43** The controlling shareholders and the actual controllers of the Company shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, and the rules of the CSRC and the stock exchange to safeguard the interests of the Company.

**Article 44** The controlling shareholder and the actual controller of the Company shall abide by the following provisions:

- (1) shall exercise shareholders' rights in accordance with the law without abusing their control rights or using their connected relationship to harm the legitimate rights and interests of the Company or other shareholders;
- (2) shall strictly fulfill the public statements and all commitments made, without making any unauthorized change or exemption;
- (3) shall strictly fulfill information disclosure obligations in accordance with relevant regulations, to proactively cooperate with the Company in information disclosure, promptly inform the Company of material events that have occurred or are proposed to occur;
- (4) shall not occupy the Company's funds in any way;
- (5) shall not force, instruct or require the Company and relevant personnel to provide guarantee in violation of laws and regulations;
- (6) shall not seek personal gain by taking advantage of the Company's undisclosed major information, disclose any undisclosed major information related to the Company in any way, or carry out activities in violation of laws and regulations such as insider trading, short-term trading, and market manipulation;
- (7) shall not infringe upon the lawful rights and interests of the Company and other shareholders by any means such as non-arm's length connected transactions, profit distribution, asset restructuring, and external investment;
- (8) shall guarantee the Company's integrity of assets, and independence of personnel, finance, institutions and business, without affecting the Company's independence in any way;
- (9) laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, and other provisions of this Articles.

If the controlling shareholder or the actual controller of the Company does not serve as a director of the Company but actually handles the Company's affairs, the provisions of the Articles regarding the duty of loyalty and diligence of directors shall apply.

If the Listing Rules and other applicable laws and regulations have provisions on the protection of small and medium-sized investors, the Company shall comply with such provisions.

In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder of the Company shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve directors of their duty to act in good faith and in the best interests of the Company;

- (2) to approve the expropriation by directors (for their own benefit or for the benefit of another person) of the Company's assets in any way, including, but not limited to, opportunities which are beneficial to the Company;
- (3) to approve the deprivation by directors (for their own benefit or for the benefit of another person) of the individual rights of other shareholders, including, but not limited to, rights to distributions and voting rights, but excluding the Company's reorganization proposed for approval at the general meeting in accordance with the Articles of Association.

**Article 45** The controlling shareholder or the actual controller pledging the Company's shares held or actually controlled by him or her shall maintain control over the Company and the stability of the Company's production and operation.

**Article 46** If the controlling shareholder or the actual controller transfers the Company's shares held by him or her, he or she shall abide by the restrictive provisions on share transfer as stipulated by laws, administrative regulations, rules of the CSRC, and the securities regulatory rules of the place where the Company's shares are listed, as well as the commitments made regarding the restricted share transfer.

### **Section 3 General Rules of the General meeting**

**Article 47** The general meeting of the Company shall consist of all the shareholders. The general meeting is the organ of authority of the Company, and shall exercises the following functions and powers according to law:

- (1) to elect and replace the directors who are not employee representatives and to decide on the matters relating to the remuneration of directors;
- (2) to consider and approve the reports of the board of directors;
- (3) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (4) to resolve on the increase or decrease of the registered capital of the Company;
- (5) to resolve on the issuance of corporate bonds or other securities and listing;
- (6) to resolve on the merger, division, dissolution, liquidation or form change of the Company;
- (7) to amend the Articles of Association;
- (8) to resolve on the appointment and dismissal of accounting firms and the remuneration of accounting firms;
- (9) to consider and approve the guarantees prescribed in Article 48 hereof;
- (10) to consider and approve the purchase or sale of major assets of the Company in excess of 30% of the Company's latest audited total assets within one year;

- (11) to consider and approve changes in the use of proceeds;
- (12) to consider the equity incentive schemes and employee shareholding schemes;
- (13) to consider the repurchase of the Company's shares in accordance with the circumstances stipulated in this Articles of Association;
- (14) to consider and approve the major transactions and connected transactions that shall be considered and approved at the general meeting as required by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (15) to consider other matters that shall be decided at the general meeting as required by laws, administrative regulations, departmental rules, regulatory documents, relevant provisions of the Listing Rules and the Articles of Association.

The general meeting may authorize or entrust the board of directors to handle the matters authorized or entrusted by it without violating the mandatory provisions of laws, regulations and the listing rules of the place of listing.

**Article 48** The following external guarantees of the Company shall be considered and approved at the general meeting:

- (1) any guarantees to be provided after the total amount of external guarantees of the Company and its holding subsidiaries have exceeded 50% of their latest audited net assets;
- (2) any guarantees to be provided after the total amount of external guarantees of the Company have exceeded 30% of its latest audited total assets;
- (3) any guarantees provided by the Company within one year with an amount exceeding 30% of its latest audited total assets;
- (4) any guarantees to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (5) any single guarantee with an amount more than 10% of the latest audited net assets;
- (6) any guarantees to be provided for shareholders, actual controllers and their connected parties;
- (7) other external guarantees that shall be considered and approved by the general meeting as required by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

When the resolution on providing guarantee for a shareholder, actual controller and their connected persons (as defined in the Listing Rules) is considered at a general meeting, such shareholder or shareholders controlled by such actual controller shall not participate in the voting, and such voting shall be passed by more than half of the voting rights of other shareholders attending the general meeting.

If the Company provides guarantees for a connected person (as defined in the Listing Rules), it shall comply with the applicable requirements of the Listing Rules (save for the exemption granted by the Hong Kong Stock Exchange).

If any director, general manager, deputy general manager and other senior management violate the laws or the provisions in the Articles of Association on the approval authority and review procedures for external guarantee matters and cause losses to the Company, they shall be liable for compensation and the Company may file a lawsuit against them in accordance with the law.

**Article 49** Unless the Company is in crisis or other special circumstances, the Company will not enter into a contract with any person other than the directors, managers and other senior management to entrust the management of the whole or important business of the Company to such person without the approval of a special resolution at the general meeting.

**Article 50** General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within two months after the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses reach one third of the Company's total paid share capital;
- (3) where requested by shareholder(s) holding, independently or collectively, 10% or more of the Company's shares;
- (4) the board of directors considers it necessary to hold such a meeting;
- (5) the audit committee proposes to hold such a meeting;
- (6) when a meeting is proposed with the consent of more than half of all independent non-executive directors of the Company;
- (7) other circumstances stipulated by laws, administrative regulations, departmental rules, regulatory rules of the places where the Company's shares are listed or the Articles of Association.

**Article 51** The venue of the general meeting of the Company shall be the domicile of the Company or place specified in the notice of the general meeting.

The general meeting shall have a venue and be held in the form of an on-site meeting. The Company will also provide internet, television, tele-conferencing and other methods permitted by the listing rules of the place where the Company's shares are listed to facilitate shareholders' participation in the general meetings. The specific methods and requirements shall be governed by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed and the Articles of Association. Shareholders attending the general meeting through the above methods are deemed to be present.

## Section 4 Convening of General Meeting

**Article 52** The board of directors shall convene the general meeting on time within the prescribed time limit. With the consent of more than half of all independent non-executive directors, Independent non-executive directors are entitled to propose to the board of directors to convene an extraordinary general meeting. For such proposal, the board of directors shall, in accordance with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association, reply in writing within 10 days upon the receipt of the proposal as to whether the board of directors agrees or not to convene the extraordinary general meetings.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting will be given within 5 days after the resolution is passed; if the Board does not agree to convene an extraordinary general meeting, it shall explain the reasons in writing and make an announcement.

If the securities regulatory authority in the place where the company's shares are listed has other provisions, such provisions shall prevail.

**Article 53** The audit committee has the right to propose to the board of directors to convene an extraordinary general meeting, and the audit committee shall put forward its proposal in writing to the board of directors. The board of directors shall, in accordance with laws, administrative regulations, the Listing Rules and the Articles of Association, put forward written feedback on whether to agree or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days after the resolution of the board of directors is passed. The changes to the original proposal in the notice shall be approved by the audit committee.

If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the board of directors is unable or fails to perform its duties of convening the extraordinary general meeting, and the audit committee may convene and preside over the extraordinary general meeting on its own.

**Article 54** Shareholders who individually or collectively hold 10% or more of the Company's shares have the right to request the board of directors to convene an extraordinary general meeting. Any shareholder who proposes to convene an extraordinary general meeting shall submit such proposal in writing to the board of directors. The board of directors shall, in accordance with laws, administrative regulations, the Listing Rules and the Articles of Association, put forward written feedback on whether to convene or not to convene the extraordinary general meeting within 10 days upon receipt of the request.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days after the resolution of the board of directors is passed. Any changes to the original proposal in the notice shall be approved by the relevant shareholders.

If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, shareholders who individually or collectively hold 10% or more of the Company's shares have the right to propose to the audit committee to convene an extraordinary general meeting, and such proposal shall be made in writing.

If the audit committee agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days upon receipt of the proposal. Any changes to the original proposal in the notice shall be approved by relevant shareholders.

If the audit committee fails to issue a notice of the general meeting within the prescribed time limit, the audit committee shall be deemed to have failed to convene and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on their own.

**Article 55** If the audit committee or shareholders decide to convene the general meeting on their own, they shall notify the board of directors in writing and simultaneously file with the relevant regulatory authorities for record (if required) in accordance with laws, administrative regulations and the Listing Rules.

The audit committee or the convening shareholders shall, when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting, submit relevant supporting documents to the relevant regulatory authorities for record (if required) in accordance with laws, administrative regulations and the Listing Rules.

The shareholding of the convening shareholders shall not be less than 10% before the announcement of the resolutions of the general meeting.

**Article 56** The audit committee and the secretary to the board of directors shall cooperate with the general meetings convened by the board of supervisors or the shareholders on their own. The board of directors shall provide the register of member on the equity registration date. If the board of directors fails to provide the register of shareholders, the convener may, by holding the relevant notice or announcement on the convening of the general meeting, apply to the securities depository and clearing institution or any agent for obtaining such register. The register of members obtained by the convener shall not be used for any purpose other than convening the general meeting.

