

**Shanghai Conant Optical Co., Ltd.**

**Articles of Association**

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## CHAPTER 1 GENERAL PROVISIONS

### Article 1

In order to safeguard the legitimate rights and interests of Shanghai Conant Optical Co., Ltd. (the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Measures”), the Guidelines for the Articles of Association of the Listed Companies (“the Guidelines”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other relevant regulations.

### Article 2

The Company is a limited liability company established in accordance with the Company Law, the Trial Measures, and other relevant laws, administrative regulations or regulatory documents of the People’s Republic of China (the “PRC”).

The Company is a limited liability company established through the complete reorganization of Shanghai Conant Optical Co., Ltd. (上海康耐特光學科技集團有限公司) (“Conant Limited”) by converting the audited net assets of RMB307,558,901.26 to 305,000,000 ordinary shares with a face value of RMB1 per share by the ratio of 1:0.9917 on the base date of 31 January 2021. The Company was registered with the Shanghai Municipal Administration for Market Regulation on 23 February 2021, and obtained the Business License. The unified social credit code of the Company’s Business License: 91310115MA1HA3CA5Y.

The Company has a total of 9 promoter shareholders, including 4 non-natural person shareholders, namely Shanghai Shuyun Enterprise Management Partnership (Limited Partnership)\*, Jiaxing Huiyi Investment Partnership (Limited Partnership)\*, Shanghai Fengchang Enterprise Management Partnership (Limited Partnership)\* and Ningbo Meishan Bonded Port Zone Zhourong Lianer Investment Partnership (Limited Partnership), respectively; and 5 natural person shareholders, namely Qian Yaoming, Huang Anfen, Lan Zhiping, Fan Senxin and Fei Zhengxiang, respectively.

- Article 3** Registered Chinese name of the Company: 上海康耐特光學科技集團股份有限公司. English name of the Company: Shanghai Conant Optical Co., Ltd.
- Article 4** Company address: 4th Floor, Building 35, No. 1-42, Lane 83, Hongxiang North Road, Lin-gang Special Area, China (Shanghai) Pilot Free Trade Zone, China
- Article 5** The chairman of the board of directors is the legal representative of the Company.
- Article 6** The Company is a limited liability company in perpetual existence. The Company is an independent corporate legal person, has independent legal person properties, and enjoys the property rights of legal person, enjoys civil rights according to law, and bears civil liability. All actions of the Company shall comply with the provisions of the PRC laws, regulations and regulatory documents and shall protect the legitimate rights and interests of shareholders. The Company is governed and protected by the PRC laws, regulations and regulatory documents.
- Article 7** All the Company's capital shall be divided into equal shares. Shareholders shall assume liabilities to the Company to the extent of the shares subscribed by them. The Company shall be liable for its debts to the extent of its total assets.

**Article 8**

The Articles of Association takes effect from the date of listing and trading of the Company's overseas listed foreign shares on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") upon adoption by the Company's general meeting and filing with the relevant departments of the PRC. These Articles of Association replace the articles of association and the amendments thereof that the Company originally registered in the competent market supervision and administration department.

**Article 9**

Once effective, the Articles of Association shall constitute a legally binding document to regulate the organization and activities of the Company, the rights and obligations between the Company and its shareholders and among the shareholders.

The Articles of Association shall be legally binding on the Company and its shareholders, Directors, Supervisors, and senior management, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association and bear the corresponding obligations.

In accordance with the Articles of Association; a shareholder may take legal action against other shareholders, shareholders may take legal action against the Directors, Supervisors and senior management of the Company; shareholders may take legal action against and the Company and the Company may take legal action against its shareholders.

The actions referred to in the preceding paragraph include institution of proceedings in a court or making application to an arbitration institution for arbitration.

The "senior management" as referred to in the Articles of Association refers to the Company's general manager, deputy general manager, chief financial officer, secretary to the board of directors, and other persons who are explicitly appointed by the board of directors as the senior management of the Company. The "general manager" and "deputy general manager" as mentioned in the Articles of Association refer to "manager" and "deputy manager" in the Company Law, and the "chief financial officer" is the "person in charge of finance" in the Company Law.

**Article 10**

The Company may invest in other limited liabilities companies and joint stock limited liabilities companies and shall assume liabilities to the investees to the extent of the amount of its capital contribution, provided that it shall not become an investor that shall bear joint and several liabilities for the debts of the investees unless otherwise provided by laws. According to the needs of business development and as authorized by relevant governmental authorities, the Company may establish subsidiaries or branches, representative offices or offices outside China and the Hong Kong Special Administrative Region (“Hong Kong”), the Macao Special Administrative Region (“Macau”) and Taiwan region.

**CHAPTER 2 BUSINESS PURPOSES AND SCOPE**

**Article 11**

The business purposes of the Company is: to strengthen economic cooperation and technological exchange, develop production technology for resin lenses, introduce high-tech optical materials, open up the domestic and foreign spectacles markets, make products and services highly competitive at home and abroad, bring satisfactory economic benefits to all investors and create benefits for the society.

**Article 12**

Upon registration according to law, the business scope of the Company is: Licensed Items: transportation of goods through highway (excluding hazardous goods). (Items which need approvals according to laws shall be subject to the approvals of relevant authorities before operation activities can be carried out, and the specific items are subject to the approval documents or licenses of relevant departments) General Items: engagement in technology development, technology transfer, technical consultation and technical service in the professional fields of optical technology, network technology, intelligent technology, electronic technology and computer science and technology; import and export of technology; import and export of goods; spectacles sales (excluding contact lenses); sales of engineering plastics and synthetic resins; sales of optical instruments; selling agents; sales of Class 1 medical appliances; sales of Class 2 medical appliances; property management; landscaping project construction; real estate broker; online sales (other than sales of goods which is subject to permission). (except for items that are subject to approval in accordance with laws, the business activities shall be conducted independently with the business licences in accordance with laws).

The above business scope shall be subject to the items approved by the competent market supervision and administration department.

### CHAPTER 3 SHARES, REGISTERED CAPITAL AND SHARE TRANSFERS

**Article 13** The shares of the Company shall take the form of share certificates. The shares issued by the Company shall have a par value of RMB1 each.

The term “RMB” as mentioned in the preceding paragraph refers to the legal currency of China.

**Article 14** The shares of the Company shall be issued in accordance with the principles of open, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and in 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 15** Upon filing with the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and foreign investors.

In the preceding paragraph, “foreign investors” mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company, and “domestic investors” mean those investors within the territory of the PRC excluding the regions mentioned above who subscribe for shares issued by the Company.

**Article 16** Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as “domestic shares”, and shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as “foreign shares”. Foreign shares which are listed outside the PRC shall be referred to as “overseas listed foreign shares”. Both holders of domestic shares and holders of foreign shares listed overseas are ordinary shareholders who have same obligations and rights.

Foreign currency referred to in the preceding paragraph means a freely convertible legal currency of other countries or regions (other than Renminbi) which is recognized by the competent foreign exchange administration authority of the PRC and can be used for payment of the Company's shares.

The overseas listed foreign shares issued by the Company in Hong Kong ("H Shares") are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi, and which are subscribed for and traded in Hong Kong dollars.

**Article 17**

The Company issued 305,000,000 ordinary shares to its promoters upon its establishment with a face value of RMB1 per share. The number of shares subscribed for by each promoter is as follows:

| <b>Name of promoters</b>  | <b>Number<br/>of shares<br/>subscribed for<br/>(shares)</b> | <b>Percentage of<br/>shareholding</b> |
|---|---|---------------------------------------|
| Fei Zhengxiang  | 212,740,030   | 69.7508%                              |
| Fan Senxin  | 12,200,000  | 4.0000%                               |
| Qian Yaoming  | 10,980,000  | 3.6000%                               |
| Huang Anfen   | 6,100,000   | 2.0000%                               |
| Lan Zhiping   | 2,745,000   | 0.9000%                               |
| Shanghai Shuyun Enterprise<br>Management Partnership<br>(Limited Partnership)*                        | 18,396,670  | 6.0317%                               |
| Shanghai Fengchang<br>Enterprise Management<br>Partnership (Limited<br>Partnership)*                  | 11,948,300  | 3.9175%                               |
| Ningbo Meishan Bonded<br>Port Zone Zhourong Lianer<br>Investment Partnership<br>(Limited Partnership) | 14,945,000  | 4.9000%                               |
| Jiaxing Huiyi Investment<br>Partnership (Limited<br>Partnership)*                                     | 14,945,000  | 4.9000%                               |
| <b>Total</b>  | <b>305,000,000</b>  | <b>100.0000%</b>                      |



**Article 18** Upon approval by the securities regulatory authorities of the State Council, the Company can issue not exceeding 139,840,000 overseas listed foreign shares with a face value of RMB1 per share, all of which are ordinary shares.

Upon approval by the securities regulatory authorities of the State Council, all the promoters have converted all the non-listed shares of the Company they hold into overseas listed foreign shares (H shares).

The share capital structure of the Company is as follows: 426,600,000 ordinary shares, including 305,000,000 overseas listed foreign shares converted from domestic shares and 121,600,000 other overseas listed foreign shares.

**Article 19** The domestic shares issued by the Company are centrally deposited in China Securities Depository and Clearing Co., Ltd. The Company's H shares are mainly under the custody of Central Depository of the Hong Kong Securities Clearing Company Limited and may also be held by shareholders in their own names.

**Article 20** The registered capital of the Company is RMB426,600,000.

**Article 21** Unless otherwise stipulated in laws, administrative regulations or the listing rules of the region where its shares are listed or the Articles of Association, shares of the Company may be freely transferred according to law and shall be free from all liens. The transfer of shares of the Company shall be registered with a share registrar appointed by the Company.

**Article 22** The Company shall not accept any shares of the Company as the subject of a pledge.

**Article 23**

Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of the Company shall not be transferred within one year from the date on which the shares of the Company were listed and traded on the stock exchange(s).

The directors, supervisors and senior management of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company they hold. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure. If the listing rules of the stock exchange in which the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

**Article 24**

Upon filing with the securities regulatory authorities of the State Council, all or part of domestic shares may be converted into overseas listed shares that can be listed and traded on overseas stock exchanges. The listing and trading of the above shares on overseas stock exchanges shall also comply with the regulatory procedures, regulations and requirements of such overseas stock markets. No general meeting or class meeting is required with respect to the conversion and/or transfer of the above shares and their listing and trading on overseas stock exchanges. The overseas listed shares converted from the domestic shares are the same class of shares as the original overseas listed shares.

