

# **Shanghai Chicmax Cosmetic Co., Ltd.**

## **Articles of Association**

**(Approved at the 2021 First Extraordinary General Meeting of the Company on December 21, 2021, amended at the 2021 Annual General Meeting of the Company on June 29, 2022, amended at the 2022 Third Extraordinary General Meeting of the Company on December 7, 2022, amended at the 2023 First Extraordinary General Meeting of the Company on October 16, 2023)**

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# Shanghai Chicmax Cosmetic Co., Ltd.

## Articles of Association

### Chapter I General Provisions

- Article 1** To safeguard the legitimate rights and interests of Shanghai Chicmax Cosmetic Co., Ltd. (the “Company”), its shareholders and creditors, and to regulate the organisation and activities of the Company, the Articles of Association have been established in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), the Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), the Trial Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant laws, administrative regulations of the State and with reference to the Guidelines on Articles of Association of Listed Companies (2022 Revision) (上市公司章程指引(2022修訂)).
- Article 2** The Company is a joint stock company with limited liability established in accordance with the Company Law and other relevant regulations.
- The Company was established by way of promotion through conversion from former Shanghai Chicmax Cosmetic Co., Ltd. (上海上美化妝品有限公司) as a whole under the laws of the PRC on December 24, 2020, and was registered with the Shanghai Municipal Bureau of Market Supervision Administration and obtained a business license. The Company’s unified social credit code is 91310000763349534X.
- Article 3** The Company was listed on the Main Board of the Hong Kong Stock Exchange on December 22, 2022 as approved by the China Securities Regulatory Commission (the “CSRC”) on April 12, 2022. As approved, the Company may issue no more than 73,059,000 shares, with a nominal value of RMB1 per share, all of which are ordinary shares.
- Article 4** The Chinese name of the Company: 上海上美化妝品股份有限公司  
English name: Shanghai Chicmax Cosmetic Co., Ltd.
- Article 5** Domicile: Room 701, No. 515 Yinxiang Road, Nanxiang Town, Jiading District, Shanghai  
Postcode: 201802
- Article 6** The registered capital of the Company is RMB397,957,900.
- Article 7** The Company is a joint stock limited company having perpetual existence.

- Article 8** The chairman of the Board of Directors is the legal representative of the Company.
- Article 9** All assets of the Company shall be divided into shares of equal value. Shareholders bear responsibilities to the Company to the extent of the number of the shares they subscribe. The Company bears responsibilities for its debts with all its assets.
- Article 10** The Articles of Association shall be a legally binding document that regulates the Company's organisation and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders, and a legally binding document for the Company, shareholders, directors, supervisors and senior management members from the date on which it takes effect. Pursuant to the Articles of Association, shareholders may take legal action against other shareholders, directors, supervisors, general manager, senior management members of the Company and the Company, and the Company may take legal action against its shareholders, directors, supervisors, general manager and other senior management members.
- Article 11** The senior management members referred to in the Articles of Association represent the general manager, deputy general managers, chief financial officer, secretary to the Board of Directors of the Company and other senior management members identified by the Board.

## **Chapter II Business Objective and Scope**

- Article 12** The business objective of the Company is to become a world-class influential cosmetics company that makes popular products enjoyed by consumers around the world (做一家世界級有影響力的化妝品公司, 做讓全球消費者喜愛的產品).
- Article 13** The business scope of the Company shall be subject to the activities as approved by the Company's registration authority.

After registered legally, the business scope of the Company includes: general business scope: cosmetics wholesale; cosmetics retail; stationery wholesale; hardware products wholesale; sales of daily provisions; sales of packaging materials and products; sales of rubber products; sales of plastic products; sales of sanitary and disposable medical supplies; sales of disinfectants (excluding hazardous chemicals); goods import and export; technology import and export. (Except for activities subject to approval in accordance with the law, business activities may independently be carried out in accordance with the law with the business license) Approved business scope: goods import and export; technology import and export. (Act that are subject to approval in accordance with the law can only be carried out after the approval of the relevant authorities. Operations of specific businesses are subject to the approval documents or permits of the relevant authorities).

## Chapter III Shares

### Section 1 Shares Issuance

**Article 14** The shares of the Company shall be issued in the form of shares certificates.

**Article 15** The issuance of shares of the Company shall be conducted in accordance with the principles of openness, fairness and justice so that each of the shares of the same class shall carry the same rights.

For the same class of shares issued at the same time, each share shall be issued on the same conditions and at the same price. Any share subscribed by any entity or individual shall pay the same price for each share.

**Article 16** All the shares issued by the Company shall have a nominal value, each share having a nominal value of RMB1.

Renminbi referred to in the preceding paragraph means the lawful currency of the People's Republic of China.

**Article 17** The overseas listed foreign shares issued by the Company in Hong Kong shall be called H shares. H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

The Company's shares in issue but unlisted at both domestic and overseas stock exchanges shall be referred to as unlisted shares.

The holders of unlisted shares of the Company can convert their unlisted shares into overseas listed shares, and seek the listing and trading of the aforesaid shares on the overseas stock exchange to the extent permitted by relevant laws, administrative regulations and departmental regulations after the overseas shares of the Company are issued and listed. The aforesaid shares that are listed and traded on the overseas stock exchanges shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market. Converting the aforesaid unlisted shares into overseas listed shares, and seeking the listing and trading of the aforesaid shares on the overseas stock exchange are not required to vote at a general meeting to be convened.

Among the shares issued by the Company, the unlisted shares shall be centrally registered and deposited with a domestic securities registration and clearing institution, and the registration and clearing arrangements for overseas listed shares shall be subject to the regulations of the place where the Company's shares are listed.