**Article 57** If the audit committee or the shareholders convene a general meeting on their own, the necessary expenses of the meeting shall be borne by the Company.

## Section 5 Proposals and Notices of General Meetings

**Article 58** The Company shall give a written notice at least 21 days before the annual general meeting and 15 days before the extraordinary general meeting.

Calculation of the time for giving notice shall not include the day of the meeting. If there are other provisions in relevant laws, regulations and the securities regulatory authorities in the place where the Company's shares are listed, such provisions shall prevail. If the general meeting must be postponed due to the publication of supplementary notice of the general meeting according to the requirements of the regulatory rules of the place where the shares of the Company are listed, the convening of the general meeting shall be postponed in accordance with the requirements of the regulatory rules of the place where the shares of the Company are listed.

**Article 59** The content of the proposals shall fall within the terms of reference of the general meeting, have clear topics and specific resolutions, and be in compliance with the relevant provisions of laws, administrative regulations and the Articles of Association.

Proposals at the general meeting shall be in writing.

**Article 60** When a Company convenes a general meeting, the board of directors, the audit committee and the shareholders who individually or collectively hold 1% or more of the shares of the Company have the right to put forward proposals to the Company. The convener shall include the matters within the scope of duties of the general meeting as proposed in the proposal into the agenda of such meeting.

Shareholders who individually or collectively hold 1% or more of the shares of the Company may put forward an interim proposal and submit it in writing to the convener 10 days before the general meeting. The convener shall, within 2 days after receiving the proposal, issue a supplementary notice of the general meeting to announce the content of the interim proposal, and submit the interim proposal to the general meeting for consideration. Except where the extraordinary proposals violate the provisions of laws, administrative regulations or the Articles of Association of the Company, or are beyond the scope of authority of the general meeting.

Except for the circumstances prescribed in the preceding paragraph, after the convener has issued the notice of general meeting, the convener may not modify the proposals already listed in the general meeting notice or add new proposals.

Proposals that are not specified in the notice of the general meeting or that do not comply with the provisions of Article 59 of the Articles of Association shall not be voted on and resolved at the general meeting.

**Article 61** The notice of general meeting shall include the following contents:

- (1) the time, venue and duration of the meeting;
- (2) the matters and proposals to be considered at the meeting;
- (3) a prominent written statement as follows: all shareholders have the right to attend the general meeting, and may authorize in written form a proxy, who need not necessarily be a shareholder of the Company, to attend and vote at the meeting;

- (4) the equity registration date of shareholders entitled to attend general meetings;
- (5) the name and phone number of the regular contact person for the meeting;
- (6) voting time and voting procedures through internet or other means;
- (7) other requirements stipulated in the laws, regulations, departmental rules, regulatory rules of securities of the place where the Company's shares are listed and the Articles of Association.

The notice and supplementary notice of the general meeting shall contain the contents as required by laws, administrative regulations, departmental rules, the Listing Rules and the Articles of Association, and shall fully and completely disclose all the specific contents of all proposals. If the independent non-executive directors are required to express their opinions on matters to be discussed, the notice or supplementary notice of the general meeting will be issued with disclosure of the independent non-executive directors' opinions and reasons. The notice of a general meeting shall provide a sufficient and clear description of the resolutions proposed at the meeting and, in respect of any resolution requiring a vote, shall give advice to the directors as to how the shareholders should vote in the best interests of the shareholders as a whole. The notice of the general meeting should clearly state whether (and how) shareholders who attend the general meeting by remote means may vote.

**Article 62** Notice of a general meeting shall be delivered to the shareholders (whether or not entitled to vote at the general meeting) by hand or by prepaid mail to the addresses recorded on the register of members, or by public announcement.

For holders of domestic unlisted shares, the "announcement" as mentioned in the preceding paragraph shall be published in one or more newspapers and periodicals as designated by the CSRC and the regulatory authority at the place of listing, as well as on the Company's website and the website of the stock exchange. Once announced, it shall be deemed to be all shareholders of domestic unlisted shares have received notice of the relevant general meeting.

For holders of H Shares, notices of general meetings, circulars to shareholders and relevant documents may be issued through the means of publication on the website of the Company and the website of the Hong Kong Stock Exchange, subject to compliance with laws, administrative regulations, the Listing Rules and the Articles of Association.

**Article 63** Any shareholder who is entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may not be a shareholder) as his/her proxy to attend and vote on his/her behalf. The proxy of the shareholder may exercise the following rights in accordance with the shareholder's entrustment:

- (1) the right to speak at the general meeting;
- (2) the right to call for a vote by poll, by itself or jointly with others;
- (3) the right to vote may be exercised by a show of hands or by poll, provided that when more than one proxy is appointed, such proxy may only exercise the right to vote by way of poll.

**Article 64** Shareholders shall appoint a proxy in writing, signed by the appointer or by a proxy so appointed in writing. If the appointer is a legal person, it shall be affixed with the seal of the legal person or signed by its directors or duly appointed proxy.

**Article 65** Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarized copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the board of directors or other decision-making organ to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

**Article 66** Where the elections of directors are to be discussed at the general meeting, the notice of general meeting of shareholders shall fully disclose the particulars of the candidates for directors and shall at least include the following contents:

- (1) personal particulars such as educational background, working experience and part-time jobs;
- (2) whether there is any connection with the Company or the controlling shareholders and de facto controllers of the Company
- (3) the number of shares of the Company held by the candidate;
- (4) any information required by the Listing Rules to be disclosed in respect of any new appointment, re-election or redesignation of any director.

Unless cumulative voting system is adopted for election of a director, each candidate for director shall be proposed individually.

**Article 67** After the notice of general meeting has been issued, unless there is a justified reason, the same meeting shall not be postponed or cancelled, and resolutions proposed in the notice of general meeting shall not be cancelled either. In the event of postponement or cancellation, the convener shall issue an announcement at least two (2) working days prior to the date on which the meeting is originally scheduled and provide the reasons.

## **Section 6 Convening of General Meetings**

**Article 68** The board of directors the Company and any other conveners shall take necessary measures to guarantee the good order of the general meeting. Measures shall be taken to deter any act disturbing the shareholders meeting, picking quarrels and provoking troubles and infringing the legal rights and interests of any shareholder, and such act shall be reported in a timely manner to the relevant departments for investigation and punishment.

**Article 69** All ordinary shareholders registered in the list on the equity registration date and their proxies shall be entitled to attend the general meeting and exercise their voting rights in accordance with laws, regulations and the Articles of Association, unless individual shareholders are required by the Listing Rules to waive their voting rights on certain matters (e.g. a shareholder who has a material interest in an individual transaction or arrangement).

Shareholders may attend and vote at the general meeting in person, or appoint a proxy (who does not need to be a shareholder of the Company) to attend on their behalf and exercise their voting rights within the scope of authorization. Any shareholder who is entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may not be a shareholder of the Company) as his/her proxy(ies) to attend and vote on his/her behalf.

**Article 70** Individual shareholders who attend the meeting in person shall present their identity cards or other valid certificates that prove their identities, in addition to their stock account cards; if a proxy is entrusted to attend the meeting, the proxy should present his/her valid identity document and a power of attorney from the shareholder.

For legal person shareholders, their legal representatives or authorized proxies shall attend the meeting on their behalf. Legal representatives who attend the meeting shall present their identity cards and valid certificates proving their qualifications as legal representatives; proxies who attend the meeting on behalf of shareholders shall present their identity cards and a written power of attorney issued by the legal representative of the legal person shareholder unit (except that a shareholder is a recognized clearing house (or its proxies) as defined in the relevant ordinances of Hong Kong enacted from time to time).

If a shareholder is an unincorporated organization, the person in charge of the organization or a proxy appointed by the person in charge shall attend the meeting. The person in charge of the organization should present his/her identity card and a valid certificate proving his/her qualifications to be the person in charge when attending the meeting. If a proxy is appointed to attend the meeting, the proxy shall produce his/her identity card and a written power of attorney issued by the person in charge of the organization according to law.

If the power of attorney for proxy voting is signed by another person authorized by the appointer, the power of attorney or other authorization document authorizing the signing shall be notarized. The notarized power of attorney or other documents of authorization and the proxy form shall be deposited at the domicile of the Company or such other place as may be specified in the notice convening the meeting.

**Article 71** The power of attorney issued by the shareholder authorizing his/her proxy to attend the general meeting should contain the following:

- (1) name of the principal, and the class and number of shares of the Company held;
- (2) the name of the proxy;
- (3) specific instruction from shareholder, including the instruction of voting for, against or abstain for each resolution proposed under the agenda of the general meeting;
- (4) the date of issue and validity period of the power of attorney;

- (5) signature (or seal) of the appointer. If the appointer is a corporate shareholder, the seal of the corporate unit shall be affixed.

If the Listing Rules have special provisions on the power of attorney, such provisions shall prevail.

**Article 72** In the event that the instrument authorizing a voting proxy is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized. Such notarized authorization or other instrument, and the instrument authorizing a voting proxy shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting.

**Article 73** If the appointing shareholder is a recognized clearing house (or its proxies) as defined in the relevant ordinances enacted in Hong Kong from time to time, such shareholder may authorize his corporate representative or such person(s) it deems appropriate to attend at any general meeting and creditors' meeting as its representative; however, if more than one person is authorized, the power of attorney or letter of authority should specify the number and type of shares for which each such person is authorized, and the power of attorney should be signed by an authorized officer of a recognized clearing house. A person so authorized may attend meetings on behalf of the recognized clearing house (or by its proxy) (where proof of shareholding is not required and a notarized authorization and/or further evidence confirming that it is officially authorized does not require the production of an authorization signed by the appointer or the appointer's legal representative) and may exercise the same statutory rights as other shareholders, including the rights to speak and vote, as if that person were an individual shareholder of the Company.