**Article 25** The Company or its subsidiaries (including associated entities of the Company) shall not, by way of a gift, advance, guarantee, compensation, loans or otherwise, provide any financial assistance to a person who purchases or intends to purchase its own shares.

#### **CHAPTER 4 CHANGE IN SHARE CAPITAL AND SHARE BUYBACK**

**Article 26** In light of its operation and development needs and in accordance with laws and regulations and resolutions of the general meeting, the Company may increase its capital according to relevant provisions of the Articles of Association.

The Company may increase its capital by the following means:

- (I) Public issuance of shares;
- (II) Non-public issuance of shares;
- (III) Alloting new shares to existing shareholders;
- (IV) Converting the reserve funds into share capital;
- (V) Other methods permitted by laws and administrative regulations and approved by relevant regulatory authorities.

Upon approval to increase the Company's capital via an issue of new shares according to the provisions of the Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws, administrative regulations of the PRC and supervision rules of the region where the shares of the Company are listed.

**Article 27** As required by the Articles of Association, the Company may decrease its registered capital. The Company's decrease of registered capital shall comply with the procedures stipulated in the Company Law of the People's Republic of China, other related regulations and the Articles of Association.

**Article 28** If the Company decreases its registered capital, it must prepare a balance sheet and a list of properties.

The Company shall notify the creditors within 10 days after adoption of the resolution to reduce the registered capital and shall publish an announcement in newspapers within 30 days. The creditors shall have the right to require the Company to repay the debts or provide the corresponding guaranty for debt repayment within 30 days after receipt of the notice or within 45 days after the announcement if the creditors fail to receive the notice.

The registered capital of the Company after capital reduction shall not be below the statutory minimum limit.

**Article 29**

The Company shall not repurchase its shares, except in one of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies that hold shares in the Company;
- (III) to use the shares for employee shareholding schemes or as share incentives;
- (IV) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;
- (V) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
- (VI) to safeguard corporate value and shareholders' equity as the Company deems necessary;
- (VII) other methods permitted by laws, administrative regulations and listing rules of the stock exchange on which the Company's shares are listed.

**Article 30**

The Company may purchase its shares through the method of open and centralized trade, or other methods authorized by laws, administrative regulations, the China Securities Regulatory Commission or the Listing Rules.

If the Company acquires its own shares under the circumstances provided in items (iii), (v) and (vi) of the first paragraph of Article 29 of the Articles of Association, it shall be carried out by open and centralized trade.

**Article 31**

Where the Company acquires its own shares for reasons set forth in clauses (I) and (II) of Article 29 hereof, it shall obtain the approval at the general meeting in accordance with the provisions hereunder; where the Company acquires its own shares for reasons set forth in clauses (III), (V) and (VI) of Article 29 hereof, a resolution thereon may, pursuant to the requirements of the Articles of Association or the mandate of the shareholders' general meeting, be resolved at a Board meeting that is attended by not less than two-thirds of all directors. Upon the acquisition of its shares by the Company pursuant to the provisions under Article 29 hereof, under the circumstance set forth in clause (I), the shares so acquired shall be cancelled within 10 days after the said acquisition; under the circumstances set forth in clauses (II) and (IV), the shares so acquired shall be transferred or cancelled within six months. For the shares repurchased pursuant to the provisions under clauses (III), (V) and (VI) of Article 29 hereof, the total number of shares held by the Company shall not exceed 10% of its total issued shares, and the shares so acquired shall be transferred or cancelled within three years.

If there are other provisions in the related laws, administrative regulations, departmental rules, other normative rules and relevant regulations as prescribed by the securities regulatory authorities located at the places where the Company's shares are listed on the aforesaid relevant matters in respect of share repurchase, such provisions shall prevail.

**Article 32** The Company shall apply to the original company registration authority for registration of change of the registered capital in the event that the shares bought back are cancelled by the Company. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

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

**Article 33** The Company shall create a register of shareholders based on the evidence provided by a securities registry, the register of shareholders is a sufficient evidence of shareholders' shareholding in the Company. A shareholder shall enjoy the rights and bear the obligations according to the class of the shares held by him/her; shareholders who hold shares of the same class shall enjoy the same rights, bear the same obligations.

**Article 34** Pursuant to the understanding and agreement reached between the securities regulatory authority of the State Council and the overseas securities regulatory authorities, the Company may keep the original overseas listed foreign share register overseas and appoint overseas agent(s) to manage it. The original copy of the register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall guarantee the register of holders of foreign shares listed overseas is open to inspections during business hours by the shareholders without charge at the appointed overseas agent(s). The register of holders of foreign shares may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any designated stock exchange or by means of digital media which may be accepted by the designated stock exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at its place of domicile. The designated overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas-listed foreign shares at all times.

If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign shares, the original version shall prevail.

**Article 35**

The Company shall maintain a complete register of members.

The register of members shall include the following parts:

- (I) the register of members which is maintained at the Company's place of domicile (other than those registers of members which are described in paragraphs (II) and (III) of this Article);
- (II) the register of members in respect of the holders of overseas-listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (III) the register of members which is maintained in such other place as the board of directors may consider necessary for the purpose of listing of the Company's shares.

**Article 36** Requirements on the closure of register of members before general meetings or record dates for determining the entitlement to dividends prescribed by laws, regulations or relevant stock exchanges or securities regulatory authorities of the regions where shares of the Company are listed shall be observed.

The aforesaid period of closure of registers of members shall not exceed thirty (30) days within one year, but can be extended by thirty (30) days at most upon approval of the shareholders' general meetings, or otherwise in the manner as permitted under section 632 of the Companies Ordinance of Hong Kong.

**Article 37** When the Company convenes the general meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of shareholders' identity, the board of directors or the convenor of the general meeting shall fix a date as the equity registration date, upon expiration of which the shareholders whose names appear on the register of members shall be the shareholders entitled to relevant rights and interests.

If the Company receives an application for inspection of the register of members during the period of closure of the register of members, it shall issue a certificate signed by the company secretary, specifying the approval/reporting authority and the period for closure of the register of members.

## **CHAPTER 6 RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS**

**Article 38** Shareholder of every class shall enjoy equal rights in the distribution of dividend or distribution in any other form.

For a corporate shareholder, its legal representative or a proxy appointed thereby shall exercise the rights on its behalf.

**Article 39** Holders of the ordinary shares of the Company shall enjoy the following rights:

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



- (II) the right to propose, convene, preside over, attend or appoint proxies to attend general meetings and to exercise the corresponding voting right;
- (III) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;
- (IV) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations, the listing rules of the stock exchange where our shares are listed and the Articles of Association;
- (V) the right to inspect these Articles, the register of members, counterfoils of corporate bonds, minutes of shareholders' general meetings, resolutions of the meetings of board of directors and supervisors and the financial and accounting report;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (VII) where shareholders raise objections to resolutions adopted by the shareholders' general meeting on the merger or division of the Company, and thus require the Company to repurchase the shares held by the dissenting shareholders;
- (VIII) such other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 40**

In the event that any resolution of the general meeting or the board of directors of the Company violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

In the event that the convening procedure or voting method of the general meeting or meeting of the board of directors is in violation of laws, administrative regulations or the Articles of Association, or resolution of which violates the Articles of Association, any shareholder is entitled to ask the court to overturn it within 60 days after the resolution was made.

**Article 41**

Where a Director or senior management contravenes the laws, administrative regulations or the Articles of Association in the performance of his/her duties resulting in any loss to the Company, shareholder(s) holding individually or in aggregate not less than 1% of the Company's shares consecutively for not less than 180 days shall have the right to request in writing that the board of supervisors institute litigation in a people's court. Where a Supervisor violates the laws, administrative regulations or the Articles of Association in the discharge of his/her duties resulting in any loss to the Company, such shareholder(s) may request in writing that the board of directors institute litigation in a people's court.

If the board of supervisors or the board of directors refuses to commence litigation upon receipt of the shareholder's written request under the preceding paragraph, or does not commence litigation within 30 days upon receipt of the request, or the situation is so urgent that without an immediate litigation it will cause irreparable losses to the Company, the shareholders so entitled under the previous paragraph may commence litigation directly at the people's court under their own names for the interest of the Company.

If any person intervenes with the lawful interests of the Company and result in losses suffered by the Company, a shareholder so entitled under the first paragraph of this Article may commence litigation at the people's court in accordance with the two preceding paragraphs.

**Article 42**

Where a Director or senior management contravenes any laws, administrative regulations or the Articles of Association in infringement of shareholders' interests, a shareholder may institute litigation at a people's court.

**Article 43**

Holders of the ordinary shares of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (III) not to return Shares unless prescribed otherwise in laws and regulations;
- (IV) not to abuse shareholders' 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;

Any shareholder who abuses shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law.

Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

- (V) to assume other obligations required by laws, administrative regulations and these Articles of Association.

**Article 44**

Controlling shareholders and de facto controllers of the Company shall not use their connected relationships to harm the interests of the Company. Otherwise, they shall be liable to compensate the Company against losses the Company has thus suffered in violation of the regulations.

Controlling shareholders and de facto controllers shall act in good faith to the Company and other public shareholders thereof. Controlling shareholders shall strictly and legally exercise the rights of capital contributors and shall not impair the lawful rights of the Company and other public shareholders by such means as profit distribution, assets reorganization, external investment, appropriation of funds, borrowing and loan guarantee, nor shall they with their controlling status damage the interests of the Company and other public shareholders.

## CHAPTER 7 GENERAL MEETING

### Section 1 General Provisions on General Meeting

**Article 45** The general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

**Article 46** The general meeting shall exercise the following functions and powers:

- (I) to decide on the operating policies and investment plans of the Company;
- (II) to elect and replace directors or supervisors respectively other than a director or supervisor who is an employee representative; and to decide on matters relating to their remuneration;
- (III) to review and approve reports of the board of directors;
- (IV) to review and approve reports of the board of supervisors;
- (V) to review and approve the annual financial budgets and final accounts of the Company;
- (VI) to review and approve the profit distribution plans and loss recovery plans of the Company;
- (VII) to adopt resolutions on increasing or reducing the registered capital of the Company;
- (VIII) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

- (IX) to adopt resolutions on the issuance of corporate bonds, other securities and their listing;
- (X) to adopt resolutions on the appointment, reappointment or non-renewal, or dismissal of the engagement of accounting firms by the Company;
- (XI) to amend the Articles of Association;
- (XII) to review and approve the provision of guarantee under the provisions of Article 47 in the Articles of Association;
- (XIII) to review and approve the purchase or the sale of major assets by the Company within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;
- (XIV) to review matters raised by a shareholder alone or shareholders jointly holding not less than 3% of the voting shares of the Company;
- (XV) to review and approve the alteration of the use of raised proceeds;
- (XVI) to review and approve the equity incentive plan and the employee share scheme;
- (XVII) to review other matters that required to be resolved by the general meetings prescribed by the law, administrative regulations, departmental rules, listing rules of the stock exchange where our shares are listed or these Articles of Association.