**Article 18**

The total number of ordinary shares issued by the Company when it was converted into a joint stock limited company as a whole is 180,000,000, representing 100% of the then total issued ordinary shares of the Company; the name of each promoter, total number of shares held, percentage of shareholdings, method of capital contribution and time of capital contribution are as follows:

No.	Name of promoter	Total number of shares held (0'000)	Percentage of shareholdings (%)	Method of capital contribution	Time of capital contribution
1	Lyu Yixiong	7,372.0000	40.9556	Net assets	October 31, 2020
2	Shanghai Hongyin Investment Co., Ltd.	5,400.0000	30.0000	Net assets	October 31, 2020
3	Shanghai Nanyin Investment Co., Ltd.	3,044.0000	16.9111	Net assets	October 31, 2020
4	Shanghai Kans Enterprise Management Co., Ltd.	528.0000	2.9333	Net assets	October 31, 2020
5	Zhang Huai'an	415.3860	2.3077	Net assets	October 31, 2020
6	Youngor Investment Co., Ltd.	415.3860	2.3077	Net assets	October 31, 2020
7	Shanghai Ximei Investment Center (Limited Partnership)	381.6000	2.1200	Net assets	October 31, 2020
8	Shanghai Yingfu Enterprise Management Partnership (Limited Partnership)	276.9300	1.5385	Net assets	October 31, 2020
9	Shanghai Shengyan Business Management Centre	83.6280	0.4646	Net assets	October 31, 2020
10	Shenzhen Anxin Zhipu Investment Consulting Partnership (Limited Partnership)	83.0700	0.4615	Net assets	October 31, 2020
Total		18,000.0000	100.0000 /		/

**Article 19**

Upon the completion of such issuance of H shares, and the partial exercise of the Over-Allotment Option, the capital structure of the Company comprises of 397,957,900 ordinary shares, including 200,614,140 unlisted shares.

**Article 20**

The Company or its subsidiaries (including affiliates of the Company) shall not give any financial assistance, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the Company.

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

**Article 21** The Company may increase its capital pursuant to the needs of operation and development and in accordance with the laws, regulations, listing rules of the place where the shares are traded, subject to the resolution of general meeting by the way of:

- (I) public offering of shares;
- (II) private offering of shares;
- (III) bonus issuance of shares to existing shareholders;
- (IV) conversion of capital reserves into share capital;
- (V) any other means stipulated in the laws and administrative regulations and approved by the relevant regulatory authority.

Any increase in capital of the Company by way of issuing new shares shall be subject to approval as specified in the Articles of Association and listing rules of the place where the shares are traded and follow the procedures specified in the relevant laws and administrative regulations of the PRC and the listing rules of the place where the shares are traded.

**Article 22** The reduction in registered capital shall be made in accordance with the procedures set out in the Company Law, the Hong Kong Listing Rules, other applicable regulations and the Articles of Association.

**Article 23** The Company shall not repurchase its shares, except under any of the following circumstances:

- (I) reducing its registered capital;
- (II) merger with another company holding the shares in the Company;
- (III) when utilising shares in employee stock ownership plan or equity incentives;
- (IV) a shareholder requesting the Company to purchase the shares held by him since he objects to a resolution of the shareholders' meeting on the combination or division of the Company;
- (V) utilising the shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (VI) where it is necessary for the Company to maintain its corporate value and shareholders' equity;
- (VII) any other circumstance permitted by laws and administrative regulations, listing rules of the place where the shares of the Company are listed and approved by the regulatory authorities.

**Article 24** The Company may repurchase its shares through public and centralised trading or other methods as permitted by laws, administrative regulations and the CSRC and the stock exchange where the Company's shares are listed.

If it is otherwise provided in relevant laws and regulations, normative documents and relevant requirements of the securities regulatory authority of the place where the Company's shares are listed regarding the relevant matters of the repurchase of the shares, such provisions shall prevail.

**Article 25** A resolution of a shareholders' general meeting is required for the repurchase of the Company's own shares under either of the circumstances stipulated in item (I) or item (II) of first paragraph of Article 23 hereof; for the Company's repurchase of its own shares under any of the circumstances stipulated in item (III), item (V) or item (VI) of first paragraph of Article 23 hereof, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds (2/3) of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorised by the shareholders' general meeting.

Where the Company repurchase its shares under the circumstances in items (III), (V) and (VI) of first paragraph of Article 23 hereof, the repurchase shall be carried out by public concentrated transaction.

The Company's shares acquired under the circumstance stipulated in item (I) of first paragraph of Article 23 hereof shall be deregistered within ten (10) days from the date of acquisition of shares; the shares shall be assigned or deregistered within six (6) months if the repurchase of Company's own shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares of the Company held in total by the Company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed ten percent (10%) of the Company's total outstanding shares, and shall be assigned or deregistered within three (3) years.

### **Section 3 Share Transfer**

**Article 26** The shares of the Company may be transferred according to law.

The transfer of shares shall be registered with registration agency appointed by the Company.

**Article 27** The Company shall not accept any of its own shares as the subject of pledge.

**Article 28** Shares of the Company held by promoters shall not be transferred within one (1) year since the establishment of the Company. The shares issued prior to the public issuance of shares by the Company shall not be transferred within one (1) year of the date on which the shares of the Company are listed and traded on a stock exchange.



The directors, supervisors and senior management members of the Company are subject to laws and regulations, regulatory rules of the place where the shares of the Company are listed and the Articles of Association in trading the Company's shares. During their terms of office, directors, supervisors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer annually during their terms of office more than twenty-five percent (25%) of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within one (1) year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their departure from the Company. Where the Hong Kong Stock Exchange has otherwise provided for restrictions on the transfer of overseas listed shares, such provisions shall prevail.

**Article 29**

If the shareholders holding over five percent (5%) of the Company's shares, directors, supervisors and senior management members sell their shares or other securities with the nature of equity held by them within six (6) months after they purchase the shares or repurchase the shares within six (6) months after selling out, any gains therefrom shall belong to the Company and the Board of Directors of the Company shall reclaim the gains. However, securities companies holding over five percent (5%) of the shares of the Company due to stand-by underwriting and other circumstances stipulated by the securities regulatory authority under the State Council are excluded.