**Article 74** The register of attendees of the meetings shall be kept by the Company. The register of meetings shall contain the names (or names of units) of the attendees, ID numbers, residential addresses, the number of shares held or represented with voting rights, the names of the appointers (or names of units), and other matters.

**Article 75** The convener and the lawyers retained by the Company shall jointly verify the legitimacy of the shareholder qualifications according to the register of shareholders provided by the securities depository and clearing institution, and the name(s) of the registered shareholders and the number of voting shares held by them. Registration for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies present at the meeting and the total number of shares with voting rights held.

**Article 76** When the general meeting requires directors and the senior management to attend the meeting, directors and senior management shall attend such meeting and receive inquiries from shareholders. Subject to compliance with the regulatory rules of the securities of the place where the Company's shares are listed, the abovementioned persons may attend the meeting by means of internet, video, telephone or other effective means, unless they are unable to attend the meeting due to special reasons.

**Article 77** General meetings are chaired by the chairman of the board of directors. In the event that the chairman is unable or fails to perform his/her duties, the vice chairman shall preside over the meeting; in the event that the vice chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

The convener of the audit committee shall preside over the general meetings convened by the audit committee. In the event that the convener of the audit committee is unable or fails to perform his/her duties, a member of the audit committee elected by more than half of the members of the audit committee shall preside over the meeting.

Any general meeting convened by shareholders shall be presided over by a representative elected by the conveners.

If, during the general meeting, the chairman of the meeting violates the rules of procedure and makes it impossible to continue the general meeting, with the consent of more than half of the shareholders with voting rights present at the general meeting, the general meeting may elect a person to act as the chairman of the meeting and continue the meeting. If, for any reason, the shareholders are unable to elect the chairman of the meeting, the shareholder (including proxies) present at the meeting holding the largest number of voting shares shall act as the chairman of the meeting.

**Article 78** The Company has formulated the rules of procedure for general meetings, which stipulate in detail the convening and voting procedures of general meetings, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, minutes and signatures of meetings and announcements, etc., and the principle of delegation of authority to the board of directors by the general meeting. The content of the authorization should be clear and specific. The rules of procedure of the general meeting shall be attached to the Articles of Association, which shall be formulated by the board of directors and approved by the general meeting.

**Article 79** At the annual general meeting, the board of directors shall report to the general meeting on their work over the past year. Each independent non-executive director should also make a performance report.

**Article 80** Directors and senior management shall give explanations and interpretations at the general meeting for the inquiries and suggestions raised by shareholders, except that the trade secrets involving the Company cannot be disclosed at the general meeting.

**Article 81** The chairman of the meeting shall, before voting, announce whether the number of shareholders and proxies attending the meeting and the total number of shares with voting rights held by them meet the statutory requirements, and whether they are in compliance with the statutory requirements. The number of shareholders and proxies present at the meeting and the total number of shares with voting rights held by them are subject to the registration for the meeting.

Minutes of the general meetings shall be kept by the secretary to the board of directors.

Minutes of the meeting should contain the following:

- (1) time, venue, agenda and name of the convener of the meeting;
- (2) the names of the chairman of the meeting and the directors and senior management present at or attend the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held and their percentage to the total number of shares of the Company;

- (4) the consideration process, key points of speeches and voting results of each proposal;
- (5) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (6) the names of attorneys, counting officers and scrutineers;
- (7) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 82** The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The directors, secretary to the board of directors, the convener or their representative, and the chairman of the meeting present at the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept together with the signature register of the shareholders present in person and the proxy forms for their attendance by proxy, as well as the valid materials on the voting results via internet or other means, for a period of not less than 10 years.

**Article 83** The convener shall ensure that the general meeting shall be held continuously until a final resolution is reached. If the general meeting is suspended or a resolution cannot be passed due to special reasons such as force majeure, necessary measures shall be taken to resume the convening of the general meeting as soon as possible or the current general meeting shall be directly terminated, and an announcement shall be made in a timely manner.

### **Section 7 Voting and Resolutions of General meetings**

**Article 84** Resolutions of general meetings include ordinary resolutions and special resolutions.

Ordinary resolutions at a general meeting shall be adopted by more than one half of the voting rights held by shareholders (including their proxies) attending the general meeting.

Special resolutions at a general meeting shall be adopted by two-thirds or more of the voting rights held by shareholders (including their proxies) attending the general meeting.

**Article 85** Shareholders (including their proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shareholders (including proxies) with two or more votes are not required to cast all votes in favor, against or abstain from voting on a poll. Shares of the Company held by the Company have no voting rights, and such shares are not included in the total number of shares with voting rights at the general meeting. If a shareholder purchases the shares of the Company with voting rights in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the shareholder shall not exercise voting rights within 36 months after purchase of such shares in excess of the prescribed proportion, and such shares are not included in the total number of shares with voting rights in the general meeting.

Pursuant to the applicable laws and regulations and the listing rules of the stock exchange of the place where the Company's shares are listed, where any shareholder shall abstain from voting on any particular resolution or is restricted to vote only for or against such resolution, any vote cast by such shareholder or proxy thereof in violation of such requirement or restriction shall not be counted in the voting results.

**Article 86** Unless otherwise required by laws and regulations, the securities regulatory authority or the stock exchange of the place where the Company's shares are listed, or the following persons request a poll before or after a show of hands, voting at a general meeting shall be conducted by a show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders with voting rights or their proxies;
- (3) one or several shareholders (including proxies) who individually or jointly hold 10% or more (including 10%) of the shares with voting rights at the meeting.

Unless otherwise stipulated by laws and regulations, the securities regulatory authority or stock exchange of the place where the Company's shares are listed, or unless a vote is cast by way of poll in accordance with the provisions of the preceding paragraph, the chairman of the meeting shall announce the approval of the proposal based on the result of a show of hands, and shall record this in the minutes of the meeting. It is also not necessary to prove the number of votes for or against the resolutions passed at the meeting or the proportion thereof.

A request for a vote by poll may be withdrawn by the person who made it.

**Article 87** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work report of the board of directors;
- (2) profit distribution plan and loss recovery plan proposed by the board of directors;
- (3) appointment and removal of members of the board of directors and their remuneration and payment methods;
- (4) matters other than those required by laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association shall be approved by a special resolution.

**Article 88** The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction of registered capital of the Company;
- (2) division, spin-off, merger, dissolution and liquidation of the Company;
- (3) amendments to the Articles of Association of the Company;

- (4) the amount of purchase and sale of material assets or the provision of guarantees to others by the Company within one year individually or cumulatively exceeds 30% of the total assets of the Company as audited in the latest period;
- (5) equity incentive plan;
- (6) matters requiring approval by special resolutions in accordance with laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association, and are determined by the general meeting to have a significant impact on the Company by ordinary resolutions.

If there are other provisions in the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

**Article 89** When considering matters relating to connected transactions (as defined in the Listing Rules) at a general meeting, shareholders who constitute connected persons (as defined in the Listing Rules) (hereinafter referred to as "Connected Shareholders") shall not participate in voting, and the number of shares with voting rights held by such shareholders shall not be counted in the total number of valid votes. The announcement of the resolutions of the general meeting shall fully disclose the voting status of non-Connected Shareholders.

Before a connected transaction is considered at a general meeting, the Company shall determine the scope of Connected Shareholders in accordance with relevant laws, regulations, regulatory documents and the Listing Rules. Connected Shareholders or their authorized representatives may attend the general meeting and express their views to the shareholders attending the meeting in accordance with the procedures at the general meeting, but they shall voluntarily abstain from voting when voting on the relevant connected transactions.

If Connected Shareholders do not voluntarily abstain from voting, other shareholders attending the meeting have the right to request them to abstain from voting. After Connected Shareholders have withdrawn, other shareholders may vote according to their voting rights, and relevant resolutions will be passed in accordance with the provisions of the Articles of Association. Before voting on relevant connected transactions, the chairman of the meeting shall announce the number of non-Connected Shareholders present at the meeting and the total number of shares with voting rights held by them.

Resolutions on connected transactions made at the general meeting must be passed by more than half of the voting rights held by non-Connected Shareholders present at the general meeting. However, if the connected transactions need to be passed by special resolution as stipulated in the Articles of Association, the resolution at the general meeting must be passed by more than two-thirds of the voting rights held by non-Connected Shareholders present at the general meeting.

If Connected Shareholders participate in the voting on the relevant connected transaction in violation of the provisions of this article, their votes cast on the relevant connected transaction will be invalid.

**Article 90** The list of candidates for the positions of directors shall be put forward in the form of proposals to the general meeting for voting.

When voting at the general meeting for election of non-employee representatives of directors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting.

The “cumulative voting system” as mentioned above means that when a non-employee representative of director is elected at a general meeting, each share shall have the same voting rights as the number of directors to be elected, and the voting rights held by shareholders can be used in a centralized manner. The board of directors shall announce the resumes and basic information of the candidates for directors to the shareholders.

The implementation details of cumulative voting system are as follows:

- (1) if the cumulative voting system is adopted for the election of directors, the candidates shall be listed by resolution group for independent non-executive directors, non-independent non-executive directors and submitted to the general meeting for voting;
- (2) for the resolutions adopting cumulative voting system, the shareholders present at the general meeting shall have the same number of electoral votes as the number of directors to be elected under each resolution group for each share held;
- (3) shareholders may vote for one candidate or several candidates with the total number of electoral votes. Shareholders shall vote subject to the number of electoral votes for each resolution group. If the number of electoral votes cast by a shareholder exceeds the number of electoral votes he/she has, or if the number of votes cast by a shareholder exceeds the number of elective candidates in a differential election, the electoral vote cast for that resolution shall be deemed as invalid vote;
- (4) after the voting ends, the votes for each motion will be cumulatively calculated.