The above-mentioned functions and powers of the general meeting shall not be exercised by the board of directors, other organizations or individuals through authorization.

**Article 47**

The provision of the following external guarantee of the Company shall be approved by the shareholders' general meeting.

- (I) the provision of any guarantee after the total amount of external guarantee offered by the Company and any of the Company's controlling subsidiaries exceeds 50% of the latest audited net assets;
- (II) the provision of any guarantee after the total amount of external guarantee offered by the Company exceeds 30% of the latest audited total assets;
- (III) guarantee the aggregate amount of which exceeds 30% of the latest audited total assets within one year;
- (IV) guarantee provided to the guaranteed object whose asset-liability ratio exceeds 70%;
- (V) a single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (VI) guarantee provided to the shareholders, the de facto controllers or their related parties;

**Article 48**

Unless the Company is in danger or other special circumstances, the Company shall not, without approval at a general meeting by means of special resolutions, enter into any contract with any person other than a director, supervisor and senior management whereby the administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

**Article 49**

General meetings include annual general meetings and extraordinary general meetings. General meetings shall be convened by the board of directors. Annual general meetings shall be convened once a year and within six months from the end of the preceding fiscal year.

**Article 50**

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months from the date on which the circumstance occurs:

- (I) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;
- (II) the losses of the Company that have not been made up reach one-third of its total paid in share capital;
- (III) such is requested in writing by a shareholder alone or shareholders jointly holding not less than 10% of the Company's outstanding voting shares;
- (IV) the board of directors considers it necessary;
- (V) the board of supervisors proposes that such a meeting shall be held;
- (VI) not less than two independent non-executive directors propose that such a meeting shall be held;
- (VII) other circumstances as specified by laws, administrative regulations, departmental rules, listing rules of the stock exchange where our shares are listed or these Articles of Association.

**Article 51**

The venue of general meeting of the Company is our registered address or other place notified by the convener of the general meeting.

General meetings shall usually be held onsite or, if allowed by the securities regulatory authorities, may be held in other ways approved or required by the authorities. Shareholders participating in the general meetings by any aforesaid means shall be deemed as having attended the meetings. The Company also provides online voting methods for the convenience of shareholders attending general meetings. Shareholders participating in the general meetings by any aforesaid means shall be deemed as having attended the meetings.

## Section 2 Proposal and Convening of General Meetings

### Article 52

Independent non-executive directors shall be entitled to propose to the board of directors to convene an extraordinary general meeting. The board of directors shall provide its feedback in writing on approval or disapproval within ten days from the receipt of such proposal in accordance with laws, administrative regulations and the Articles of Association. Where the board of directors approves the convening of the extraordinary shareholders' general meeting, it shall send the notice thereof within five days after the said resolution is approved at board meeting; otherwise, the reasons for such disapproval shall be stated and announced.

### Article 53

The board of supervisors shall be entitled to propose to the board of directors to convene an extraordinary general meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall provide its feedback in writing on approval or disapproval within ten days from the receipt of such proposal in accordance with laws, administrative regulations and the Articles of Association.

Where the board of directors approves the convening of extraordinary shareholders' general meeting, it shall send a notice thereof within five days after the resolution is approved at board meeting. Any change to the original proposal in the notice shall be approved by the board of supervisors.

Where the board of directors disapproves the convening of the extraordinary shareholders' general meeting after receiving the aforesaid written proposal or fails to provide its feedback within ten days from the receipt of the said proposal, it shall be deemed incapable or failure to fulfill the obligation of convening the shareholders' general meeting; the board of supervisors may thereby convene and preside over the meeting on its own, and the procedures according to which they convene such meeting shall, to the extent possible, be identical to the procedures according to which shareholders' general meetings are to be convened by the board of directors.



**Article 54**

Shareholders individually or jointly, on a one vote per share basis, holding not less than 10% of the Company's voting shares shall have the right to propose in writing to the board of directors the convening of the extraordinary shareholders' general meeting. The board of directors shall, in accordance with the provisions in laws, administrative regulations and these Articles, provide feedback in writing on the approval or disapproval within ten days from the receipt of such proposal.

Where the board of directors approves the convening of the extraordinary shareholders' general meeting, it shall send the notice thereof within five days after the said resolution is approved at board meeting. Any change to the original proposal in the notice shall be approved by the relevant shareholders.

Where the board of directors disapproves the convening of the extraordinary shareholders' general meeting or fails to provide feedback within ten days from the receipt of the said proposal, the shareholders which singly or jointly hold not less than 10% of the shares of the Company shall have the right to propose in writing the convening of the extraordinary shareholders' general meeting to the board of supervisors.

Where the board of supervisors approves the convening of the shareholders' general meeting, it shall within five days from the receipt of the said written request send a notice thereof. Any change to the original proposal in the notice shall be approved by the relevant shareholders.

Where the board of supervisors fails to send the said notice within the prescribed time limit, it shall be deemed that they fail to convene and preside over the shareholders' general meeting and shareholders which singly or jointly hold not less than 10% of the Company's shares for not less than ninety consecutive days may convene and preside over the meeting independently.

**Article 55**

If the board of supervisors or the shareholders convene a meeting on its/their own initiative as provided in this Section, they shall notify the board of directors in writing, and the board of directors and the secretary to the board of directors shall offer cooperation for the meeting, and the board of directors shall provide a register of members as of the equity registration date. For a general meeting convened and presided over by the shareholders on their own, the shareholding by the shareholders who convene the meeting shall not be below 10% prior to the announcement of the resolution of the general meeting. If the board of supervisors or the shareholders convene and hold a meeting on their own due to the failure of the board to hold the meeting as requested under Article 53 and Article 54, the Company shall bear the reasonable expenses incurred thereby.

**Section 3 Proposals and Notice of General Meetings**

**Article 56**

The content of a proposal shall be within the powers of the general meeting, have definite items and specific issues for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 57**

Where the Company convenes a general meeting, the board of directors, board of supervisors, and shareholders individually or jointly holding not less than 3% of the Company's voting shares shall have the right to make proposals to the Company.

Shareholder individually or jointly holding not less than 3% of the Company's voting shares may submit an interim proposal in writing to the convener 10 days before the general meeting is convened.

The convener shall serve a supplementary notice of general meeting within two days after receipt of the proposals and announce the contents of the interim proposals. The contents of the interim proposals shall be within the powers of the general meeting, have definite items and specific issues for resolution.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of general meeting or add any new proposal after the said notice is served.

**Article 58** Proposals not set out in the notice of general meeting or not complying with Article 56 of the Articles of Association shall not be voted on or resolved at the general meeting.

**Article 59** A written notice of the annual general meeting stating, among other things, matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the register of members 20 days before the meeting. For extraordinary general meeting, the shareholders shall be notified 15 days before the meeting is held. In relation to the notice specified in this article, the issuing date is the date of the notice which the Company or the share registrar appointed by the Company delivers the notice to the postal office.

The duration of issue of the notice is exclusive of the day on which the meeting is convened.

**Article 60** The notice of a general meeting shall include the followings:

- (I) The time, place and duration of the meeting;
- (II) Tender the matters and resolutions to be reviewed at the meeting;
- (III) Contain distinctly a statement that: all ordinary shareholders (including the holders of preferred shares with restored voting rights) have the right to attend and vote at the general meeting either in person or by proxy in writing, and that such proxy need not be a shareholder of the Company;
- (IV) Share registration date for any shareholder entitled to attend the shareholders' general meeting;
- (V) Name and telephone number of the permanent contact person in charge of shareholders' general meeting;
- (VI) Time and procedure for voting for resolutions via Internet or other means.

**Article 61**

Where the shareholders' general meeting proposes to discuss matters related to the election of directors and supervisors, the notice of the shareholders' general meeting shall fully disclose detailed information about such director and supervisor candidates, including at least the following contents:

- (I) such personal information as the education background, work experience, part-time job, etc.;
- (II) whether the director or supervisor candidates have connected relationship with the Company or its controlling shareholders and the de facto controllers;
- (III) disclosure of the number of Company shares held by the director or supervisor candidates;
- (IV) whether the director or supervisor candidates have received punishments from the China Securities Regulatory Commission or other departments or disciplinary actions from the stock exchange.

Except for the election of directors and supervisors by means of a cumulative voting system, each director or supervisor candidate shall be nominated in a single proposal.

**Article 62**

The general meeting shall not be postponed or canceled and the proposals listed in the notice shall not be canceled without just cause after the notice of the general meeting was made. If any circumstance that may result in delay or cancellation occurs, the convener shall publish and explain the reasons at least 2 working days before the original convening day. Where there are other rules in respect of the aforesaid matters in the listing rules of the stock exchange where our shares are listed, such rules shall prevail.

**Article 63**

In the event that the notice of the meeting is not sent to persons entitled to receive it due to accidental omission, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be thereby invalidated.

#### **Section 4 Convening of General Meetings**

**Article 64**

The board of directors and other conveners of the Company shall take necessary measures to ensure the normal order of the shareholders' general meetings. They shall take measures to prevent acts which interfere with the shareholders' general meeting, cause disturbance or infringe on the lawful rights of the shareholders, and shall promptly report such acts to the relevant departments for investigation and punishment.

**Article 65**

All the registered shareholders or their proxies on the equity registration date have the right to attend the general meeting and exercise their voting rights according to relevant laws, regulations and the Articles of Association. Any shareholder who is entitled to attend and vote at our general meeting has the right to appoint one or more persons (who may not necessarily be shareholders) as his or her shareholder proxies to attend and vote at the meeting in his or her place.

If the shareholder is a recognized clearing house (or its agent) meeting the definitions in the relevant Hong Kong ordinances formulated from time to time, the said shareholder may authorize one or more persons as it deems appropriate to act on its behalf at any general meeting, class general meeting or any creditors meetings. However, if more than one person is thus authorized, the power of attorney shall state the number and type of shares in respect of which each such person is authorized and shall be signed by the authorized officer of the recognized clearing house. The persons thus authorized may attend a meeting on behalf of the recognized clearing house (or its agent) and exercise the same powers as if he were an individual shareholder of the Company without the need to produce the shareholding certificates, the notarized power of attorney and/or further evidence of formal authorization.