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

If the Board of Directors of the Company does not comply with the provision of the first paragraph of this Article, the shareholders shall have the right to request the Board of Directors to take an action within thirty (30) days. If the Board of Directors of the Company fails to do so within the aforesaid time limit, the shareholders are entitled to, in their own names, directly initiate legal proceedings in the people's court for the benefit of the Company.

If the Board of Directors of the Company fails to perform the duty as prescribed in the first paragraph under this Article, the responsible directors shall assume joint and several liability in accordance with laws.

## Chapter IV Shareholders and Shareholders' General Meeting

### Section 1 Shareholders

**Article 30** A shareholder shall enjoy rights and assume obligations in accordance with the class of shares he/she holds; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The Company shall establish a register of members, and the register of members shall register therein the following particulars, or register members in accordance with laws, administrative regulations, departmental rules and the Hong Kong Listing Rules: (I) the name (title), address (place of domicile), occupation or nature of each shareholder; (II) the class and number of shares held by each shareholder; (III) the amount paid-up or payable in respect of shares held by each shareholder; (IV) the serial numbers of the shares held by each shareholder; (V) the date on which each shareholder was registered as a shareholder; (VI) the date on which each shareholder ceased to be a shareholder. Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in the Company. Subject to compliance of the Articles of Association and other applicable regulations, once the shares of the Company are transferred, the name (title) of the transferee shall be included in the register of members as holder of such shares.

The Company shall enter into a share custody agreement with the share registrars, make regular inquiry about the details of the substantial shareholders and the changes in their shareholding (including the pledge of their equity rights) and keep up with the shareholding structure of the Company. Assignment and transfer of shares shall be recorded in the register of members. The Company shall provide a register of H Shares for shareholders' inspection, but the Company may temporarily close the register of members (if required) in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

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 as described in items (II) and (III) of this Article);
- (II) the register of members in respect of the holders of H shares of the Company which is maintained at the place where the overseas stock exchange where 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.

Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members. Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

All H Shares shall be transferred by way of written transfer instrument in standard form, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). A written transfer document may be signed by hand or (where the transferor or transferee is a corporation) by the company's seal. In the event that the transferor or transferee of the shares of the Company is a recognised clearing house as defined under the laws of Hong Kong or those of its agent, a written transfer document may be signed by hand or in a machine-printed form. All transfer instruments must be kept at the legal address of the Company or other places as may be designated by the Board of Directors from time to time.

**Article 31**

When the Company convenes a shareholders' general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of the identity of shareholders, the Board of Directors or convener of the shareholders' general meeting shall determine an equity determination date, registered shareholders at the close of market on which shall be the shareholders entitled to the relevant rights and interests.

**Article 32**

Holders of shares of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other profit distributions in proportion to the number of shares held;
- (II) the right to apply for, convene, preside, attend or appoint proxies to attend general meetings lawfully 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 and the Articles of Association;
- (V) the right to inspect the Articles of Association, register of members, corporate bond stubs, minutes of shareholders' general meetings, resolutions of the meetings of the Board of Directors and the Board of Supervisors, and the financial and accounting reports;
- (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) shareholders who object to resolutions of merger or division made by the shareholders' general meeting have the right to request the Company to purchase their shares;

(VIII) such other rights conferred by laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed and the Articles of Association.

**Article 33** Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the preceding Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholders.

**Article 34** If a resolution passed at or by the shareholders' general meeting or the Board of Directors of the Company violates the laws or administrative regulations, the shareholders shall have the rights to submit a petition to the people's court to render the resolution invalid.

If the procedures for convening, or the method of voting at, a shareholders' general meeting or meeting of the Board of Directors violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the rights to submit a petition to the people's court to revoke such resolution within sixty (60) days from the date on which such resolution is adopted.

**Article 35** Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors and senior management members in the course of performing their duties, shareholders individually or jointly holding one percent (1%) or more of the shares of the Company for one hundred and eighty (180) consecutive days or more shall have the rights to request in writing the Board of Supervisors to initiate legal proceedings in the people's court. Where the Company incurs loss as a result of violation of laws, administrative regulations or the Articles of Association by the Board of Supervisors in the course of performing its duties, the shareholders may request in writing to the Board of Directors to initiate legal proceedings in the people's court.

If the Board of Supervisors or the Board of Directors refuses to initiate legal proceedings upon receipt of the written request of shareholders stated in the preceding paragraph, or fails to initiate such legal proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the rights to initiate legal proceedings in the people's court directly in their own names in the interest of the Company.

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders as mentioned in the first paragraph of this Article may initiate legal proceedings in the people's court in accordance with the provisions of the two preceding paragraphs.

**Article 36** If any director or senior management members is in violation of laws, administrative regulations or the Articles of Association, thus causing any losses to the shareholders, the shareholders may initiate legal proceedings in the people's court in respect thereof.

**Article 37** The shareholders of the Company shall assume the following obligations:

- (I) to abide by the obligations stipulated in laws, administrative regulations, listing rules of the place where the Company's shares are listed and the Articles of Association;
- (II) to pay the share subscription money based on the shares subscribed for by them and the method of acquiring such shares;
- (III) not to withdraw shares except as prescribed by laws or 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 person 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, departmental rules, listing rules of the place where the Company's shares are listed and the Articles of Association.

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

**Article 38** If any shareholder holding more than five percent (5%) of the voting shares of the Company pledges his/her voting shares, such shareholder shall make a written report to the Company on the date of the occurrence of such pledge.

**Article 39** The controlling shareholder or the de facto controller of the Company shall not use their connected relationship to prejudice the interests of the Company. In violation of such provisions, he/she shall be liable to compensate the Company for the losses thereof.

The controlling shareholder and the de facto controller of the Company have a duty of honesty towards the Company and the public shareholders of the Company. The controlling shareholder shall exercise his/her rights as a capital contributor strictly in accordance with the laws. The controlling shareholder shall not make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing, or providing guarantee, to damage the legitimate rights and interests of the Company and its public shareholders. Nor shall he/she take the advantage of its controlling position to the detriment of the Company and public shareholders.