**Article 91** The nomination methods and procedures for directors are as follows:

- (1) Shareholders who individually or collectively hold more than one percent of the total number of shares issued by the Company with voting rights may nominate non-employee representatives as candidates for directors by way of written proposal to the board of directors, but the number of candidates must be in compliance with the provisions of the Articles of Association and shall not exceed the number to be elected. The aforesaid proposal put forward by the shareholders to the Company shall be served on the Company at least fourteen days before the date of the general meeting.
- (2) The board of directors may, within the number of members specified in the Articles of Association and based on the number of people to be elected, put forward a list of proposed candidates for directors, and submit to the board of directors for review. Following the review by the board of directors and confirmation on the candidates for directors through resolutions, they shall put forward a written proposal to the general meeting. Candidates for independent non-executive directors are nominated in accordance with the laws and regulations and the regulatory rules of the place where the shares of the Company are listed.

- (3) A written notice of the intention to nominate a candidate for director and the nominee's willingness of accepting the nomination, as well as the relevant written materials of the nominee, shall be sent to the Company not less than fourteen days prior to the date of the general meeting. The board of directors shall provide the shareholders with the biographies and basic information of the candidates for directors.
- (4) The period for which the Company shall give to the relevant nominees and candidates for submission of the aforesaid notices and documents shall not be less than seven days, which shall be the next day from the date on which the notice of the general meeting is given.
- (5) Shareholders shall vote on each candidate for director on a one-by-one basis.
- (6) In case of extraordinary addition of directors, the board of directors shall put forward proposals in respect of and recommend the shareholders on the election or replacement.

Where provisions on methods and procedures for nomination of directors of the Company were otherwise stated in the Listing Rules, such provisions shall prevail.

**Article 92** In addition to cumulative voting, a general meeting will vote one by one on all proposals. Proposals will be voted on in a chronological order by which they were proposed should there be different proposals for the same matter. Unless a general meeting is suspended or no resolution can be reached due to force majeure or other special reasons, no proposal shall be set aside or receive no voting at the general meeting.

**Article 93** When considering a proposal at the general meeting, no change shall be made thereto. Otherwise, the relevant change shall be treated as a new proposal which shall not be voted at the said general meeting.

**Article 94** The same voting right can only be exercised by electing to vote on-site, via internet or other voting methods. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.

**Article 95** Voting on resolution at a general meeting may be conducted by registered poll.

**Article 96** Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be elected to act as vote counters and scrutineers. Any shareholder who is a connected party to the subject matter under consideration and proxies of such shareholder shall not participate in the vote counting and scrutinizing.

For resolutions voted on at the general meeting, lawyers and shareholder representatives shall count and scrutinize the votes jointly, and the voting results shall be announced forthwith. Voting results of the meeting shall be recorded in the minutes of meeting.

Shareholders or their proxies that vote on line or in other ways shall have the right to check and inspect their voting results through the relevant voting system.

**Article 97** Shareholders attending the general meeting shall submit their voting in one of the following ways: “for”, “against” or “abstain”.

Ballot papers that are left in blank, unduly completed or illegible or that have not been cast, are deemed as void votes which means the voter has waived his/her rights, and the voting results corresponding to the shares in their possession shall be treated as “Abstain from voting”.

**Article 98** Should the chairman of the meeting have any doubt on the voting result, he/she may have the ballots counted. If the chairman of the meeting has not counted the ballots, any participating shareholder or proxy who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the ballots be counted, and the chairman of the meeting shall organize the count immediately.

**Article 99** Where a motion in relation to election of directors is passed at a general meeting, the time of taking office for the new directors shall be the time specified in the resolution of the general meeting; where the time is not specified in the resolution of the general meeting, the time of taking office shall be the time at which the resolution is passed.

**Article 100** Where a general meeting approves proposals regarding cash distribution, bonus issue or transfer of surplus reserve into share capital, the specific proposals shall be implemented within two months after the close of the general meeting.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 101** Directors of the Company shall be natural persons. A person who falls into any of the following circumstances shall not serve as a director of the Company:

- (1) civil incompetence or limited civil competence;
- (2) no more than five years have elapsed since termination of the execution period for penalty on or deprivation of political rights due to committing a crime of corruption, bribery, encroachment of property, embezzlement or disrupting socialist market economic order, or no more than two years have elapsed since the date of completion of the probation period if a probation is announced;
- (3) no more than three years have elapsed since conclusion of liquidation owing to the bankruptcy of a company or enterprise where the person served as a director or factory director or manager and was personally liable for the bankruptcy;
- (4) no more than three years have elapsed since the date of cancellation of the business license and winding-up of a company or enterprise on account of illegal business operations where the person served as the legal representative and was personally liable;
- (5) listed as a dishonest debtor for a relatively large amount of personal debt is overdue but remains unpaid;
- (6) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;

- (7) other circumstances specified by the laws, administrative regulations and departmental rules.

For any election and appointment of a director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a director falls into any of the aforesaid circumstances during his/her term of office, the director shall be removed from office.

**Article 102** Directors shall be elected or replaced by the general meeting and can be removed from his/her office through an ordinary resolution of the general meeting before his/her term of office expires. The term of office of directors is 3 years, renewable upon re-election at its expiry pursuant to the rules governing the listing of securities of the place at where the Company's shares are listed.

The term of office of directors commences from the date of appointment up to the expiry of the current term of office of the board of directors. In the event that the term of a director falls upon expiry whereas the new member of the board of directors is not re-elected in time, or that the resignation of any director results in the number of members of the board of directors falling below the quorum or that the Company fails to satisfy other provisions of the Listing Rules, the existing director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association until the re-elected director assumes office.

Any person appointed by the board of directors to fill a casual vacancy or as an addition to the board of directors shall hold office only until the annual general meeting of the first year after his/her appointment and shall be eligible for re-election at the meeting.

Where there are no other provisions under the laws, regulations or the rules governing the place where the Company's shares are listed, shareholders shall have the right to remove any director before the expiration of his/her term of office by an ordinary resolution at a general meeting; however, such removal shall not affect the director's claim for damages under any contract.

Directors may hold a concurrent post as senior management officers, provided that the total number of directors who are serving concurrently as senior management officers or being served by employee representatives shall not be more than half of the total number of directors.

**Article 103** Directors shall abide by laws, administrative regulations and the Articles of Association, and directors shall assume the obligation of loyalty to the Company and take measures to avoid the conflict between their own interests and those of the Company and may not seek any improper interests by taking advantage of their powers. Directors shall fulfill obligations to the Company as follows:

- (1) shall not embezzle properties of the Company or misappropriate the corporate funds;
- (2) shall not deposit funds of the Company in accounts established under their respective name or the name of any other person;
- (3) shall not use the authority to take bribes or solicit other illegal incomes;

- (4) shall not directly or indirectly conclude any contract or conduct transactions with the Company without reporting to the board of directors or the general meeting and approval by the board of directors or the general meeting in accordance with the provisions of the Articles of Association;
- (5) shall not, by taking advantage of their functions, obtain, whether for themselves or for others, such business opportunities that should have been procured by the Company, unless reported to the Board or the general meeting and approved by a resolution of the general meeting, or the Company is not able to take advantage of the business opportunity in accordance with the laws, administrative regulations or the provisions of the Articles of Association;
- (6) shall not conduct for themselves or others any businesses similar to those of the Company without reporting to the board of directors or the general meeting and obtaining approval through resolutions adopted at the general meeting;
- (7) not to misappropriate commissions derived from transactions entered into by another person with the Company;
- (8) not to disclose confidential information of the Company without permission;
- (9) not to abuse his/her connections with the Company to jeopardize the interests of the Company;
- (10) other fiduciary obligations as required by laws, administrative regulations, departmental rules and the Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company. The director shall be liable for indemnifying the Company against any loss incurred.

This Article shall apply where the controlling shareholder and de facto controller of the Company who does not serve as a director of the Company but actually manages the affairs of the Company.

**Article 104** Directors shall abide by laws, administrative regulations and the Articles of Association, and shall fulfill the duties of diligence to the Company. When performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company. The Directors shall fulfill the following obligations of diligence:

- (1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of the laws, administrative regulations and economic policies of the state, not going beyond the scope of business specified in the Company's business license;
- (2) to treat all shareholders impartially;
- (3) to keep abreast of the business operations and management of the Company;
- (4) to sign the regular reports of the Company for confirmation, and to ensure the information disclosed by the Company is true, accurate and complete;

- (5) to honestly provide the audit committee with relevant information, and not to interfere with the audit committee in performing its duties and powers;
- (6) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

This Article shall apply where the controlling shareholder and de facto controller of the Company who does not serve as a director of the Company but actually manages the affairs of the Company.

**Article 105** A director who fails to attend the meetings of the board of directors in person twice consecutively and fails to appoint any other directors to attend on his/her behalf is deemed as failure in performing the duties, and shall be subject to replacement as recommended by the board of directors at the general meeting.

**Article 106** Directors may request to resign before expiry of their term of office. The directors to resign shall submit to the board of directors a written report in relation to their resignation and shall become effective immediately upon receipt by the Company. The board of directors will disclose such information in accordance with applicable laws, administrative regulations and the requirements of the Listing Rules.

In the event that the resignation of any director results in the number of members of the board of directors falling below the quorum, or the resignation of independent non-executive directors results in the proportion of independent non-executive directors in the Board or its special committees, or the lack of persons who have professional qualifications among the independent non-executive directors, which does not comply with the requirements of laws, regulations, departmental rules, the Listing Rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, the existing director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association until the re-elected director assumes office.

**Article 107** Upon a director's resignation becoming effective, expiry of or removal from his/her office, the director shall complete all handover procedures with the board of directors, and his/her fiduciary obligations to the Company and the shareholders shall not definitely cease after the termination of tenure. The obligation to maintain confidentiality of trade secrets of the Company shall remain effective after the termination of his/her tenure until the secrets become public information.

**Article 108** No directors shall act, in their personal capacity, on behalf of the Company or the board of directors if not provided in the Articles of Association or appropriately authorized by the board of directors. A director shall, when acting in his/her personal capacity, state his/her standing and identity in advance whenever a third party may reasonably believe that the said director is acting on behalf of the Company or the board of directors.