**Article 66**

An individual shareholder attending a general meeting in person shall present the certificate certifying his or her capacity as a shareholder;

A proxy attending a general meeting on behalf of an individual shareholder shall, other than proof of identity of the principal, present his or her own proof of identity and the power of attorney.

A corporate shareholder should attend the meeting by its legal representatives or the proxy appointed by the legal representative. The legal representative attending the meeting shall present his or her identity card or valid certificate bearing evidence of his or her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his or her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder (other than a recognized clearing house or its agent).

**Article 67**

The shareholder proxy appointment shall be in writing and shall be signed by the principal or a person duly authorized in writing. Where the principal is a corporate entity, it shall be either affixed with its corporate seal or signed by a Director or a duly authorized agent.

The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:

- (I) the name of the proxy;
- (II) whether or not the proxy has any voting right;
- (III) directive to vote for or against from voting on each and every issue included in the agenda of the general meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal; where the principal is a corporate shareholder, it shall be either affixed with its corporate seal or signed by a Director or a duly authorized agent;

(VI) the number of shares held by the principal represented by the authorized shareholder proxy;

(VII) if several persons are appointed as shareholder proxies, the power of attorney shall specify the number of shares to be represented by each proxy.

**Article 68**

The power of attorney for voting shall be kept at our residential address or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated voting time. If the power of attorney is signed by another person authorized by the principal, the power of attorney authorizing signature or other instrument of authorization shall be notarized, which shall be kept together with the power of attorney at our residential address or other location designated in the notice convening the meeting.

Where the principal is a corporate entity, its legal representative or a person authorized by the board of directors or other decision-making body shall attend the general meeting of the Company on behalf of the principal as its proxy.

**Article 69**

The power of attorney shall specify that the shareholder proxy may vote as he thinks fit if the shareholder does not provide specific instructions.

**Article 70**

Attendees register shall be prepared by the Company, which register shall state the names (or names of the corporations), ID card number and the residential address of the attendees, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.

**Article 71**

The convener shall jointly verify the shareholders' qualifications based on the register of members provided by the securities registration and clearing house, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the chairman of the meeting announces the number of shareholders and proxies that attend the meeting and the total amount of their voting shares.

**Article 72**

Where a director, supervisor or senior management is required to attend a general meeting, such director, supervisor or senior management shall attend the meeting and answer the queries from shareholders.

**Article 73**

The general meeting shall be convened and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his or her duties for certain reasons, the meeting shall be convened and presided over by the vice chairman of the board of directors (if there are two or more vice chairmen, the one elected by not less than one half of the directors shall preside). Where the position of vice chairman does not exist, or where the vice chairman is unable or fails to perform his or her duties, the board of directors may appoint a director of the Company to convene the meeting and act as the chairman of the meeting.

If independently convened by the board of supervisors, the shareholders' general meeting shall be presided over by the chairman thereof. Where the chairman of the board of supervisors is unable to or fails to perform his duties, the shareholders' general meeting shall be presided over by the vice chairman of the board of supervisors. Where the vice chairman is unable to or fails to perform his duties, the supervisor elected by not less than half of the supervisors shall preside over the meeting.

Shareholders' general meetings independently convened by the shareholders shall be presided over by a representative recommended by the convener.



Where the convener violates the procedural rules while the shareholders' general meeting is being held so that the meeting is unable to continue, a presider may, with the approval by more than half of voting rights represented by the shareholders present at the shareholders' general meeting, be elected by the shareholders' general meeting to continue the meeting.

**Article 74** The Company shall stipulate the rules of procedures for the general meeting and specify in detail the procedure for convening and voting at the general meeting, including notification, registration, reviewing of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, public announcements as well as principles of authorization to the board of directors by the general meeting. The rules of procedures for the general meeting shall be stipulated by the board of directors and approved by the general meeting.

**Article 75** In the annual general meeting, the board of directors and board of supervisors shall report their work during the past year to the general meeting. Each independent non-executive director shall also present a work report.

**Article 76** Directors, supervisors and senior management members shall explain and answer the enquiries and suggestions from shareholders at the general meeting.

**Article 77** The chairman of meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of their voting shares which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

**Article 78**

The general meeting shall have minutes prepared by the secretary to the board of directors. The minutes shall state the following contents:

- (I) Time, venue and agenda of the meeting and names of the convener;
- (II) The name of the meeting chairman and the names of the directors, supervisors and senior management members attending or present at the meeting;
- (III) The numbers of shareholders (including holders of domestic shares and holders of overseas-listed foreign shares (if any)) and proxies attending the meeting, number of voting shares they represent and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (IV) The process of review and discussion, summary of any speech and voting results of each proposal;
- (V) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;
- (VI) Names of vote counters and scrutinizer of the voting;
- (VII) Other contents to be included as specified in these Articles of Association.

**Article 79**

The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretary to the board of directors, conveners and their representatives and the meeting chairman shall sign on the minutes. The minutes shall be kept together with the registration record of attendant shareholders, authorization letters of proxies, valid data on internet voting and other means of voting.

**Article 80**

The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to resume the meeting or directly terminate that meeting immediately followed by a timely public announcement and report in accordance with the laws, regulations or listing rules of the stock exchange of the place where the Company's shares are listed.

## Section 5 Voting at and Resolution of Shareholders' General Meeting

**Article 81** Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolutions at a general meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights.

Special resolutions at a general meeting shall be adopted by shareholders in attendance (including proxies) holding not less than two-thirds of the voting rights.

**Article 82** Shareholders (including proxies) have the rights to speak at the general meeting, and shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

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

Subject to and conditional upon compliance with applicable laws, regulations or requirements of the listing rules of the stock exchange of the place where the Company's shares are listed, the board of directors, independent non-executive directors and other shareholders who qualify with relevant specified conditions may solicit for the voting shares from shareholders.

When the general meeting considers connected transactions, the connected shareholders shall not participate in the voting if so specified in the applicable law, regulations or listing rules of the stock exchange of the place where the Company's shares are listed. His shares held with voting rights will not be counted within the total number of valid votes. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-connected shareholders.

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

**Article 83**

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

- (I) work reports of the board of directors and the board of supervisors;
- (II) profit distribution plan and loss recovery plan formulated by the board of directors;
- (III) election and removal of members of the board of directors and supervisors not being representatives of the employees;
- (IV) remuneration and manner of payment of members of the board of directors and supervisors;
- (V) annual budget and final accounts report;
- (VI) annual report of the Company;
- (VII) such matters other than those required to be passed by special resolutions under the laws and administrative regulations and the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association.

**Article 84**

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

- (I) the increase or reduction of the registered capital by the Company;
- (II) the division, spin-off, merger, dissolution and liquidation of the Company;
- (III) the amendment to these Articles of Association;
- (IV) where, within the period of one year, purchases or sales by the Company or the amount of the guarantee provided by the Company exceeds 30% of the total assets of the Company as of the most recent audit;

- (V) share incentive plan;
- (VI) other matters which the laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or these Articles of Association require to be adopted by special resolutions and which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

**Article 85**

The name list of director and supervisor candidates shall be submitted as proposals to the shareholders' general meeting for vote.

When the shareholders' general meeting votes upon the election of directors and supervisors in accordance with the provisions of these Articles or the resolution adopted by the shareholders' general meeting, the cumulative voting system may be used.

The "cumulative voting" stated in the preceding paragraph shall mean when the shareholders' general meeting is electing directors or supervisors, each share shall have the same number of votes as the number of directors or supervisors who are up for election, and the voting rights of all the shareholders may be exercised in a centralized manner. The board of directors shall announce the résumé and basic information of each candidate of directors and supervisors to the shareholders.

**Article 86**

In addition to the cumulative voting, the shareholders' general meeting may take a vote on all the proposals item by item. Where different proposals are submitted for the same matter, votes shall be cast in the sequence that such proposals are submitted. The shareholders' general meeting shall not suspend or refuse voting upon the said proposals unless the meeting is suspended or is unable to adopt a resolution as a result of particular reasons such as force majeure.

- Article 87** The shareholders' general meeting, when examining the proposals, shall not amend them, otherwise, the relevant alteration shall be deemed as a new proposal which shall not be voted on at the same shareholders' general meeting.
- Article 88** Each voting right shall be exercised by only one of such means including onsite, through the internet or otherwise. The first vote prevails if repeated votes are made by the same voting right.
- Article 89** Votes at the shareholders' general meeting shall be made by means of open ballot. Prior to vote on proposals at the shareholders' general meeting, two shareholders shall be elected as representatives by the shareholders' general meeting to participate in the vote counting and supervision. If shareholders have connected relationship with the matters to be deliberated on, the concerned shareholders and proxies thereof shall not take part in the vote counting and supervision. When the shareholders' general meeting is voting on proposals, the representatives of shareholders and supervisors shall be jointly responsible for the vote counting and supervision thereof and announce the voting results in the meeting which shall be recorded into the minutes of the meeting. Shareholders of the Company or their proxies who cast votes via internet or through other means shall have the right to examine their voting results by accessing to the corresponding voting system or by other means.
- Article 90** The onsite shareholders' general meeting shall not finish earlier than the shareholders' general meeting held through the internet or by any other means. The presider of the onsite shareholders' general meeting shall announce the voting results of each proposal and announce if the proposals have been passed according to the voting results. Prior to the formal announcement of the voting results, the companies, vote counters, vote supervisors, major shareholders and the internet service providers and other related parties involved in the shareholders' meeting held onsite, through the internet or by any other means shall bear obligation of confidentiality on the voting results.

- Article 91** Shareholders who attend the shareholders' general meeting shall take one of the following stances when a proposal is put forward for voting: for, against or abstain. Except where the securities registrar and clearing agency, as the notional holder of the shares traded under the interconnection mechanism between the Mainland and Hong Kong stock markets, makes the declaration in accordance with the intention of the actual holder. Any votes which are uncompleted, erroneously completed or illegible or uncasted shall be counted as an abstention of voting rights by the voters and the voting results of the number of shares they hold shall be counted as "abstain".
- Article 92** If the chairman of the meeting has any doubt as to the result of a resolution put to the vote, he may have the votes counted; if the chairman of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the results announced by the chairman of the meeting may demand that the votes be counted immediately after the announcement of results, and the chairman of the meeting shall propose that the voting resolution is not passed, or the previous resolutions of the last shareholders' general meeting are altered at the current shareholders' general meeting, special indications shall be made in the announcement of the said meeting.
- Article 93** The resolutions of the shareholders' general meeting shall be announced promptly and such announcement shall indicate the number of shareholders and proxies attending the meeting, the number of voting shares held by them, the proportions of their voting shares in the total voting shares of the Company, the voting methods, the vote results of each proposal and the particulars of each resolution adopted.
- Article 94** If the resolution is not passed, or the previous resolutions of the last shareholders' general meeting are altered at the shareholders' general meeting, special indications shall be made in the announcement of the said meeting.
- Article 95** Where the shareholders' general meeting passes a proposal concerning election of directors and supervisors, the time of their assumption of office shall be the date the resolution is made at the shareholders' general meeting.