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the place where the Company's shares are listed, a controlling shareholder exercises his/her right as a shareholder, he/she shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders:

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

## **Section 2 General Rules of the Shareholders' General Meeting**

### **Article 40**

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace directors and supervisors who are not employee representatives and decide on matters relating to their remuneration;
- (3) to review and approve reports of the Board of Directors;
- (4) to review and approve reports of the Board of Supervisors;
- (5) to review and approve the annual financial budgets and final accounts of the Company;
- (6) to review and approve the profit distribution plans and loss recovery plans of the Company;

- (7) to adopt resolutions on increasing or reducing the registered capital of the Company;
- (8) to adopt resolutions on the issuance of corporate bonds, any class of shares, any share warrants or other similar securities and their listing proposals;
- (9) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (10) to amend the Articles of Association;
- (11) to adopt resolutions on the engagement or dismissal of the accounting firms of the Company;
- (12) to consider and approve the guarantees under Article 41;
- (13) to review the purchase or the sale of major assets by the Company within one (1) year, with an aggregated amount exceeding thirty percent (30%) of the latest audited total assets of the Company;
- (14) to consider and approve matters relating to the changes of uses of funds raised;
- (15) to review the equity incentive scheme and employee stock ownership plan;
- (16) to review any transactions where the applicable percentage ratios calculated by the Company pursuant to the percentage ratios requirement under Rule 14.07 of the Hong Kong Listing Rules amount to twenty-five percent (25%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio, but excluding any transactions that may be exempted from approval of the shareholders' general meeting under the Hong Kong Listing Rules or with the approval of Hong Kong Stock Exchange) or any connected transactions where the applicable percentage rate reaches five percent (5%) or more (including one-off transactions and a series of transactions requiring a combined percentage rate, but excluding any connected transactions that may be exempted from disclosure or announcement under the Hong Kong Listing Rules or with the approval of Hong Kong Stock Exchange);
- (17) to review other matters required to be resolved by the general meeting as prescribed by laws, regulations, the listing rules of the stock exchange where the Company' shares are listed and the Articles of Association.

**Article 41**

The following external guarantee offered by the Company shall be considered and approved by a shareholders' general meeting.

- (1) any guarantee provided after the total amount of external guarantees by the Company and its subsidiaries exceeds fifty percent (50%) of the latest audited net assets;

- (2) any guarantee provided after the total amount of external guarantees by the Company exceeds thirty percent (30%) of the latest audited total assets;
- (3) guarantee provided by the Company with a guarantee amount exceeds thirty percent (30%) of the latest audited total assets of the Company within one (1) year;
- (4) guarantee provided for a target party whose asset-liability ratio is over seventy percent (70%);
- (5) guarantee with a single guaranteed amount exceeds ten percent (10%) of the latest audited net assets;
- (6) guarantee provided to shareholders, de facto controllers and their connected parties.

Other external guarantees other than specified in this Article shall be considered and approved by the Board of Directors with the authorisation of the shareholders' general meeting.

If any director, general manager and other senior management member causes loss to the Company by violating any stipulations in relation to the examination and approval authority and procedures of approval concerning external guarantee specified in the laws, administrative regulations and the Articles of Association, he/she shall be liable for the compensation, and the Company may take legal action against him/her pursuant to the laws.

**Article 42**

General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once every financial year and within six (6) months after the end of the preceding fiscal year.

**Article 43**

The Company shall convene an extraordinary general meeting within two (2) months from the date of the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number provided for in the Company Law or less than two-thirds (2/3) of the number prescribed in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third (1/3) of its total paid in share capital;
- (3) shareholder(s) individually or collectively holding no less than ten percent (10%) of the Company's outstanding voting shares request(s) in writing to convene an extraordinary general meeting (the number of shares held shall be calculated based on the number of shares held at the close of the market on the day when the shareholder(s) make(s) the written request, or, if the day on which the written request is made is not a trading day, the preceding trading day);
- (4) the Board of Directors considers it necessary;



- (5) the Board of Supervisors proposes that such a meeting shall be held;
- (6) other circumstances as specified by laws, administrative regulations, departmental rules and the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

**Article 44** The place where the Company holds the general meeting of shareholders shall be the domicile of the Company or places specified in the notice of the meeting.

The general meeting of shareholders shall have a venue and be held in the form of an on-site meeting or other forms permitted by laws and regulations. Where applicable, the Board of Directors of the Company may, in view of specific circumstances and in accordance with laws, administrative regulations, the requirements of the securities regulatory authority of the place where the Company's shares are listed, the Hong Kong Listing Rules or the Articles of Association, adopt other voting methods to facilitate shareholders' participation in the general meeting of shareholders. Shareholders who participate in the general meeting of shareholders through the above methods shall be deemed to be present.

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

**Article 45** Independent directors are entitled to propose to the Board of Directors to convene an extraordinary general meeting. For such proposal, the Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, reply in writing within ten (10) days upon the receipt of the proposal as to whether the Board of Directors agrees or disagrees on the convening of the extraordinary general meeting. Where the Board of Directors agrees to convene the extraordinary general meeting, a convening notice will be issued within five (5) days after the resolution of the Board of Directors; where the Board of Directors disagrees to convene the extraordinary general meeting, reasons shall be specified and announcements shall be made.

**Article 46** The Board of Supervisors is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, reply in writing as to whether the Board of Directors agrees or disagrees on the convening of the extraordinary general meeting within ten (10) days upon the receipt of the proposal.

When the Board of Directors agrees to convene the extraordinary general meeting, a convening notice will be issued within five (5) days after the resolution of the Board of Directors, and the changes made to the original proposal in the notice shall be approved by the Board of Supervisors.