**Article 109** A director who violates any laws, administrative regulations, departmental rules or the Articles of Association during the course of performing his/her duties shall be liable for indemnification to any loss so caused to the Company.

**Article 110** In the event that a director or a senior management officer violates the laws, administrative regulations or the Articles of Association, causing damage to the interests of shareholders, the shareholders may lodge legal actions with the People's Court.

**Article 111** The Company shall be liable to compensate for damages caused to any persons when the directors perform their duties. The directors shall also be liable to compensate for damages caused by willful or material fault.

**Article 112** Where the controlling shareholders and de facto controllers of the Company instruct a director or a senior management officer to engage in acts detrimental to the interests of the Company or the shareholders, such director or senior management officer shall bear joint liability.

**Article 113** The directors whose term of office has not expired shall be liable for compensation for any losses caused to the Company as a result of their unauthorized resignation.

Subject to the relevant laws and administrative regulations, the general meeting shall have the power to remove any director by ordinary resolution before the expiration of his/her term of office without prejudice to any claim by the director pursuant to any contract.

## **Section 2 Independent Non-executive Directors**

**Article 114** The Company shall establish an independent non-executive director system. The board of directors of the Company shall consist of at least three independent non-executive directors, the number of whom shall constitute at least one-third of the board of directors, among whom, at least one possesses appropriate professional qualifications, or possesses appropriate expertise in accounting or related financial management (as defined in the Listing Rules) and one person ordinarily reside in Hong Kong.

The term of office for independent non-executive directors shall be three years, and renewable upon re-election and re-appointment, but shall not exceed nine years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed.

If any independent non-executive director does not meet the conditions of independence or has any other circumstance disqualifying him as independent non-executive director, resulting in the number of independent non-executive directors of the Company falls short of the quorum as specified in the Articles of Association, the Company shall make up the number of independent directors as required.

**Article 115** For anything related to the system of independent non-executive directors and not specified in this section, it shall be handled in accordance with relevant laws, regulations, rules of regulatory authorities and the regulatory requirements of the stock exchange on which the Company's shares are listed.

### **Section 3 Board of Directors**

**Article 116** The Company shall have a board of directors, which is responsible for the general meeting. The board of directors consists of 11 directors, amongst, at least 3 shall be independent non-executive directors and represents at least one-third of the board of directors. All independent non-executive directors shall meet the independence provisions as required by the Listing Rules. The Board shall include one staff representative director, who shall be democratically elected by the employees of the Company through the employees' representative meeting.

**Article 117** The board of directors shall report to the general meeting and perform the following duties and powers:

- (1) to convene general meetings and report its work to the meetings;
- (2) to implement the resolutions passed at general meetings;
- (3) to formulate the medium to long term plans of development strategies and to monitor and make adjustment on its implementation;
- (4) to determine the Company's business goals, business plans and investment and finance schemes;
- (5) to formulate the Company's profit distribution plan and loss recovery plan;
- (6) to formulate proposals for increases or reductions of the Company's registered capital and for the issuance and listing of corporate bonds or other securities;
- (7) to draft plans for material acquisition, acquisition of the shares of the Company, merger, division, dissolution or change in corporate form;
- (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, external guarantee, asset management mandate, connected transaction and external donations within the authority of the general meeting and pursuant to the provisions of the listing rules of the stock exchange of the place at which the shares of the Company are listed;
- (9) to determine the establishment and composition of relevant ad hoc committees of the board of directors and the Company's internal management structure;
- (10) to decide to appoint or dismiss the Company's general manager, and to decide on their remuneration, rewards and penalties, and pursuant to the nominations of the general manager, to decide to appoint or dismiss the deputy general manager, the secretary to the board of directors, the chief financial officer and other senior management officers with similar functions of the Company and to decide on their remuneration, rewards and penalties;
- (11) to formulate the Company's basic management system;
- (12) to formulate the proposed amendments to the Articles of Association;

- (13) to deal with information disclosures of the Company;
- (14) to propose to the general meeting for appointment or replacement of the accounting firms serving as the auditors of the Company;
- (15) to receive work report submitted by the general manager and to review his/her performance;
- (16) to authorize the chairman and the general manager of the Company to decide on the major issues of the Company within their authority;
- (17) to oversee and approve significant ESG matters, to identify potential risks in business development projects and to make decisions based on their recommendations;
- (18) to perform other duties and powers specified in the laws, regulations, the regulatory requirements of the stock exchange of the place at which the Company's shares are listed, and authorized by general meetings and the Articles of Association.

The resolutions of the board of directors on the matters set out in the preceding paragraph shall be passed by a majority of the directors.

**Article 118** The board of directors shall also be responsible for the following:

- (1) to formulate, review and improve the Company's corporate governance systems and status;
- (2) to review and supervise the training and continuing professional development of directors and senior management officers;
- (3) to review and monitor the Company's systems formulated in accordance with laws and the relevant regulations of the securities regulatory authorities of the place where the shares are listed, and its compliance (including but not limited to compliance with the Corporate Governance Code), and the corresponding disclosures (including but not limited to disclosures in the Corporate Governance Report);
- (4) to develop, review and monitor the Company's code of conduct for employees and directors and related compliance manual.

The above corporate governance functions shall be undertaken by the board of directors, which may also delegate the responsibilities to one or more specialized committees of the board of directors.

**Article 119** The board of directors of the Company shall give explanations at general meetings on the qualified audit opinions issued by certified public accountants on the Company's financial report.

**Article 120** The board of directors shall formulate the rules of procedures for the board of directors to ensure its implementation of the resolutions passed at the general meeting to enhance efficiency and to ensure scientific decision-making. The rules of procedure of the board of directors shall be drawn up by the board of directors and be approved by a general meeting.

**Article 121** The board of directors shall establish strict examination and approval procedures by setting the scope of authority for conducting foreign investment, purchase and sale of assets, asset pledge, guarantee, related party transactions and external donations. Material investment projects shall be examined by experts and other professionals as arranged by the board of directors, and shall be submitted to the general meeting for approval.

**Article 122** The board of directors shall have one chairman and may have vice chairman, where necessary, who shall be elected by a majority of votes of all directors. The chairman and vice chairman shall be elected and removed by a majority of votes of all directors for a term of three years, renewable upon re-election.

**Article 123** The chairman of the board of directors shall perform the following duties and powers:

- (1) to preside over general meetings and to convene and preside over board meetings;
- (2) to supervise and monitor the implementation of resolutions of general meetings and board meetings;
- (3) other duties and powers as authorized by the board of directors.

**Article 124** The vice chairman of the Company shall assist the chairman in performing his/her duties. Where the chairman is unable or fails to perform his/her duties, the vice chairman shall perform the duties of the chairman. Where the vice chairman is unable or fails to perform his/her duties, a director shall be elected jointly by a majority of all the directors to perform such duties.

**Article 125** Meetings of the board of directors include regular meetings and extraordinary meetings. The board of directors shall at least hold four meetings each year, at least two shall be regular meetings, which shall be convened by the chairman.

An extraordinary meeting of the board of directors may be convened upon requisition by either the chairman, shareholders representing over one-tenth of voting rights, over one-third of directors or the audit committee. An extraordinary meeting of the board of directors shall be convened and presided over by the chairman within ten days after receiving the requisition.

**Article 126** The notice of a meeting of and an extraordinary meeting of the board of directors shall be served by: personal delivery, mail, or facsimile. The time limit of such notice shall be served: fourteen days prior to a regular meeting, and principally three days prior to an extraordinary meeting, in all case in written form to all directors, general manager and the secretary to the board of directors.

In the event that an extraordinary meeting of the board of directors needs to be held promptly due to urgent circumstances, a notice of meeting may be given at any time by telephone or other verbal method, but the convenor shall give explanation and record matters deliberated in the minutes at the meeting.

**Article 127** The minutes of board meetings shall include the following:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) reason to convene such meeting and business to be discussed;
- (4) date of the notice;
- (5) the form in which meetings are convened;
- (6) materials of meeting necessary for the directors' voting;
- (7) the contact person and contact method.

A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (5) above, as well as explanations for convening an extraordinary meeting of the board of directors under urgent circumstances.

**Article 128** A meeting of the board of directors shall be held only if it has a quorum of more than half of the directors. Resolutions passed at the board meeting shall be approved by more than half of the directors.

Directors shall attend meetings of the board of directors in person. If a director cannot attend the meeting due to whatever reasons, he/she may appoint another director in writing to attend the meeting on his/her behalf. The power of attorney shall state the scope of authorization. The director attending the meeting on other's behalf shall exercise his/her rights within the scope of authorization. If a director cannot attend a board meeting and fails to appoint a proxy to attend the meeting on his/her behalf, the director shall be deemed to have waived his/her voting right at that meeting.

General manager and secretary to the board of directors not serving concurrently as a director shall attend the meeting of the board of directors. The convenor of meetings may, in his/her opinion deemed necessary, notify other relevant personnel to attend the meeting of the board of directors.

**Article 129** After thorough discussion on each proposal, the chairman shall promptly require the attending directors to cast the vote.

Voting for the resolutions of the board of directors shall be executed on the basis of one vote per person.

The voting intention of the directors falls into the following categories: affirmative, negative or abstaining from voting. The attending directors shall indicate their intention by choosing one of the aforesaid, failing which or making two or more choices, the chairman of the meeting shall request them to vote again, refusing which, such directors shall be deemed as abstaining from voting. Any director leaving the venue halfway without returning and thus failed to make a choice shall be deemed as abstaining from voting.