**Article 96**

Where the shareholders' general meeting passes a proposal regarding the distribution of cash dividends, share granting or conversion of common reserve fund into share capital, the Company shall implement the detailed plan for such proposals within two months from the end of the shareholders' general meeting.

**CHAPTER 8 THE BOARD OF DIRECTORS****Section 1 Directors****Article 97**

The directors of the company are natural persons. A person may not serve as a director if he falls into any of the following categories:

- (I) a person without capacity for civil conduct or with restricted capacity for civil conduct;
- (II) a person who has committed corruption, bribery, infringement of property, misappropriation of property or disrupting socialist market economy order, and has been sentenced accordingly; or who has been deprived of his political rights, in each case where five years have not yet elapsed since the date of completion of his punishment;
- (III) a person who is a former director or factory manager or manager of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where three years have not yet elapsed since the date of completion of the liquidation of the company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise which had its business license revoked or ordered to close down due to a violation of the law and who incurred personal liability, where 3 years have not yet elapsed since the date of revocation of the business license of the company or enterprise;
- (V) a person who has a relatively large amount of debts due and outstanding;



(VI) other circumstances stipulated by laws, administrative regulations, departmental rules and the listing rules of the stock exchange where the Company's shares are listed.

Any election, appointment or employment of directors in violation of this provision shall be invalid. The Company shall dismiss the director if he is involved in the said circumstances set out in this Article during his term of office.

#### **Article 98**

Directors shall be elected or changed at the general meeting, and may be removed at the shareholders' general meeting before the expiration of their term of office and serve a term of three years for each session. A director may serve consecutive terms if re-elected upon the expiry of his term, unless otherwise stipulated by the relevant laws, regulations, these Articles of Association and listing rules of the stock exchange of the place where the Company's shares are listed.

The term of a director commences from the date on which he assumes office, until the current term of service of the board of directors ends. If a director's term of service expires but a new director is not yet appointed, the existing director shall continue to fulfill the duties as a director according to the laws, administrative regulations, departmental regulations and these Articles of Association until the newly elected director's appointment comes into effect.

A director may concurrently hold the positions of general manager or other senior management members. But the total number of general managers or other senior management members who also assume directorship in the company shall not exceed one half of the total number of directors.

Without violation of relevant laws and regulations and the regulatory rules of the place where the shares of the Company are listed, all directors appointed to fill casual vacancies to the board of directors or newly appointed directors shall be subject to election by shareholders at the first annual general meeting after their appointment.

A director needs not be a shareholder of the Company.

**Article 99**

The directors shall abide by laws, administrative regulations, and these Articles, and faithfully perform the following obligations for the Company:

- (I) not to abuse their functions and powers to accept bribery or other illegal income and not to misappropriate the Company's assets;
- (II) not to embezzle the Company's funds;
- (III) not to open accounts in their own name or in the names of others, for depositing the funds or assets of the Company;
- (IV) not to lend the Company's funds to others or provide guarantees for others with the Company's assets in violation of the provisions hereof and without the approval of the shareholders' general meeting or the board of directors;
- (V) not to enter into any contract or transaction with the Company in violation of the provisions hereof and without the approval of the shareholders' general meeting;
- (VI) not to take advantage of position to seek for himself or herself or others the business opportunities originally belong to the Company, operate for himself or herself or others business similar to the Company's without the consent of shareholders at the general meeting;
- (VII) not to accept commission derived from transactions with the Company as personal gains;
- (VIII) not to disclose secrets of the Company without authorization;
- (IX) not to abuse connected relationships to impair the interests of the Company;
- (X) other faithful discharge of obligations as prescribed in the laws, administrative regulations, departmental regulations and these Articles.

Any income of the directors arising from violation of this Article shall be owned by the Company; where the directors cause losses to the Company, they shall bear compensation liabilities.

**Article 100**

The directors shall abide by the laws, administrative regulations and these Articles, and shall perform the following obligations with due diligence for the Company:

- (I) prudently, earnestly and diligently exercise the rights conferred by the Company so as to ensure the compliance of the Company's business operations with the requirements of the State laws, administrative regulations and the various State economic policies and that business activities do not exceed the business scope mentioned in the business license;
- (II) treat all the shareholders fairly;
- (III) timely be informed of the business operations and management of the Company;
- (IV) sign the Company's periodical reports with written confirmations and opinions, to ensure the authenticity, accuracy and completeness of the information disclosed by the Company;
- (V) provide relevant information and materials to the board of supervisors faithfully, and not impede the board of supervisors or supervisors in exercising their functions and powers;
- (VI) other obligations of diligence as prescribed in the relevant laws, administrative regulations, departmental regulations and these Articles.

**Article 101**

The directors shall, collectively and individually, fulfill their fiduciary duties and duties of skill, care and diligence to a standard at least in compliance with the standard established by the laws of Hong Kong. This means that every director must, in the performance of his duties as a director:

- (I) act honestly and in good faith in the interests of the Company as a whole;
- (II) act for proper purpose;
- (III) be answerable to the listed company for the application or misapplication of its assets;

- (IV) avoid actual and potential conflicts of interest and conflicts in duty;
- (V) disclose fully and fairly his interests in contracts with the listed company; and
- (VI) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding a directorship in a listed company.

**Article 102**

The notice concerning proposed nomination of a director candidate and the written notice regarding the indication of the candidate's intention to accept the nomination shall be sent to the Company with a notice period of at least 7 days. The said period shall not commence earlier than the first day upon the issue of the notice for convening the general meeting for this purpose, and the date of expiry shall not be later than 7 days prior to the date of convening the general meeting.

Subject to compliance with relevant laws, regulations and the listing rules of the listing place where the Company's shares are listed, a director can be removed by way of an ordinary resolution passed on a general meeting before the expiry of his term of office. Such removal does not prejudice the director's claim for damages pursuant to any contract.

**Article 103**

If a director is unable to attend board meetings in person for two consecutive meetings, and does not appoint other directors to attend board meeting on his behalf, he shall be deemed as failing to perform his duties. The board of directors shall propose to the general meeting to dismiss him.

**Article 104**

A director may resign before expiry of his term of service. When a director resigns, he shall tender a written resignation notice to the board of directors.

If the number of the directors fall below the minimum statutory requirement due to a director's resignation, the existing director shall continue to perform his duties in accordance with the law, administrative regulations, departmental rules and these Articles of Association until the re-elected director assumes office; the notice of resignation of the resigning director will only become effective until a new director is appointed to fill the vacancy.

Save for the circumstances referred to in the preceding paragraph, the director's resignation takes effect upon delivery of his/her resignation notice to the board of directors.

**Article 105**

Upon resignation taking effect or expiration of his term of office, a director shall complete his hand-over procedures with the board of directors. The fiduciary duties of a director to the Company and the shareholders do not necessarily cease after the end of his tenure of office, and shall remain in force within two years. Where his obligation of confidentiality of the Company's trade secrets shall remain in force after his tenure of office until such trade secrets become publicly known. Other obligations may continue for such period as the principle of fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 106**

Save as specified in these Articles of Association or authorized by the board of directors in accordance with laws, no director shall act in his personal capacity on behalf of the Company or the board of directors. When a director acts in his personal capacity, but a third party may reasonably believe that the director is representing the Company or the board of directors, that director shall declare his stance and capacity in advance.

**Article 107**

If a director breaches the laws, administrative regulations, departmental regulations or these Articles of Association when carrying out his duties and causes loss to the Company, he shall be held responsible for damages.

## Section 2 Board of Directors

**Article 108** The Company shall set up a board of directors which shall be accountable to the general meetings.

**Article 109** The board of directors shall consist of 7–9 directors, including not less than 3 independent non-executive directors and accounting for not less than one-third of the members of the board of directors.

The board of directors shall have one chairman, and the general meeting shall decide whether or how to set up the post of vice chairman by an ordinary resolution at the general meeting (the reference to vice chairman herein and thereafter within these Articles of Association is only applicable to circumstances where position(s) of vice chairman (or vice chairmen) is set up in the Company).

The chairman and vice chairman (or vice chairmen) shall be elected and removed by more than half of all directors. The term of office of the chairman and vice chairman (or vice chairmen) shall be three years, renewable upon re-election.

**Article 110** The board of directors exercises the following functions and powers:

- (I) to convene general meetings and report to the general meetings;
- (II) to implement resolutions of the general meetings;
- (III) to decide on the Company's business plans and investment plans;
- (IV) to formulate the annual financial budgets and final accounts of the Company;
- (V) to formulate the Company's profit distribution plans and plans on making up losses;
- (VI) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;

- (VII) to formulate plans for the Company's merger, division, dissolution or change of corporate form;
- (VIII) to formulate plans for the Company's substantial acquisitions and sale, and repurchase of shares of the Company;
- (IX) within the scope authorised by the general meeting, to decide on such matters as the Company's external investments, acquisition and disposal of assets, provision of security on the Company's assets, provision of guarantee, wealth management entrustment and connected transactions, etc.;
- (X) to decide on establishment of internal management organs of the Company;
- (XI) to decide the establishment of committees of the board of directors; appoint or dismiss chairman (convenor) of the committees of the board of directors;
- (XII) to engage or dismiss the Company's general manager and secretary to the board of directors, company secretary; to engage or dismiss senior management including deputy general manager(s) and the person in charge of finance of the Company in accordance with the nominations by general manager, and to decide on their remunerations;
- (XIII) to formulate the basic management system of the Company;
- (XIV) to formulate proposals to amend these Articles of Association;
- (XV) to formulate proposals to adopt share incentive plan of the Company;
- (XVI) to manage information disclosure of the Company;
- (XVII) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- (XVIII) to listen to work reports submitted by the general manager of the Company and review his/her work;

(XIX) to decide material matters and administrative matters other than those matters required to be decided by the general meeting of the Company in accordance with laws, administrative regulations, department regulations and these Articles of Association and to sign other material agreements;

(XX) other functions and powers provided for in laws, administrative regulations, department regulations, listing rules of the listing place where the Company's shares are listed and these Articles of Association, and conferred at general meetings.

The above matters of authority exercised by the board of directors or any transaction or arrangement of the Company which shall be considered and approved at the general meeting according to listing rules of the listing place where the Company's shares are listed, shall be submitted to the general meeting for consideration and approval.