When the Board of Directors disagrees to convene the extraordinary general meeting, or fails to reply within ten (10) days upon the receipt of the proposal, the Board of Directors will be deemed as not being able to perform or not to perform its duty to convene a general meeting, and the Board of Supervisors may convene and preside over such meeting on their own.

**Article 47** Shareholders severally or jointly holding ten percent (10%) or more of shares of the Company have the right to request the Board of Directors to convene an extraordinary general meeting and such request shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, reply in writing as to whether the Board of Directors agrees or disagrees on the convening of the extraordinary general meeting within ten (10) days upon the receipt of the requisition.

If the Board of Directors agrees to convene an extraordinary general meeting, a convening notice shall be issued within five (5) days after the resolution of the Board of Directors. Any modification to the original requisition(s) shall be approved by the relevant shareholders.

If the Board of Directors disagrees to convene the extraordinary general meeting, or fails to issue a reply within ten (10) days upon receipt of the requisition(s), shareholders severally or jointly holding ten percent (10%) or more of the shares of the Company are entitled to propose to the Board of Supervisors to convene an extraordinary general meeting, and shall make such requests in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene the extraordinary general meeting, a convening notice will be issued within five (5) days upon the receipt of the request, and any modification to the original requisition(s) shall be approved by relevant shareholders.

In the event that the Board of Supervisors fails to issue the convening notice within the prescribed period, the Board of Supervisors will be deemed as not to convene or preside the general meeting. Shareholders severally or jointly holding ten percent (10%) or more of the shares of the Company for consecutive ninety (90) days may convene the general meeting and preside over on their own.

**Article 48** If the shareholders' general meeting is convened by the Board of Supervisors or shareholders on their own, a written notice shall be issued to the Board of Directors, and it should be filed with the securities regulatory authority in the place where the Company is registered and the stock exchange in the place where the Company's shares are listed in accordance with applicable provisions.

Prior to the announcement of the resolution of the shareholders' general meeting, the proportion of shares held by the summoning shareholders shall be no less than ten percent (10%).

The Board of Supervisors or the summoning shareholders shall, when issuing the notice of the shareholders' general meeting and the announcement of the resolutions of the shareholders' general meeting, submit the relevant supporting documents to the securities regulatory authority in the place where the Company is registered and the stock exchange in the place where the Company's shares are listed in accordance with the applicable provisions.

**Article 49** Where the shareholders' general meeting is convened by the Board of Supervisors or shareholders, the Board of Directors and the secretary to the Board of Directors shall provide cooperation. The Board of Directors shall provide the register of shareholders as of the record date.

**Article 50** The necessary expenses for the shareholders' general meeting convened by the Board of Supervisors or shareholders on its/their own initiative shall be borne by the Company.

#### **Section 4 Proposals and Notices of General Meetings**

**Article 51** The content of proposals shall fall within the terms of reference of the shareholders' general meeting and shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of laws, administrative regulations and the listing rules of the place where the Company's shares are listed and the Articles of Association.

**Article 52** The Board of Directors, the Board of Supervisors or shareholders who hold, individually or collectively, more than 3% of the Company's shares shall have the right to propose a motion to the Company for consideration at the general meeting of the Company.

Shareholders individually or collectively holding three percent (3%) or more of the total voting shares of the Company shall be entitled to propose new resolutions to the Company in writing which should be submitted to the convener ten (10) days prior to the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within two (2) days of the receipt of such proposal to announce the content of interim proposals, and incorporate such newly proposed matters falling within the scope of duties of the general meeting into the agenda of such meeting for consideration at the general meeting.

Save as provided in the preceding paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

A shareholders' general meeting shall not vote and make resolution on those proposals which are not stated in the notice of meeting or not in compliance with Article 51 of the Articles of Association.

**Article 53** The convener shall notify all shareholders of the meeting by public announcement twenty (20) days prior to the convening of the annual general meeting (excluding the day when the meeting is held). In case of an extraordinary general meeting, the shareholders shall be notified by public announcement fifteen (15) days prior to the convening of the meeting.

**Article 54** Notice of a general meeting shall include:

- (1) time, place and duration of the meeting;
- (2) the matters and proposals to be considered at the meeting;
- (3) a conspicuous statement that all shareholders are entitled to attend the general meeting, and all shareholders have the right to appoint proxies to attend the meeting and vote on his/her behalf, and that such proxy need not be a shareholder of the Company;
- (4) the record date for shareholders entitled to attend the shareholders' general meeting;
- (5) the names and telephone numbers of the contact persons of the meeting;
- (6) time and procedures of the voting online or by any other means.

Notices and supplementary notices of shareholders' general meetings shall adequately and completely disclose the particulars of all proposals. Where the opinions of an independent non-executive director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of shareholders' general meetings are issued.

**Article 55** Where the shareholders' general meeting discusses the election issues of directors and supervisors, the notice of shareholders' general meeting shall fully disclose the detailed information of the candidates for directors and supervisor, at least including the following contents:

- (1) education background, work experience, part-time jobs and other personal information;
- (2) whether they are affiliated with the Company, the controlling shareholder or de facto controller of the Company;
- (3) the number of the Company's shares held by them; and
- (4) whether they have been punished by the securities regulatory authority of the State Council or other competent authorities or whether stock exchange has taken any disciplinary action against them.

In addition to the adoption of a cumulative voting system for the election of directors and supervisors, each candidate of directors or supervisors shall be nominated in a separate proposal.

**Article 56** After the notice of the shareholders' general meeting being issued, the meeting shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of shareholders' general meeting shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two (2) business days prior to the original meeting date.

## **Section 5 Holding of General Meetings**

**Article 57** The Board of Directors of the Company and other conveners shall take necessary measures to maintain the normal order at the shareholders' general meeting. Measures shall be taken to stop behaviors such as disruption of the shareholders' general meeting, provocation of trouble and infringement on the legitimate rights and interests of shareholders and such behaviors shall be promptly reported to relevant authorities for investigation.