**Article 130** The vote at a meeting of the board of directors at a physical venue, including video meeting, shall be taken by way of registered poll. If a director attends the meetings of board of directors by way of teleconference or by virtue of similar telecommunication device, in such meeting, so long as the on-site attending directors can hear and communicate with him/her, all attending directors are deemed as if they had attended the meeting in person. On the premise that directors fully express their opinions, meetings of the board of directors may be conducted and resolved by voting by way of telecommunications, which shall be signed by the attending directors, but regular meetings of the board of directors, a meeting at which major shareholders (for the purpose of this section only, major shareholders refer to shareholders who individually or collectively hold more than ten percent of total voting shares of the Company) or directors who have conflict of interest in a matter considered to be material by the board of directors and a meeting to discuss the appointment and dismissal of the secretary to the board of directors shall not be convened by means of correspondence. Voting by way of telecommunications shall be stipulated with an effective time limit. Directors who fail to express their opinions within the prescribed time limit shall be deemed to have abstained.

A resolution on a proposal considered and passed at the meeting of the board of directors shall be voted for by more than half of all the directors. Where there are equal votes cast both for and against a resolution, the chairman shall have the right to cast one more vote. Where the laws, administrative regulations, the listing rules of a stock exchange of a place where the securities of a company are listed and the Articles of Association of the Company stipulates that the consent of even more directors is necessary for the board of directors to form the resolutions, the relevant provision shall apply.

In case of any discrepancy on the contents and meanings of different resolutions, the resolution formed later shall prevail.

**Article 131** When a director or his/her close associates (as defined in the Listing Rules) is considered to have connections with the enterprise involved in a resolution of the board of directors, such director shall refrain from voting on such resolution, exercise any voting rights on behalf of other directors, nor be counted in the quorum of the attending parties of a meeting. A connected director shall voluntarily abstain from voting before the voting taken by the board of directors on connected issues; if a non-connected director believes that other directors are connected with an issue resolved at a meeting of the board of directors and should abstain from voting, they shall rescue and abstain from voting before the vote taking on that issue by the board of directors. Whether or not a director proposed to be recused shall be subject to the decision of the board of directors in accordance with the procedures stipulated in the Articles of Association. The relevant meeting of the board of directors can be convened provided a majority of non-connected directors attend the meeting and resolutions proposed by the board of directors can be passed upon the consent of a majority of non-connected directors. Directors' abstention and the reason thereof shall be recorded in the minutes of the meeting of the board of directors. If the number of unconnected directors present at the meeting of the board of directors is less than three, such matter shall be put forward to a general meeting for deliberation. If the Listing Rules specify otherwise, such provisions shall prevail.

If a relevant shareholder or director has a conflict of interest in matters to be considered by the board of directors which, in the opinion of the board of directors, is material, such matter shall be resolved by way of a meeting of the board of directors (rather than a written resolution). Independent non-executive directors and their close associates who are not materially interested in a transaction should attend the relevant meeting of the board of directors. Where the laws, regulations and the governing rules of securities of the place where the shares of the Company are listed specify otherwise on directors' participation of meetings of the board of directors and voting, such provisions shall prevail.

**Article 132** Where more than one-fourth of the participating directors or more than two independent non-executive directors believe that they are unable to reach a determination on a relevant matter as a result of such reasons as unclear or unspecific proposal of the board of directors, insufficient meeting materials, they may jointly propose that deliberation of the proposal concerned be postponed, which the board of directors shall accept.

The directors who proposed postponement of the deliberation shall put forth clear requirements in respect of the conditions to be satisfied before re-submission of the proposal for deliberation.

**Article 133** The board of directors shall record decisions on matters deliberated at a meeting to form the minutes of the meeting, on which the attending directors and recorder shall sign. The minutes of meetings of the board of directors shall be kept for no less than ten years. Directors shall be accountable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations, relevant rules of the securities regulatory authority in the place where the Company's shares are listed or the Articles of Association thus causing losses to the Company, the directors participating in the resolutions shall be liable to indemnify the Company. However, if it is verified that a director had lodged his/her objection at the time of voting and the same was recorded in the minutes, such director may be exempted from such liability.

**Article 134** The minutes of meetings of the board of directors shall include the following:

- (1) date and venue of the meeting and the name of the convenor;
- (2) names of the attending directors and names of those appointed by others (proxies) to attend the meeting of the board of directors;
- (3) agenda of the meeting;
- (4) main points of the statements of directors;
- (5) the method and results of voting for each resolution (the voting results shall clearly state the number of votes for or against the resolution or abstention);
- (6) abstention and reasons of abstention of directors, if applicable.

**Article 135** The board of directors of the Company shall establish special committees such as strategy committee, nomination committee, audit committee and remuneration committee as needed. Among them, the audit committee exercises the powers of the supervisory board as stipulated in the Company Law. These special committees are accountable to the board of directors and perform their duties in accordance with the Articles of Association and the authorization of the board of directors, and their proposals shall be submitted to the board of directors for deliberation. The members of such special committees comprise only directors. Independent non-executive directors shall account for the majority in each of the audit committee, the nomination committee and the remuneration committee and serve as the convenor. The convenor of the audit committee shall be an accounting professional. The board of directors is responsible for formulating the working procedures of the special committees and regulating the operation of the special committees.

## **CHAPTER 6 SECRETARY TO THE BOARD OF DIRECTORS**

**Article 136** The Company shall have a secretary to the board of directors, who shall be engaged and dismissed by the board of directors. The secretary to the board of directors shall be a senior management officer of the Company and be accountable to the Company and the board of directors.

**Article 137** The secretary to the board shall be a natural person with the necessary professional knowledge and experience. He/she shall be appointed by the board of directors. His/her main duties shall be as set forth below:

- (1) to prepare and deliver reports and documents issued by the board of directors and general meetings as required by competent authorities of the state;
- (2) to organize meetings of the board of directors and general meetings, be responsible for taking minutes and keeping documents and records of the meetings;
- (3) to handle disclosure of information of the Company;
- (4) to ensure that individuals who are entitled to obtain relevant records and documents may access to them in time;
- (5) to perform other duties as provided by laws, regulations and the Articles of Association and as required by the securities regulatory authorities of the place where shares of the Company are listed;
- (6) other duties as required by laws, administrative regulations, the Articles of Association or the Listing Rules.

## CHAPTER 7 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS

**Article 138** The Company shall have one general manager, who shall be nominated by the chairman and be appointed or dismissed by the board of directors. Several deputy general managers, 1 chief financial officer and 1 secretary to the board of directors may be appointed where necessary.

The general manager and deputy general managers shall serve terms of three years and may serve consecutive terms if re-appointed.

**Article 139** Circumstances specified in the Articles of Association prohibiting any person from serving as a director of the Company shall also be applicable to the senior management officers.

Requirements set out in the Articles of Association with respect to the directors' duty of good faithfulness and obligations of integrity and diligence shall also be applicable to the senior management officers.

Requirements set out in the Articles of Association with respect to directors prejudicing interests of the Company, shareholders or other persons shall also be applicable to the senior management officers.

**Article 140** A person holding other duties other than directorship and supervisors in any entity of the Company's controlling shareholders shall not hold the office of a senior management officer of the Company.

The senior management officers shall be only entitled to salaries paid by the Company, and the controlling shareholders shall not pay the salaries on behalf of the Company.

**Article 141** The general manager shall report to the board of directors and have the following duties and powers:

- (1) to be in charge of the production, operation and management of the Company, to organize and implement the resolutions adopted by the board of directors, and to report his/her work to the board of directors;
- (2) to organize and implement the annual business plans and investment plans of the Company;
- (3) to draft schemes for the establishment of the Company's internal management departments;
- (4) to formulate the basic management system of the Company;
- (5) to formulate detailed rules and regulations of the Company;
- (6) to make proposals regarding the appointment or removal of the deputy general managers, chief financial officer and secretary to the board of directors, and other senior management officers of the Company;

- (7) to be responsible for handling major emergencies of the Company;
- (8) to decide on and deal with external affairs of the Company within the scope authorized by the board of directors;
- (9) to study and propose strategic plans and medium to long term development plans of the Company;
- (10) to prepare proposals for the annual operation budget, investment budget and financial budget of the Company;
- (11) other duties and powers authorized by the Articles of Association or the board of directors.

**Article 142** The general manager shall attend the meetings of the board of directors, but a non-director general manager is not entitled to voting rights at the meetings.

**Article 143** The general manager shall formulate detailed working rules for a general manager and submit the same to the board of directors for implementation upon approval.

**Article 144** The detailed working rules formulated for a general manager shall include the following:

- (1) conditions and procedures for convening and participants of the general manager meetings;
- (2) specific duties and division of responsibilities of each of the general manager, deputy general managers and other senior management officers;
- (3) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the board of directors;
- (4) other matters as deemed necessary by the board of directors.

**Article 145** The general manager may resign prior to the expiration of his/her term of office. The detailed procedures and methods for resignation of the general manager shall be set out in the service contract entered into between the general manager and the Company.

**Article 146** The senior management officers shall be liable for any losses caused to the Company by their breach of the requirements of laws, administrative regulation, rules of regulatory authorities or the Articles of Association in performing their duties for the Company.

The senior management officers of the Company shall perform their duties faithfully and protect the best interests of the Company and all shareholders. If the senior management officers of the Company fail to perform their duties faithfully or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for damages according to law.

The board of directors shall sign appointment agreements and letters of responsibility for business performance with management members, and sign appointment contracts and letters of responsibility for business performance with professional managers, and shall formulate job descriptions and lists of duties and powers of management members.

## **CHAPTER 8 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

### **Section 1 Financial and Accounting System**

**Article 147** The Company shall establish a financial and accounting system in line with the PRC laws and provisions of accounting standards as issued by the relevant authorities of the PRC.

**Article 148** The Company shall prepare a financial report at the end of each accounting year, which shall be audited by accounting firms according to the laws.

The Company shall adopt the Gregorian calendar year as its accounting year, which shall commence on January 1 and end on December 31 of the Gregorian calendar year. The Company's accounts shall be prepared in Chinese with amounts denominated in Renminbi.

**Article 149** The Company shall prepare, issue and distribute its annual reports and interim reports as required under relevant laws and the Listing Rules.