If the matters are out of the authorized scope conferred by the shareholders' general meeting, such matters should be tendered to the shareholders' general meeting for review.

#### **Article 111**

The board of the directors of the Company shall establish the audit committee and may establish the nomination committee, the remuneration and appraisal committee and other relevant specialized committees as needed. The specialized committees are accountable to the board of directors and perform their duties in accordance with the Articles of Association and authorization by the board of directors. Their proposals shall be submitted to the Board for deliberation and decision. The membership of the specialized committees shall all be composed of directors, of which independent directors shall account for the majority of the members and act as the convener of the audit committee, the nomination committee, and the remuneration and appraisal committee, and the convener of the audit committee shall be a qualified accountant. The board of directors shall formulate the rules of procedures for each specialized committee, so as to regulate its operation.



**Article 112** The board of directors of the Company shall explain to the shareholders' general meeting any non-standard audit opinions on the Company's financial statements issued by the certified public accountants.

**Article 113** The board of directors shall formulate the rules of procedures of the board of directors to ensure implementation of the resolutions of the general meetings, enhance work efficiency and ensure scientific decision-making. The rules of procedures of the board of directors specifying the convening and voting procedures of board meetings shall be formulated by the board of directors, subject to consideration and approval at the general meeting.

**Article 114** The board of directors shall confirm on the rights regarding the approval of external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth, connected transactions, external donations, etc.; shall establish strict examination and decision-making procedures; the major investment projects shall be subject to review by the relevant experts and professionals and be reported to the shareholders' general meeting for approval.

**Article 115** The chairman of the board shall exercise the following functions and powers:

- (I) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (II) to supervise, check the implementation of resolutions of the board of directors;
- (III) other functions and powers authorized by the laws, administrative regulations, departmental rules, these Articles of Association and the board of directors.

The vice chairman shall assist the chairman of the board of directors in work. Should the chairman be unable or fail to exercise his/her duties or powers, the vice chairman shall exercise such duties or powers (if the Company has two or more vice chairmen, the vice chairman jointly recommended by not less than a half of the directors shall perform such duties or powers). If there is no vice chairman appointed or if the vice chairman is unable to or fails to exercise his/her duties or powers, a director elected by not less than one half of the directors shall exercise such duties or powers.

## Article 116

The board meetings include regular meetings and extraordinary meetings.

A regular board meetings shall be held at least four times a year. The meeting shall be convened by the chairman of the board by serving notices and relevant documents to all directors and supervisors 10 days prior to the date of meeting.

An extraordinary board meeting shall be convened at the request of the shareholder representing not less than one tenth of the voting rights, not less than one-third of the directors or the board of supervisors. The chairman shall, convene and preside over the extraordinary board meeting within 10 days upon receipt of the request, and shall deliver a notice to all directors and supervisors three days prior to the meeting is held.

In case of emergency, an extraordinary board meeting may be held upon approval by the chairman, which is not subject to the requirement of meeting notice as set out in this Article, given that a proper notice shall be given to directors, supervisors and general manager.

Board meetings can be held by means of telephone conference, video conference, circulation of documents, fax and other means of communication on the premise that the directors can fully express their opinions. All directors so present at the meeting shall be deemed to have attended the meeting in person. For board meetings held by means of communication, notices of such meetings shall provide details of the proposals to be put forward at the meetings and specify the deadline for voting. Directors who attend such meetings shall send their voting opinions to the Company by fax before the voting deadline specified in the notices, and send the original of voting opinions signed by themselves to the board of directors of the Company.

Where any director has a material conflict of interest in the matters to be considered by the board, such matters shall be handled by convening a board meeting (instead of by a written resolution). Any independent non-executive director and its associates not materially interested in a transaction shall attend the relevant board meeting.

**Article 117** The notice of board meetings may be delivered in the manners as set out in Article 191 of these Articles of Association.

Directors who have attended the meeting will be deemed to have been issued a notice of board meeting if he had not raised any issues of not having received such notice before or during the board meeting.

**Article 118** A notice of board meeting shall include the following contents:

- (I) the date and venue of meeting;
- (II) the duration of the meeting;
- (III) the matters and topics to be considered;
- (IV) the date of issuance of notice;

**Article 119** The board meeting shall be held only when more than half of the directors (including proxies) are present, except for the approval of connected transactions by the board of directors as stipulated in Article 121 of these Articles of Association.

Unless or otherwise provided in other articles herein, resolutions of the board of directors shall be passed by more than half of all directors.

Vote on board of directors resolution shall be carried out on the basis of one person one vote. Each director shall have one vote. In the case of equal votes in favor of and against the resolution, the chairman of the board of directors shall have a casting vote.

**Article 120** A director should attend board meetings in person. Where a director is unable to attend for certain reasons, he may appoint in writing another director to attend the board meeting on his behalf. The instrument of proxy shall specify the name of the proxy, relevant matters, scope of authorization and the validity period, and shall be signed or sealed by the appointor.

The director attending the meeting on behalf of the entrusting director shall only exercise the rights within the scope of authorization. A director failing to attend a board meeting either in person or by proxy shall be deemed as having waived his right to vote at the meeting.

The expenses reasonably incurred by directors in attending board meetings shall be borne by the Company. Such expenses shall include the travelling expenses from the place of domicile of the directors to the venue of the meeting (if it is not at the place of domicile of the directors), accommodation expenses during the meeting and local transportation expenses.

**Article 121**

If any director has connected relationship with the enterprises that are involved in the matters to be resolved at the meeting of the board of directors, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the board of directors may be held only if more than half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the board of directors shall be passed by more than half of the directors without a connected relationship. If the number of non-connected directors present at such meeting does not reach three, the matter shall be submitted to the general meeting for consideration.

Except for the circumstances allowed by Note 1 of Appendix 3 to the Listing Rules or the Hong Kong Stock Exchange, a director shall not exercise the voting right on any resolutions of the board of directors in relation to any contract or arrangement or any other suggestions where he or any of his close associates (as defined in the Listing Rules) is materially interested, nor shall he/she exercise the voting right on behalf of other directors. The board meeting can be held with the attendance of more than half of the non-connected directors (such director shall not be counted in the quorum of the relevant meeting). The resolutions of the board meeting shall be passed by more than half of the non-connected directors. Where the number of non-connected directors attending a board meeting does not reach three, such matter shall be submitted to the general meeting for deliberation.

**Article 122**

Voting on board meetings shall be conducted by open ballot.

**Article 123**

The board of directors shall keep minutes of resolutions on matters discussed at relevant meetings. The minutes shall be signed by the directors and the secretary to the board of directors.

The minutes of the meeting of the board of directors shall be kept on file at the Company for a period of no less than ten years.

The directors shall be responsible for the resolutions of the board of directors. Any director who votes for a resolution which violates the laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability.

**Article 124**

Minutes of the board meetings shall consist of the following:

- (I) the date and venue of the meeting and the name of the convener;
- (II) the names of the attending directors and the directors (proxies) attending the meeting on behalf of others;
- (III) the agenda of the meeting;
- (IV) the highlights of directors' speeches;
- (V) the voting method and result of each resolution (the result shall specify the number of votes for, against and abstaining).

**CHAPTER 9 SECRETARY TO THE BOARD OF DIRECTORS**

**Article 125**

The Company shall have a secretary to the board of directors. The secretary to the board of directors is a member of the senior management of the Company.

**Article 126**

The secretary to the board of directors of the Company shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the board of directors.

The primary duties of the secretary to the board of directors are:

- (I) to ensure that the Company has complete constitutional documents and records;
- (II) to ensure that the Company prepares and submits reports and documents as required by the competent authorities in accordance with law;
- (III) to ensure that the register of members of the Company is properly established and that the persons who have the right of access to the relevant records and documents of the Company are able to gain access to the same in due time;
- (IV) to exercise other duties stipulated by laws, administrative regulations, departmental rules, the listing rules of the places where the Company's shares are listed or these Articles of Association.

**Article 127**

Director or other senior management personnel of the Company may serve concurrently as the secretary to the board of directors. Any accountant from the accounting firm engaged by the Company shall not concurrently serve as the secretary to the board of directors of the Company.

Where the office of the secretary to the board is held concurrently by a director, and an act is required to be made by a director and the secretary to the board separately, the person who concurrently holds the offices of director and secretary to the board shall not perform the act in dual capacity.

**Article 128**

Directors, general manager and relevant departments within the Company shall support the secretary to the board of directors to perform his or her duties pursuant to the laws, and provide necessary assurance in terms of organizational structure, staff deployment and costs. Relevant departments of the Company shall actively support the work of the secretary to the board of directors.

**CHAPTER 10 GENERAL MANAGER**

**Article 129**

The Company has one general manager, several deputy general managers to assist the general manager; and one chief financial officer. The general manager, deputy general managers and chief financial officer shall be appointed or dismissed by the board of directors.

**Article 130** The circumstances of disqualification for directors prescribed in Article 97 of the Articles of Association shall be applicable to senior executives.

Provisions regarding the duty of loyalty of directors under Article 99 and of diligence of directors under items (IV), (V) and (VI) of Article 100 hereof shall be applicable to the senior executives.

**Article 131** Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company shall not serve as a senior executive of the Company.

The senior executives only receive remuneration in the Company, not paid by the controlling shareholders on behalf of the Company.

**Article 132** The general manager shall serve terms of three years and may serve consecutive terms if reappointed.

The general manager may resign before his or her term of office expires. The procedure and rules for such resignation shall be specified in the labor contract between the general manager and the Company. If the general manager is unable to fulfil his or her duty for any special reason, the board of directors shall designate one deputy general manager to act on his or her behalf.

Directors may concurrently serve as general manager or other senior management personnel.

**Article 133** The general manager shall be accountable to the board of directors and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, and to report his/her works to the board of directors;
- (II) to organise the implementation of the resolutions of the board of directors;
- (III) to organise the implementation of the Company's annual business plans and investment plans;
- (IV) to draft plans for the establishment of the Company's internal management organisation;
- (V) to draft plans for the establishment of the Company's branches;

- (VI) to draft the Company's basic management system;
- (VII) to formulate the Company's basic regulations;
- (VIII) to propose the appointment or dismissal of the Company's deputy general manager, chief financial officer or other senior management personnel;
- (IX) decide to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (X) such other functions and powers conferred by these Articles of Association or the board of directors.

**Article 134** The general manager of the Company shall attend Board meetings. A non-director manager shall not have any voting right at the Board meetings.

**Article 135** The general manager shall formulate detailed working rules of the general manager, which shall be submitted to the board of directors for approval before implementation.