**Article 58** All shareholders (including preference shareholders with restored voting rights) whose names appear on the register of shareholders on the record date or their proxies shall be entitled to attend and vote at the shareholders' general meeting in accordance with relevant laws, regulations, the listing rules of the stock exchange of the place where the Company's shares are listed and the Articles of Association.

Shareholders may attend the shareholders' general meeting in person or appoint a proxy to attend and vote on their behalf.

**Article 59** Individual shareholders who attend the shareholders' general meeting in person shall show their identity certificates or other valid certificates or documents, or stock account cards that can prove their identities; proxies attending the meeting shall show their valid identification documents and the power of attorney issued by shareholders.

Corporate shareholders shall send their legal representatives or proxies appointed by the legal representatives to attend the meeting. The legal representatives attending the meeting shall show their identity certificates and valid certificates that can prove the qualification of legal representative; proxies attending the meeting shall show their identity certificates and the written power of attorney issued by the legal representatives of corporate shareholders according to laws.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal person, either under seal or under the hand of a director or attorney duly authorised.

Where such shareholder is a recognised clearing house (or its nominee) within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may authorise one (1) or more persons as it deems fit to act as its representative(s) or proxy(ies) at any shareholders' general meeting or any class meeting, provided that, if more than one person is so authorised, the power of attorney or the form of proxy shall specify the number and class of shares in respect to which person is so authorised. The person so authorised may exercise the rights on behalf of the recognised clearing house (or its nominees) as if such person were an individual shareholder of the Company, and such proxy shall have the same statutory rights as other shareholders, including the rights to speak and to vote.

- Article 60** The power of attorney issued by shareholders to appoint proxies to attend the shareholders' general meeting shall contain the following information:
- (1) name of the proxy;
  - (2) whether or not the proxy has the right to vote;
  - (3) instructions on how to vote (voting in the affirmative, negative, or in abstention) in relation to each of the resolutions on the agenda of the shareholders' general meeting;
  - (4) date of issuance and term of validity;
  - (5) signature (or seal) of the appointor; if the appointor is a legal person, the document shall be affixed with the legal person's seal.

The instrument issued to a shareholder by the Board of Directors of the Company for the purpose of appointing a proxy of shareholder shall be in such form which enables the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting.

**Article 61** Such instrument shall contain a statement that in the absence of instructions from the appointor, whether the proxy may vote as he thinks fit.

**Article 62** The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than twenty four (24) hours prior to the convening of the meeting at which the proxy proposes to vote, or twenty four (24) hours prior to the specified time for voting.

If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by the resolutions of the Board of Directors or other governing body shall attend the general meeting of the Company as the appointor's representative.

**Article 63** The attendance records of the meeting shall be prepared by the Company. The records shall, amongst other matters, contain the names (or corporate names) of the attendees, their identity card numbers, their residential addresses, the number of voting shares held or represented by them, and the names (or corporate names) of the appointors.

**Article 64** The convener and the lawyers engaged by the Company (if applicable) shall jointly verify the legal eligibility of the shareholders based on the register of shareholders provided by the securities registration and clearing authorities and shall record the names of shareholders together with the number of voting shares held by them. The attendance records of the meeting shall be closed before the president of the meeting announces the number of shareholders and proxies present at the meeting and the total number of voting shares held by them.

**Article 65** When convening a shareholders' general meeting, all directors, supervisors and the secretary to the Board of Directors of the Company shall attend the meeting in person while the general manager and other senior management personnel shall attend the meeting as non-voting participants. Subject to the securities regulatory rules of the place where the Company's shares are listed, the aforesaid persons may attend or take part in the meeting by internet, video, telephone or other means with equivalent effect.

**Article 66** The shareholders' general meeting shall be presided over by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable to or fails to perform his/her duties, one (1) director elected by not less than half of the directors may preside over the meeting.

A shareholders' general meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to perform his/her duties, the vice chairman of the Board of Supervisors may preside over the meeting. If the vice chairman of the Board of Supervisors is unable to or fails to perform his/her duties, one (1) supervisor elected by not less than half of the supervisors may preside over the meeting.

A shareholders' general meeting convened by the shareholders shall be presided over by a representative recommended by the convener.

During the course of a shareholders' general meeting, if the president of the meeting violates the procedural rules such that the meeting cannot be continued, the shareholders at the general meeting may elect one (1) person to act as the president to continue the meeting with the approval of the shareholders with more than half of voting rights who are present at the meeting.

**Article 67** The Company shall formulate the rules of procedure for the shareholders' general meeting, and specify the convening and voting procedures, including notice, registration, and consideration, voting and votes counting of proposals, announcement of voting results, formation of meeting resolutions, minutes of meetings and signature thereof, announcements, and the principle of authorisation by the shareholders' general meeting to the Board of Directors. The authorisation should be clear and specific in terms of contents. The rules of procedure of the shareholders' general meeting shall be an annex to the Articles of Association, which shall be drafted by the Board of Directors and approved by the shareholders' general meeting.

**Article 68** At the annual general meeting, the Board of Directors and the Board of Supervisors should both report to the shareholders on the work they have undertaken over the past year. Each independent non-executive director shall also submit his/her work report.

**Article 69** The directors, supervisors and senior management members shall make explanation and clarification to the shareholders' queries and suggestions at the shareholders' general meeting.

**Article 70** Before voting, the presider of the meeting shall announce the number of shareholders and proxies attending the meeting and the total number of voting shares held by them. The number of shareholders and proxies attending the meeting and the total number of voting shares held by them are subject to the attendance records of the meeting.

**Article 71** Minutes shall be recorded for the shareholders' general meeting, and the secretary to the Board of Directors shall be in charge of recording the minutes.