**Article 150** The financial reports of the Company shall be made available for inspection by shareholders twenty-one days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send a copy of the reports aforesaid to each holder of overseas listed foreign shares by pre-paid mail at least twenty-one days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the register of shareholders. Notices of the Company can be given by way of public announcement (including publication on the website of the Company) to the extent permitted under laws, administrative regulations and the listing rules of the place where the Company's shares are listed.

**Article 151** The Company shall not maintain a separate accounts book except the one required by law. The assets of the Company shall not be deposited in any account opened under the name of an individual.

**Article 152** The Company shall, when distributing the after-tax profit of a year, accrue ten percent of the profit to the statutory common reserves of the Company.

The Company shall not make further allocations to its statutory common reserves when the accumulative amount exceeds fifty percent of the registered capital of the Company.

When the statutory common reserves of the Company falls short to offset the loss of prior years, the Company shall make use of the profit earned for the current year to offset the loss before making allocation to its statutory common reserves according to the preceding paragraph.

After making allocation from its after-tax profits to its statutory common reserve, the Company may, subject to a resolution of a general meeting, make an allocation out of 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 after-tax profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless the 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, the shareholders shall return to the Company the profits that were distributed in breach of the said provisions. Shareholders and responsible directors and senior management officers who cause losses to the Company shall be liable for compensation.

The Company's shares held by the Company shall not participate in the profit distribution.

**Article 153** The common reserves of the Company are used to make up losses of the Company, expand its production and operations or through conversion of reserves to increase registered capital.

The discretionary common reserve and statutory common reserve should be used first to make up the Company's losses; if it is insufficient to cover the losses, the capital common reserve shall be used in accordance with the regulations.

When funds in the statutory common reserve are converted to increase registered capital, the funds remaining in such reserve will not be less than twenty-five percent of the Company's registered capital before the conversion.

**Article 154** The Company shall appoint receiving agents for shareholders holding foreign capital stock. The receiving agent shall, on behalf of the related shareholders, receive dividends distributed by the Company for foreign capital stock as well as other payable sums, and keep the monies to pay the related shareholders at a later time.

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

The receiving agents appointed by the Company for holders of foreign shares listed on Hong Kong Stock Exchange shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

**Article 155** After the profit distribution plan has been adopted at the general meeting, the board of directors shall finish distributing dividends (or shares) within two months after conclusion of the general meeting.

**Article 156** Cash dividends and other payments payable by the Company to holders of domestic unlisted shares shall be paid in RMB. Cash dividends and other payments paid by the Company to holders of overseas listed foreign shares shall be denominated and declared in RMB and paid in foreign currencies. The foreign currencies required for the payment of cash dividends and other amounts by the Company to holders of overseas listed foreign shares and holders of other foreign shares shall be subject to the relevant regulations on foreign exchange control.

**Article 157** When the Company distributes dividends to its shareholders, it shall withhold and pay on behalf of the shareholders the tax payable on the dividend income according to the amount of the distribution in accordance with the provisions of the PRC tax laws.

## **Section 2 Internal Audit**

**Article 158** The Company shall have an internal audit system, arrange professional auditors, and conduct internal audit of and supervision on the financial incomes and expenditures and economic activities of the Company.

**Article 159** The internal audit system of the Company and the responsibilities of auditors shall be implemented upon approval of the board of directors. The head of the audit department shall be accountable and report to the board of directors.

## **Section 3 Appointment of Accounting Firms**

**Article 160** The Company shall engage an accounting firm that conforms to the relevant provisions of the Securities Law to audit and review the accounting statements of the Company, verify the net assets and offer other consulting services, the term of which shall be one year from the end of the current annual general meeting of the Company until the end of the next annual general meeting, and may be renewed.

**Article 161** The engagement of an accounting firm by the Company shall be decided by a general meeting, prior to which, the board of directors shall not appoint an accounting firm.

**Article 162** The Company guarantees that the accounting evidence, accounting books, financial report and other accounting information provided to the accounting firm engaged are true and complete without refusal, withholding or false information.

**Article 163** The auditing fee of an accounting firm shall be determined by the general meeting.

**Article 164** The general meeting shall determine if the Company will engage, disengage or re-engage the accounting firm.

The general meeting shall observe the following rules when engaging a candidate accounting firm not in position now to fill any vacancy of the position of the accounting firm, or re-engage an accounting firm who was appointed by the board of directors to fill a casual vacancy, or dismiss an accounting firm whose term has not yet expired:

- (1) the proposal on engagement, re-engagement or disengagement shall be sent to the accounting firm proposed for engagement or proposed for departure, or the accounting firm that has departed within the accounting year, before the notice of the general meeting is distributed.

Departure includes disengagement, resignation and termination of the term.

- (2) if the accounting firm about to depart from the position makes a written statement and requires the Company to furnish such statement to the shareholders, the Company shall take the following measures, unless the Company receives such written statement too late:
  1. specify the accounting firm about to depart from the position has made the statement on the notice distributed to make a resolution; and

2. distribute the duplicate of the statement as an appendix to the notice in the manner specified in the Articles of Association.
- (3) if the Company fails to distribute the statement of the accounting firm as specified in item (2) of this paragraph, the accounting firm may require the statement to be read out at the general meeting and further appeal.
- (4) the accounting firm that has departed from the position shall have the right to participate in the following meetings:
  1. a general meeting for which the term of the accounting firm shall expire;
  2. a general meeting to fill a vacancy due to the dismissal of the accounting firm; and
  3. a general meeting convened due to the voluntary resignation of the accounting firm.

The accounting firm that has departed shall have the right to receive all notices or other information related to the aforesaid meetings, and to address at such meetings over the issues concerning itself as the former accounting firm of the Company.

**Article 165** Prior to the dismissal or non-reappointment of an accounting firm, a notice in advance of such dismissal or non-reappointment shall be given by the Company to the accounting firm concerned, which shall be entitled to make representation at the general meeting. Where the accounting firm lodges its resignation, it shall explain to the general meeting if there is any impropriety on the part of the Company.

- (1) Any accounting firm may resign from its office by depositing at the Company's legal address a written resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:
  1. a statement to the effect that there are no circumstances involving its resignation which shall be brought to the attention of the shareholders or creditors of the Company; or
  2. a statement of any matters which shall be explained.
- (2) Where a notice is deposited under the item (1) of this Article, the Company shall within fourteen days send a copy of the notice to the competent authority. If the notice contains a representation referred to in sub-item 2. of item (1) to this Article, a copy of such representation shall be placed at the Company for shareholders' inspection. The Company shall also send by prepaid post a copy of such representation to each shareholder entitled to receive reports on the financial position of the Company at his/her address shown on the register of shareholders.
- (3) Where the notice of resignation of an accounting firm contains a statement of sub-item 2. of item (1) to this Article, the accounting firm may request the board of directors to convene an extraordinary meeting for the purpose of giving an explanation of the circumstances relating to its resignation.

## **CHAPTER 9 DISCLOSURE OF INFORMATION**

**Article 166** The board of directors of the Company shall formulate the criteria, method, means, etc. for the disclosure of information and establish and enhance the Company's information disclosure system in accordance with laws, relevant regulations of the securities regulatory authorities and stock exchange of the place where the shares of the Company are listed and relevant provisions of the Articles of Association.

**Article 167** The Company shall comply with the principles of truthfulness, accuracy, completeness and timeliness in regulating disclosure of information.

## **CHAPTER 10 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION OF THE COMPANY**

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

**Article 168** Merger of the Company may take either the form of absorption or consolidation. Absorption means that a company absorbs another company, and the absorbed company will be dissolved. Where two or above companies merge into a new company, i.e. consolidation, the original companies will be dissolved.

**Article 169** When the Company merges with a company in which it holds more than ninety percent of that company's shares, approval from the general meetings of the merged company is not required, but it should notify other shareholders, who have the right to require the Company to purchase their shares at a reasonable price.

If the payment made by the Company for a merger does not exceed ten percent of its net assets, approval from the general meetings may not be required, unless otherwise provided in this Articles of Association.

If the Company merges in accordance with the provisions of the preceding two paragraphs without the approval of the general meetings, it should be approved by the board of directors.

**Article 170** In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution on merger and shall publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System, on the website of the Company and the website of a stock exchange within thirty days of the date of the Company's resolution on merger. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

In the event of a merger, claims and liabilities of parties to the merger shall be taken over by the continuing company after the merger or the newly established company.

**Article 171** In the event of a division of the Company, its assets shall be split up accordingly.

In the event of a division of the Company, it shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days of the date of the Company's resolution on division and shall publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System, on the website of the Company and the website of a stock exchange within thirty days of the date of the Company's resolution on division.

Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to the division, the ancillary obligation with respect to debts incurred by the Company before its division shall be borne by the companies after the division.

**Article 172** The Company must prepare balance sheets and inventories of assets for reduction of registered capital.

The Company shall notify its creditors within ten days from the date of the Company's resolution on reduction of registered capital and shall publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice or, in the case of a creditor who does not receive the notice, within forty-five days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

**Article 173** Where the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with laws. Upon dissolution, the Company shall cancel its registration in accordance with laws. When a new company is established, its establishment shall be registered in accordance with laws.

The increase and decrease of the registered capital of the Company shall be registered with the company registration authority in accordance with laws.

## **Section 2 Dissolution and Liquidation**

**Article 174** The Company shall be dissolved upon occurrence of any of the following events:

- (1) the term of operation of the Company specified in the Articles of Association expires or any other events of dissolution specified in the Articles of Association occurs;
- (2) a resolution for dissolution is passed at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the business licence of the Company is revoked, or the Company is ordered to wind up or deregister in accordance with laws;

- (5) where the Company is in serious difficulties in operations and management, and its continual operation will lead to substantial loss to the shareholders and there are no other solutions to resolve the situation, the shareholders who aggregately hold more than ten percent of total voting shares of the Company may apply to the People's Court for dissolution of the Company.