**Article 136** In exercising functions and powers, the general manager of the Company shall fulfil the obligation of integrity and diligence in accordance with laws, administrative regulations and these Articles of Association.

**Article 137** The senior executive who violates laws, administrative regulations, departmental regulations or these Articles of Association while performing his/her duties to the Company, thereby causing losses to the Company shall be liable for compensation.

**Article 138** Senior executives of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior executive of the Company causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.



## CHAPTER 11 BOARD OF SUPERVISORS

### Section 1 Supervisors

**Article 139** The circumstances of disqualification for directors prescribed in Article 97 of the Articles of Association shall be applicable to supervisors.

**Article 140** The term of office of each supervisor shall be period of three years, renewable upon re-election.

**Article 141** Any directors, general managers and other senior management shall not act concurrently as supervisors.

**Article 142** If the term of office of a Supervisor expires but re-appointment is not made responsively, or if any Supervisor resigns during his or her term of office so that the membership of the board of supervisors falls below the quorum, the existing supervisor shall continue performing the duties as supervisor pursuant to the laws, administrative regulations and these Articles of Association until a new supervisor is appointed.

**Article 143** Supervisors may attend the meeting of the board of directors, and make enquiry or provide suggestions on the resolutions of the board of directors.

**Article 144** The supervisors shall not abuse their connected relationship to harm the interests of the Company, and shall compensate for any losses caused to the Company.

**Article 145** Supervisors shall assume their obligation to the Company to act faithfully and diligently, and not abuse their functions and powers to accept bribery or other illegal income, nor embezzle company assets in accordance with the laws, administrative regulations and these Articles of Association.

If any supervisor violates the laws, administrative regulations, departmental rules or these Articles of Association in performing his or her duties, thereby incurring any loss of the Company, the said supervisor shall be liable for compensation.

## Section 2 Board of Supervisors

- Article 146** The Company shall establish a board of supervisors.
- Article 147** The board of supervisors shall consist of three (3) supervisors, one of which shall be the chairman.
- The chairman of the board of supervisors shall be elected by more than half of all supervisors.
- Article 148** The board of supervisors consists of shareholders' representative supervisors and an employee representative supervisor. Shareholders' representative supervisors shall be elected and removed by the general meeting. The employee representative supervisor shall account for no less than one-third of the members of the board of supervisors, and shall be elected and removed by the employees of the Company democratically.
- Article 149** The board of supervisors shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:
- (I) shall examine the regular reports of the Company as prepared by the board of directors and give its examination opinions in writing;
  - (II) to examine the Company's financial matters;
  - (III) to supervise the performance by the directors and senior management of their duties to the Company to ensure that there is no violation of laws, administrative regulations and these Articles of Association of the Company during their performance of the duties to the Company; to propose the dismissal of the directors and senior management who violates laws, administrative regulations, these Articles of Association of the Company or the resolutions of the general meeting;
  - (IV) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

- (V) to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the board of directors fails to perform its duties to convene and preside the general meetings;
- (VI) to submit motion to the general meetings;
- (VII) to propose the convening of interim meeting of the board of directors;
- (VIII) to communicate or sue directors and senior management on behalf of the Company in accordance with Article 151 of the Company Law;
- (IX) to investigate any abnormal matters during the business operation of the Company; if necessary, to engage professionals such as accounting firms or law firms to assist it in exercising its functions and powers with expenses being borne by the Company;
- (X) other functions and powers provided by these Articles of Association.

**Article 150**

Meetings of the board of supervisors shall be held at least once every six months, and shall be convened by the chairman of the board of supervisors. Supervisors may propose to convene an extraordinary meeting of the board of supervisors.

Where the chairman of the board of supervisors is incapable of performing or fails to perform his or her duties, a Supervisor recommended by not less than half of the supervisors shall convene and preside over the meeting of the board of supervisors.

**Article 151**

The board of supervisors shall formulate the rules of procedures for the board of supervisors in order to ensure working efficiency and scientific decision-making. The convening method and voting procedure stipulated in the rules of procedures for the board of supervisors shall be drafted by the board of supervisors and approved by the general meeting.

**Article 152** A meeting of the board of supervisors can be held with the attendance of more than half of the supervisors, and the resolutions of the board of the supervisors shall be passed with not less than half of the votes of the supervisors. Voting at the meeting of the board of supervisors shall be carried out by poll and each supervisor shall have one vote. Supervisors shall attend meetings of the board of supervisors in person, or appoint in writing another supervisor to attend the meeting on his or her behalf due to his or her absence. The letter of authorization shall specify the scope of authorization.

**Article 153** The board of supervisors shall file resolutions as minutes, which shall be signed by the attending supervisors.

Supervisors shall be entitled to have an explanatory note made in the minutes regarding his or her speech at the meeting. Minutes of the meeting of the board of supervisors shall be kept on company file for at least ten years.

**Article 154** A written notice of a meeting of the board of supervisors shall be served to all the supervisors 10 days before the date of a regular meeting or three days before the date of an extraordinary meeting. Notice of urgent meetings is not subject to the aforesaid time restriction.

The notice of a meeting of the board of supervisors shall specify:

- (I) the date, venue, and duration of the meeting;
- (II) the reasons and issues of discussion;
- (III) the date of issuance of notice.

**Article 155** Reasonable expenses of the supervisors for attending meetings of the board of supervisors shall be borne by the Company. The said expenses cover travelling expenses from the place of domicile of the supervisors to the venue (if it is not at the domicile of the supervisors) of the meeting, accommodation expenses, rent for the venue and local travelling expenses during the meeting.

**Article 156** The reasonable expenses incurred by the board of supervisors in the engagement of professionals such as lawyers, certified public accountants, practicing auditors, etc., to perform its duties shall be borne by the Company.

## CHAPTER 12 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

**Article 157**                    The Company shall formulate its financial and accounting systems in accordance with the laws, administrative regulations and the PRC accounting standards formulated by the relevant financial authority of the State Council.

**Article 158**                    The fiscal year of the Company is Gregorian calendar year, i.e. from 1 January to 31 December every year.

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

**Article 159**                    The Company shall report, disclose and/or file documents like annual reports, interim reports, results announcement to its shareholders in accordance with the laws, regulations, listing rules of the region where the Company's shares are listed and other regulatory documents.

**Article 160** The financial statements of the Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. In distributing its profits after tax for an accounting year, the lower of the two amounts shown in the financial statements shall be adopted.

**Article 161** Any interim results or financial information published or disclosed by the Company shall be prepared not only in accordance with the PRC accounting standards and regulations, but also in accordance with either the international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed.

**Article 162** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited into any personal account.

**Article 163** Where the Company distributes its after-tax profits for a given year, it shall allocate 10% of the profits to its statutory reserve. The Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches not less than 50% of its registered capital.

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

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

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

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

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

**Article 164** The reserve of the Company is used to make up the Company's losses, expand the production operation of the Company or increase the Company's capital. However, capital reserve shall not be used to make up the Company's losses.

When statutory reserve is converted into capital, the remaining balance of that reserve shall not less than 25% of the registered capital of the Company before the conversion.

**Article 165** After resolution of the profit distribution plan is made at the Company's shareholders' general meeting, the board of the directors of the Company shall complete the distribution of dividends (or shares) within two months from the end of the shareholders' general meeting.

**Article 166** The Company shall appoint receiving agents for holders of overseas-listed foreign investment shares to collect on behalf of the relevant shareholders the dividends distributed and other amount payable by the Company in respect of overseas-listed foreign investment shares.

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

#### **CHAPTER 13 APPOINTMENT OF ACCOUNTING FIRM**

**Article 167** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial report and review other financial reports of the Company. The accounting firm shall serve a term of one year and may be re-engaged.

The first accounting firm of the Company may be appointed at the inaugural meeting before the first annual general meeting, and the term of the said accounting firm shall end at the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise its authority specified in the preceding paragraph, such authority shall be exercised by the board of directors.

**Article 168** The accounting firm appointed by the Company shall hold office from the close of the current annual general meeting until the conclusion of the next annual general meeting.

**Article 169** The Company's appointment of an accounting firm must be determined by the general meeting by ordinary resolution. The board of directors shall not appoint an accounting firm prior to the decision of the general meeting.

**Article 170** The general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of employment, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

**Article 171** Audit fee of the accounting firm shall be decided at the general meeting by ordinary resolution.

**Article 172** The Company's appointment, removal and non-reappointment of an accounting firm shall be decided at the general meeting.

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

- (I) the proposal in relation to the appointment or dismissal shall be sent prior to the issue of notice of shareholders' general meeting to the accounting firm to be appointed, the accounting firm leaving its post or the accounting firm which has left its post during the accounting year. An accounting firm leaving its post includes dismissal, resignation and retirement.



- (II) If the accounting firm leaving its post makes a statement in writing and requests the Company to notify such statement to the shareholders, unless the statement is received too late, the Company shall:
  - (1) state on the notice issued for adoption of the resolution that an accounting firm about to leave its post has made a statement; and
  - (2) submit the copy of the statement as an appendix to the notice to the shareholders in the manner stipulated in these Articles of Association.
- (III) in the event that the statement of the accounting firm has not been dispatched in accordance with the provisions in paragraph (II) of this Article, the relevant accounting firm may request such statement to be read at the shareholders' general meeting, and may make further appeals.
- (IV) the accounting firm leaving its post shall be entitled to attend the following meetings:
  - (1) the shareholders' general meeting at which its term of service would otherwise have expired;
  - (2) the shareholders' general meeting for filling the vacancy caused by its dismissal; and
  - (3) the shareholders' general meeting convened as a result of its voluntary resignation.

An accounting firm which is leaving its post shall be entitled to receive all notices of, and other information relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 173**

Prior notice shall be given to the accounting firm if the Company decides to dismiss such accounting firm or not to renew the appointment thereof. The accounting firm shall have the right to make a representation of opinions to the general meeting of shareholders. Where an accounting firm tenders its resignation, it shall explain at the general meeting whether there has been any impropriety on the part of the Company.

(I) An accounting firm may resign its office by depositing at the Company's legal registered address a resignation notice. Such notice shall take effect upon the date it is placed at the Company's legal registered address or a later date as specified in the notice. The notice shall include the following statements:

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

(II) Within 14 days upon the receipt of such notice in writing as referred in paragraph (I) of this Article, the Company shall deliver a copy of the notice to the relevant governing authority. Provided that the notice contains statements under paragraph (I)(2) of this Article, the Company shall prepare and made available copies of such statements for shareholders' inspection.