The minutes shall contain the following information:

- (1) the time, venue, and agenda of the meeting, as well as the name of the convener;
- (2) the names of the presider of the meeting, and the directors, supervisors, general managers and other senior management who attend or observe the meeting;
- (3) the number of shareholders and proxies present at the meeting, the total number of voting shares held by them, and the percentage in the total number of the Company's shares;
- (4) the deliberation process for each resolution, key points of speeches made and voting results;
- (5) any enquiries or suggestions made by shareholders and the corresponding response or explanation;
- (6) the names of the vote counter and scrutineer;
- (7) any other matters required by the provisions of the Articles of Association to be recorded in the minutes.

**Article 72** The convener shall ensure that the minutes are truthful, accurate and complete. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the presider of the meeting shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding voting online or via other methods shall be filed and kept for at least ten (10) years.



**Article 73** The convener shall ensure that the shareholders' general meeting does not end until final resolutions have been concluded. In the event that the shareholders' general meeting is adjourned or resolutions cannot be reached due to force majeure or other special circumstances, necessary measures shall be taken to reconvene the meeting as soon as possible or conclude the meeting directly, and timely announcement and/or report shall be made in accordance with laws, administrative regulations, departmental rules, normative documents or securities regulatory rules of the place where the Company's shares are listed.

### **Section 6 Votings and Resolutions at the General Meeting**

**Article 74** Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding more than half (1/2) of the voting rights.

Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding two-thirds (2/3) of the voting rights.

**Article 75** The following matters shall be resolved by ordinary resolutions at a general meeting:

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) plans formulated by the Board of Directors for distribution of profits and for making up losses;
- (3) appointment or removal of members of the Board of Directors and the Board of Supervisors, and their remuneration and manner of payment thereof;
- (4) the Company's annual financial budgets and final accounts;
- (5) the Company's annual reports;
- (6) Other matters that require the approval of the general meeting of shareholders, except those as required by laws, administrative regulations, the listing rules of the place where the Company's shares are listed or the Articles of Association to be approved by special resolutions.

**Article 76** The following matters shall be resolved by special resolutions at a general meeting:

- (1) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company;
- (2) the division, spin-off, merger, dissolution and liquidation of the Company;
- (3) the amendment to the Articles of Association;

- (4) to review and approve the purchase or the sale of major assets and the provision of guarantee by the Company within one (1) year with an amount exceeding thirty percent (30%) of the latest audited total assets of the Company;
- (5) the equity incentive scheme;
- (6) other matters which laws, administrative regulations, the listing rules of the stock exchange where the Company' shares are listed or the Articles of Association require to be adopted by special resolutions and which, as determined by ordinary resolutions at the general meeting of shareholders, will have a material impact on the Company and is therefore required to be adopted by special resolutions.

**Article 77**

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

When material matters affecting the interests of small and medium shareholders are considered at a general meeting, the votes of small and medium shareholders shall be counted separately. The results of separate votes counting shall be disclosed publicly in a timely manner.

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 attending a general meeting.

Shareholders who purchase the voting shares of the Company in violation of Clause 1 and Clause 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within thirty-six (36) months after purchasing them, and such number shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

The Board of Directors of the Company, independent directors, shareholders holding more than one percent (1%) of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations or requirements of the securities regulatory authority of the State Council may publicly solicit shareholders' voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders' voting rights. It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised forms. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

**Article 78**

When the general meeting considers matters relating to related transactions, the related shareholders shall abstain from voting and the number of voting shares represented by them shall not be counted in calculating the total number of valid votes. The public announcement resolved at the general meeting shall fully disclose the voting results of the non-related shareholders.

**Article 79** Unless the Company is in a crisis or under any other exceptional circumstances, the Company shall not conclude any contract with any person other than a director, a supervisor, general manager or other senior management officer whereby such person is put in charge of the management of all or important business of the Company without the approval by special resolutions at the general meeting.

**Article 80** The list of candidates for directors or supervisors shall be submitted to the general meeting for voting by proposals.

When the general meeting votes on election of directors or supervisors, the cumulative voting system may be adopted according to the Articles of Association or the resolution of the general meeting.

Cumulative voting system mentioned in the preceding paragraph means that when directors or supervisors are being elected at a general meeting, each share has as many voting rights as the number of directors or supervisors to be selected, and the shareholders' voting rights may be used in a collective manner. The Board of Directors shall provide shareholders with the brief biographies and background information of the director or supervisor candidates by way of announcement.

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

- (1) When the general meeting votes on candidates for directors or supervisors, the voting rights of each shareholder are equal to the number of shares held by the shareholder multiplied by the number of directors or supervisors to be elected. Shareholders may collectively exercise their voting rights and vote for one or more director or supervisor candidates; they may also vote for all director or supervisor candidates separately;
- (2) The number of candidates voted for by each voting shareholder cannot exceed the number of directors or supervisors to be elected. When the total number of voting rights exercised by a shareholder on one or more director or supervisor candidates exceeds the total voting rights owned by it, the shareholder's vote is deemed to be an abstention; when the total number of voting rights exercised by a shareholder on one or more director or supervisor candidates is less than the total voting rights owned by it, the shareholder's vote is valid, and the difference will be deemed to be an abstention;
- (3) The votings of independent non-executive directors and non-independent directors of the Company shall be carried out separately;
- (4) The scrutineers and vote-counters at the general meeting must carefully verify the above conditions to ensure the fairness and effectiveness of the cumulative voting.