**Article 175** In the event that the situation described in item (1) of Article 174 in the Articles of Association occurs, the Company may subsist through amending the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding paragraph shall be passed by more than two-thirds of the voting rights held by the shareholders present at a general meeting.

**Article 176** In the event of dissolution pursuant to items (1), (2), (4) and (5) of Article 174 in the Articles of Association, the Company shall be liquidated. The directors shall be the Company's liquidators and a liquidation committee shall be set up within fifteen days from the date upon which the cause of dissolution arises. The composition of the liquidation committee of the Company shall be determined by the board of directors or by a general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out the liquidation.

**Article 177** The liquidation committee shall notify creditors within ten days of its establishment, and issue announcements on the newspapers or the National Enterprise Credit Information Publicity System within sixty days of its establishment.

Creditors shall declare their claims to the liquidation committee within thirty days from the date of receipt of the notice or, in the case of a creditor who does not receive the notice, within forty-five 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 their claims.

During the claim declaration period, the liquidation committee shall not settle any debts to the creditors.

**Article 178** The liquidation committee shall exercise the following functions and powers during the liquidation:

- (1) to dispose the Company's assets and to prepare balance sheets and inventories of assets respectively;
- (2) to notify the creditors by notice or announcement;
- (3) to deal with outstanding business of the Company relating to the liquidation;
- (4) to settle all outstanding taxes and taxes arising in the course of liquidation;
- (5) to settle claim and debts;

- (6) to handle the remaining assets of the Company after the settlement of debts;
- (7) to represent the Company in any civil proceedings.

**Article 179** After liquidating the Company's assets and preparing balance sheets and inventories of assets, the liquidation committee shall formulate a liquidation plan and submit such plan to the general meetings or the People's Court for confirmation.

The remaining assets of the Company, after payment of liquidation expenses, wages, social insurance premiums and statutory compensation of staff, outstanding taxes and debts of the Company, shall be distributed by the Company in proportion to the shares held by the shareholders.

During the liquidation, the Company shall continue to exist but shall not carry out any business activities not relating to the liquidation. The assets of the Company will not be distributed to the shareholders until settlement of debts in accordance with the preceding paragraph.

**Article 180** After liquidating the Company's assets and preparing balance sheets and inventories of assets, if the liquidation committee discovers that the Company's assets are insufficient to settle its debts, it shall apply to the People's Court for a declaration of bankruptcy in accordance with laws.

Upon declaration of bankruptcy of the Company by the People's Court, the liquidation committee shall hand over the liquidation matters to the People's Court.

**Article 181** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and the account books in respect of the liquidation period, and after verification by PRC certified public accountants, shall submit the same to the general meeting or the People's Court for confirmation, and within thirty days after which, the aforesaid documents shall be submitted to the company registration authority to apply for cancellation of registration of the Company and announce termination of the Company.

**Article 182** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with laws.

Members of the liquidation committee shall not take advantage of their position to accept bribes or other illegal income or expropriate the property of the Company.

Any member of the liquidation committee who causes loss to the Company or its creditors due to his or her intentional misconduct or gross negligence shall be liable for damages.

**Article 183** Where the Company is declared bankrupt in accordance with laws, it shall carry out bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

## CHAPTER 11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 184** The Company may amend the Articles of Association pursuant to laws, administrative regulations and the provisions of the Articles of Association. The Company shall amend the Articles of Association in any of the following circumstances:

- (1) upon amendments to the Company Law, the Listing Rules or relevant laws and administrative regulations, the Articles of Association run counter to the provisions of the amended laws, administrative regulations and Listing Rules;
- (2) there are changes to the Company's condition, rendering inconsistency with the Articles of Association;
- (3) the general meeting has resolved to amend the Articles of Association.

**Article 185** Unless otherwise provided in the Articles of Association, the procedures below shall be followed to amend the Articles of Association:

- (1) the board of directors shall adopt a resolution in accordance with the Articles of Association to prepare a proposal to amend the Articles of Association, or a proposal by the shareholders to amend the Articles of Association;
- (2) notify the shareholders of the amendment proposal and call a general meeting to vote on the proposal;
- (3) the amendments submitted to the general meeting for voting shall be adopted by special resolution.

The board of directors shall amend the Articles of Association in accordance with the resolution of the general meeting to amend the Articles of Association and the approval opinions from relevant competent authorities.

**Article 186** If the amendments to the Articles of Association resolved by the general meeting shall be subject to the approval of the competent authorities, they shall be submitted to the competent authorities for approval. Where the amendments involve registration matters of the Company, such change shall be registered in accordance with laws. If the amendments to the Articles of Association are information required to be disclosed by laws and regulations, such amendments shall be announced as stipulated.

## CHAPTER 12 NOTICES AND ANNOUNCEMENTS

**Article 187** 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:

- (1) by hand;
- (2) by mail;
- (3) by such electronic means as e-mail, fax, etc. or on information media;

- (4) by way of an announcement;
- (5) by other means approved by the securities regulatory authorities and stock exchange where the shares of the Company are listed or stipulated in the Articles of Association.

Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the relevant notice. Where it is otherwise provided in the rules of the securities regulatory authorities and stock exchange of the places where the shares of the Company are listed, these rules shall prevail.

Notwithstanding the requirements otherwise provided in the Articles of Association in relation to the form of dissemination or notification of any document, announcement or other corporate communications, the Company may, subject to the requirements of laws, administrative regulations, rules of authorities, regulatory documents, the relevant requirements of the securities regulatory authorities and stock exchange of the place where the shares of the Company are listed, opt for (i) sending or otherwise making available the corporate communication to relevant holders of its securities using electronic means, or (ii) disseminating corporate communications in the form as that published on the websites designated by the Company and the stock exchange of the place where the shares of the Company are listed, in lieu of distributing written documents to each holder of overseas listed shares by delivery by hand or by pre-paid post. Corporate communications abovementioned refer to any documents which are issued or to be issued by the Company to shareholders for their reference or for their action, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), reports of the board of directors (together with balance sheet and statement of profit & loss), notices of general meetings, circulars and other communication documents.

**Article 188** If the notice of the Company is delivered by hand, the addressee shall sign (or stamp) on the receipt of service, and the date of signature of the addressee shall be the date of service;

If a notice of the Company is sent by mail, the date of service shall be the 48th hour after the date of delivery to the post office;

If the notice of the Company is delivered by fax or emails or website publication, the date of service shall be the sending date;

Where a notice of the Company is sent by way of announcement, the date of publication of the first announcement shall be the date of service, provided that the relevant announcement shall be published in the newspapers and periodicals meeting the relevant provisions or sent in the manner prescribed in Article 196 of the Articles of Association.

The meeting and the resolutions of the meeting shall not be null and void if notice of the meeting fails to be delivered to or received by any person entitled to the notice due to accidental omission.

**Article 189** If the securities regulatory authorities and stock exchange of the place where the shares of the Company are listed request the Company to send, mail, issue, dispatch, publish or otherwise provide relevant documents of the Company 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.

### CHAPTER 13 SUPPLEMENTARY PROVISIONS

**Article 190** For the purposes of the Articles of Association, the term “accounting firm” shall have the same meaning as the term “auditor” used in the Listing Rules.

**Article 191** The Articles of Association is prepared in Chinese. In case of any discrepancy between the articles of association in any other language or of different version and the Articles of Association, the latest Chinese version of the Articles of Association registered and filed with the company registration authority shall prevail. In case of any discrepancy between the version in other language and the Chinese version, the Chinese version shall prevail.

**Article 192** Unless otherwise required by the context, the following terms used in the Articles of Association shall have the meanings ascribed to them below:

- (1) controlling shareholder refers to a shareholder whose shareholdings account for more than 50% of the total share capital of the Company; or a shareholder whose shareholdings are less than 50% but whose voting rights on the basis of his/her shareholdings are sufficient to exercise significant influence over the resolutions of the general meeting; or a person who possesses one of the criteria as prescribed in the Listing Rules:
  1. when acting alone or in concert with others, he/she may elect more than half of the directors;
  2. when acting alone or in concert with others, he/she may exercise more than thirty percent (including thirty percent) of the voting rights of the Company or may control more than thirty percent (including thirty percent) of the voting rights of the Company;
  3. when acting alone or in concert with others, he/she holds more than thirty percent (including thirty percent) of the shares issued by the Company;
  4. when acting alone or in concert with others, he/she can otherwise effectively control the Company.
- (2) acting in concert refers to an action in which two or more than two persons reach an agreement (whether oral or written) whereby they obtain voting rights in the Company enabling one of them to achieve or consolidate the goal of controlling the Company.
- (3) actual controller refers a person who is able, through investment relationships, agreements or other arrangements, to actually control corporate behaviors.

- (4) connected relationship refers to the relationship between the controlling shareholders, actual controllers, directors and senior management officers (including the associates of the above-mentioned persons as defined in the Listing Rules) and the enterprise directly or indirectly controlled by the Company, and other relationships that may lead to the transfer of interests of the Company, provided that the state-controlled enterprises are not connected simply because they are controlled by the state.

**Article 193** Unless otherwise provided in the Articles of Association, the expressions of “above”, “within”, “below” used in the Articles of Association shall include the original number; while the expressions of “lower than”, “less than”, “beyond”, “more than”, “exceed”, “over”, “before” and “after” shall exclude the original number.

**Article 194** The board of directors of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 195** The rules of procedures for general meetings and meetings of the board of directors are enclosed with the Articles of Association as appendices.

**Article 196** Any matters not covered in the Articles of Association shall be dealt with in the light of the actual circumstances of the Company in accordance with laws, administrative regulations and the relevant requirements of the securities regulatory authorities and the stock exchange of the place where the shares of the Company are listed. In case of any contradiction of the Articles of Association with the laws, administrative regulations, other relevant regulatory documents promulgated from time to time and the listing rules of the stock exchange of the place where the shares of the Company are listed, such laws, administrative regulations, other relevant regulatory documents promulgated from time to time and the listing rules of the stock exchange of the place where the shares of the Company are listed shall prevail.