The Company shall also deliver copies of the said statements with postage prepaid mail to each overseas listed foreign shareholder at the address as registered in the shareholders register, or subject to applicable laws, regulations and listing rules, publish such information at the Company's website or a site specified by the stock exchange of the places where the Company's shares are listed.

(III) If the accounting firm's resignation notice contains any statement under paragraph (I)(2) of this Article, the accounting firm may request the board of directors to convene an extraordinary general meeting to obtain explanations on the situation of its resignation.

## CHAPTER 14 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

### Section 1 Merger and Division

**Article 174** The merger or division of the Company shall require the preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in these Articles of Association, relevant examination and approval procedures shall be carried out according to law. Shareholders that oppose such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

**Article 175** The merger of a company may take the form of absorption or the establishment of a new company.

When a company absorbs other companies, it is merger by absorption, and the absorbed companies shall be dissolved. When not less than two companies merge to establish a new company, it is merger by new establishment, and all parties being merged shall be dissolved.

In the event of a merger, the merging parties shall execute a merger agreement, prepare balance sheets and a property list. The Company shall notify its creditors according to the Company Law, and shall publish a notice in newspapers recognized by the stock exchange of the places where the Company's shares are listed, and settle its debts or provide corresponding guarantees as the creditors require.

The creditors' rights and debts of each of the merging parties shall be assumed by the company which survives the merger or the newly established company.

**Article 176**

When the Company is divided, its assets shall be divided up accordingly.

In the event of a division of the Company, the parties to such division shall execute a division agreement, balance sheets and a property list of the Company shall be prepared. The Company shall notify its creditors according to the Company Law, and publish a notice in newspapers recognized by the stock exchange of the places where the Company's shares are listed in thirty days.

Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

**Article 177**

Changes in particulars of the companies after merger or division must be registered with the registration authorities in accordance with the law. Cancellation of registration shall be made in accordance with the law when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the law.

**Section 2 Dissolution and Liquidation**

**Article 178**

The Company shall be dissolved and liquidated according to the law under any of the following circumstances:

- (I) other circumstances triggering dissolution of the Company as set forth in these Articles of Association;
- (II) the general meeting resolves to dissolve the Company by special resolution;
- (III) dissolution is necessary as a result of the merger or division of the Company;
- (IV) the Company's business licence is revoked or it is ordered to close down or it is deregistered according to laws; or

- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding not less than 10% of all shareholders' voting rights of the Company may petition a people's court to dissolve the Company.

**Article 179**

When any of the circumstances prescribed in Item (I) of Article 178 of the Articles of Association occurs, the Company may continue to exist by modifying the Articles of Association, which shall be approved by not less than two-thirds of voting powers held by shareholders present at the general meeting according to the provisions of the preceding paragraph.

Where the Company is dissolved according to the provisions of items (I), (II), (IV) and (V) of Article 178 hereof, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of directors or persons determined at general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a people's court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If the Company is to be dissolved pursuant to item (IV) of Article 178 hereof, the people's court shall, in accordance with the provisions of relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

**Article 180**

If the board of directors decides that the Company shall be liquidated (except for the liquidation as a result of the Company's declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the conditions of the Company and that the board of directors is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation.

The functions and powers of the board of directors of the Company shall terminate immediately after the general meeting has passed the resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting and shall make a report to the general meeting on the committee's income and expenditure as well as the business of the Company and the progress of the liquidation at least annually. It shall make a final report to the general meeting when the liquidation is completed.

**Article 181**

The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on the newspapers designated by the stock exchange where the Company's shares are listed within 60 days of its establishment. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement.

To declare credits, a creditor shall explain the relevant matters and provide relevant supporting materials. The liquidation committee shall register the credits.

The liquidation committee shall not settle debts to any creditor during the period of credit declaration.

**Article 182**

The liquidation committee exercises the following functions during the process of liquidation:

- (I) to ascertain the Company's assets and prepare a balance sheet and a property list;
- (II) to notify creditors by notice or announcement;
- (III) to deal with the outstanding affairs of the Company in relation to the liquidation;
- (IV) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle credits and debts;
- (VI) to dispose of the remaining assets of the Company after the settlement of debts; and
- (VII) to represent the Company in any civil proceedings.

**Article 183**

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

**Article 184**

In the event that the Company is liquidated due to dissolution, and the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the people's court for a declaration of bankruptcy in accordance with the law.

After the people's court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the people's court.

**Article 185**

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit the same to the general meeting or the people's court for confirmation and submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

**Article 186**

The members of the liquidation committee shall devote themselves to their duties and fulfill their obligations of liquidation according to the law.

None of the members of the liquidation committee shall take bribe or other illegal proceeds by taking advantage of his or her position, nor shall he or she misappropriate any of the assets of the Company.

Where any members of the liquidation committee cause any loss to the Company or any creditor with intention or due to gross negligence, he or she shall be liable to make indemnification.

## CHAPTER 15 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 187**                    The Company shall amend these Articles of Association in accordance with the laws, administrative regulations, the listing rules of the place where the Company's shares are listed and these Articles of Association.

**Article 188**                    In any one of the following situations, the Company shall amend these Articles of Association:

- (I)    after the amendment of the Company Law or relevant laws, administrative regulations and the listing rules of the place where the Company's shares are listed, the contents of these Articles of Association conflict with such amended laws or administrative regulations and the listing rules of the place where the Company's shares are listed;
- (II)   there are changes in the Company render these Articles of Association incorrect; or
- (III) the general meeting resolves to amend these Articles of Association.

**Article 189**                    If an amendment to these Articles of Association involves matters requires the approval from the competent regulatory authority, it shall be submitted to the competent regulatory authority for approval. If an amendment to these Articles of Association involves a registered item of the Company, registration of the change shall be carried out in accordance with the law.

**Article 190**                    Any amendment to these Articles of Association that involves information to be disclosed as required by the law, regulations or the listing rules of the places where the Company's shares are listed, shall be publicly announced as required.



## CHAPTER 16 NOTICES

### Article 191

Notices of the Company may be served through means as follows:

- (I) by hand;
- (II) by post;
- (III) by fax or email;
- (IV) subject to the law and regulations, and the listing rules of the stock exchange of the places where the Company's shares are listed, by publishing at the Company's website and such website as designated by the relevant stock exchange;
- (V) by public announcement;
- (VI) by such other means as agreed between the Company and the recipient in advance or accepted by the recipient after receipt of such notices; or
- (VII) by such other means as approved by the relevant regulatory agency of the places where the Company's shares are listed or as set out in these Articles of Association.

Notwithstanding the provisions on the publication or notice of any document, announcement or other communications in these Articles of Association, the Company may, pursuant to the listing rules of the places where its shares are listed, adopt the mode of service as stipulated in (IV) of the first paragraph of this Article to publish its communication, in substitution for the sending of written documents by hand or post to each holder of overseas listed foreign shares. The foregoing corporate communication refers to any document sent or to be sent by the Company for its shareholders' reference or actions, including but not limited to annual report (including annual financial report), interim report (including interim financial report), report of the board of directors (including balance sheet and income statement), notice of general meeting, circular and other communication documents.

### Article 192

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.

**Article 193** Unless otherwise provided in these Articles of Association, the modes of service set forth above may also be applicable to notices for general meetings, meetings of the board of directors or the board of supervisors.

**Article 194** For a notice delivered by hand, the person on whom it is served shall sign (or affix his or her seal to) the acknowledgement slip, and the date on which he or she signed in receipt shall be the date of the service. For a notice delivered by post, the date of service shall be 48 hours from the date of consignment to the post office. For a notice delivered by fax, email or publication on a website, the date on which such notice is dispatched shall be the date of service. For a notice delivered by way of a public announcement, the first day of publication shall be the date of service.

**Article 195** If the listing rules of the stock exchange where the Company's shares are listed require the Company to send, post, dispatch, issue, 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 17 SUPPLEMENTARY PROVISIONS**

**Article 196** Definition

(I) The term "controlling shareholder" in the Articles of Association shall refer to the shareholder satisfying any of the following conditions:

(I) when acting alone or acting in concert with others, such shareholder has the power to decide the selection of more than half of members of the Company's Board through actually controlling the voting rights of the Company's shares;

- (II) when acting alone or acting in concert with others, such shareholder has the power to exercise or control the exercise of more than 30% (inclusive) of the Company's voting rights;
  - (III) when acting alone or acting in concert with others, such shareholder holds more than 50% (inclusive) of outstanding shares of the Company, unless there is evidence to the contrary;
  - (IV) when acting alone or acting in concert with others, such shareholder has control of adequate voting rights to exert influential power on resolutions of general meetings of the Company;
  - (V) when acting alone or acting in concert with others, such shareholder has control of or determine matters including major decisions on operation and important appointments;
  - (VI) other circumstances as considered by the securities regulatory authorities of the place of listing of the Company's shares.
- (II) In these Articles of Association, "acting in concert" means the act of two or more parties that in form of agreement (whether in oral or written form) have reached a consensus over achieving the purpose of controlling the Company or consolidating such control through taking over of the Company's voting rights by any one of them.
- (III) A "de facto controller" means a person, though not a shareholder, but through investment relationship, agreement, or other arrangement, can actually control the activities of the Company;
- (IV) "Connected relationship" is the relationship between the controlling shareholders, de facto controllers, directors, supervisors or senior management members, and enterprises directly or indirectly controlled by them, as well as other relationships which may possibly cause the transfer of the Company's interests. However, State-owned enterprises will not be regarded as having connected relationship simply because they are commonly controlled by the State.

- Article 197** In these Articles of Association, the terms “not less than”, “within”, “not more than” and “prior to” shall include the given figure, and the terms “more than half”, “under”, “beyond”, “exceeding/exceed”, “below”, “less than”, “not reaching/reach” and “more than” shall not include the given figure.
- Article 198** The term “accounting firm” as used in these Articles of Association shall have the same meaning as “auditor”.
- Article 199** These Articles of Association are written in Chinese. If it conflicts with a version in any other language, the Chinese version which was most recently filed and registered at the competent authority for market regulation shall prevail.
- Article 200** Matters not covered in these Article of Association shall be dealt with in accordance with the laws, administrative regulations and the relevant regulations of the securities regulatory agencies where the Company’s shares are listed, and combining the actual situation of the Company. Where these Articles of Association are in conflict with the promulgated laws, administrative regulations, other relevant normative documents and the listing rules of the stock exchange where the Company’s shares are listed, such promulgated laws, administrative regulations, other relevant normative documents and the listing rules of the stock exchange where the Company’s shares are listed shall be complied with.
- Article 201** The board of directors shall be responsible for the interpretation of these Articles of Association.