- Article 81** In addition to the cumulative voting system, the general meeting shall vote on all the proposals separately. Where there are several proposals for the same matter, such proposals shall be voted on in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolutions can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.
- Article 82** When considering a proposal, the general meeting shall not amend it; otherwise, such amendments shall be deemed as a new proposal and may not be voted on at that meeting.
- Article 83** The same vote may only be cast once at the on-site general meeting, or online or by other means. Where the same vote is cast for two or more times, the first cast shall prevail.
- Article 84** At any general meeting, voting shall be conducted by open poll.
- Article 85** Before the general meeting votes on a proposal, two (2) shareholders' representatives shall be elected to participate in the vote counting and vote scrutiny. When a shareholder is related to a matter being considered, he/she and his/her proxies may not participate in the vote counting or vote scrutiny.
- When the general meeting votes on a proposal, attorneys (if applicable), shareholders' representatives and supervisors' representatives shall be jointly responsible for counting and scrutinising votes and shall announce the voting results at the meeting. The voting results shall be recorded in the minutes of the meeting.
- Shareholders of the Company or their proxies, who have cast their votes online or by other means, shall have the right to check the voting results in the way in which they have cast their votes.
- Article 86** The ending time of a general meeting shall not be earlier than that of online meeting or other access to the meeting. The chairman of the meeting shall announce the voting outcome and results for each proposal, and whether or not such proposal has been passed according to such voting results.
- Prior to the formal announcement of voting results, the Company, vote-counters, scrutineers, substantial shareholders, relevant internet service provider and parties involved in voting at the general meeting, online or by other means, shall be obliged to keep the status of voting confidential.
- Article 87** A shareholder attending a general meeting shall express one of the following opinions on any proposal put to vote: for, against or abstention, save for the circumstance under which the securities registration and settlement institution acting as the nominal holder of the shares under the Stock Connect between Mainland and Hong Kong, make reporting in accordance with the instruction of the de facto holders of relevant shares.

If a poll is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his/her right to vote and the voting results for the number of shares that he/she holds shall be recorded as “abstained”.

**Article 88** If the chairman of the meeting has any doubt as to the result of a resolution put to vote at the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy and who objects to the result announced by the chairman of the meeting shall have the right to demand that the votes be counted immediately after the declaration of the voting result, and the chairman of the meeting shall have the votes counted promptly.

**Article 89** The resolution of the general meeting shall be promptly announced. The announcement shall state the number of attending shareholders and proxies, the total number of their voting shares and their percentages to the total number of the voting shares of the Company, the voting methods, the voting result for each proposal, and the details of each resolution passed at the meeting.

**Article 90** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 91** Where a resolution on the election of a director or supervisor is passed at the general meeting, the newly-elected director or supervisor shall take office from the date when relevant resolution is adopted at the meeting or the appointment set out in relevant resolution becomes effective.

**Article 92** Where a proposal in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves has been passed at the general meeting, the Company shall implement the specific plans within two (2) months after the conclusion of the general meeting.

## **Chapter V Board of Directors**

### **Section 1 Directors**

**Article 93** Directors of the Company shall be natural persons. The following person may not serve as a director of the Company:

- (1) A person without capacity or with limited capacity for civil conduct;
- (2) A person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or for damaging the order of the socialist market economy, where less than five (5) years have elapsed since the sentence was served, or who has been deprived of his/her political rights due to criminal offense, where less than five (5) years have elapsed since the sentence was served;

- (3) A person who served as a director, or factory director or general manager and who bore personal liability for the bankruptcy liquidation of a company or enterprise, where less than three (3) years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;
- (4) A person who served as a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of law and who bore personal liability for such violation, where less than three (3) years have elapsed since the date of the revocation of business license of such company or enterprise;
- (5) A person who has a relatively large amount of debts which have fallen due but have not been settled;
- (6) A person who is banned by the CSRC from entering into the securities market for a period which has not yet expired;
- (7) Other contents required by the laws, administrative regulations, departmental rules or the relevant laws and regulations of the place where the Company's shares are listed.

If the directors are elected, appointed or engaged in violation of this Article, such election, appointment or engagement shall be invalid. Any director falling into any of the circumstances set out in this Article during his/her term of office shall be dismissed by the Company.

#### **Article 94**

Directors shall be elected or removed from office at a general meeting and the general meeting may dismiss any director before the expiration of his/her term of office. The term of office of a director shall be three (3) years, and a director may be re-elected and reappointed upon expiry of his/her term of office.

The term of office of a director shall be counted from the date he/she taking office until the expiration of the term of the current Board of Directors. When the directors' term expires and a re-election is not held in time, the original directors shall still perform their duties as directors in accordance with laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association before the re-elected directors take office.

#### **Article 95**

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following duties of loyalty to the Company:

- (1) not to exploit their positions to accept bribes or obtain other illegal income, not to expropriate the Company's property;
- (2) not to misappropriate the Company's funds;
- (3) not to open any account in their own name or in any other name for the deposit of the Company's assets or funds;

- (4) not to lend the funds of the Company to other persons or provide guarantee for other persons with the property of the Company in violation of the Articles of Association or without the consent of the general meeting or the Board of Directors;
- (5) not to enter into any contract or conduct any transaction with the Company in violation of the Articles of Association or without the consent of the general meeting;
- (6) without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that should belong to the Company, or conduct any businesses similar to those of the Company for themselves or others;
- (7) not to take as their own any commission for any transaction with the Company;
- (8) not to disclose any secret of the Company unauthorisedly;
- (9) not to use their connected relationships to harm the interests of the Company;
- (10) to fulfill other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

Directors' income derived from violation of this Article shall belong to the Company; and directors shall be liable to compensate any loss incurred therefrom to the Company.

#### **Article 96**

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following duties of care to the Company:

- (1) to prudently, conscientiously and diligently exercise the rights granted by the Company, so as to ensure that the business practices of the Company comply with national laws, administrative regulations and the requirements of various economic policies of the state, and that its business activities do not fall beyond the scope of business specified in the business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) to sign the written confirmation in respect of the regular reports of the Company to assure that the information disclosed by the Company is true, accurate and complete;
- (5) to honestly provide the Board of Supervisors with relevant information and data, and not to prevent the Board of Supervisors or supervisors from performing its or their duties and powers;

- (6) to fulfill other duties of care stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

**Article 97** If a director fails to attend Board meetings, either in person or by appointing another director on behalf of him/her, for two (2) consecutive meetings, he/she shall be deemed as failing to perform his/her duties. The Board of Directors shall propose at the general meeting to replace him/her. Subject to the securities regulatory rules of the place where the Company's shares are listed, the aforesaid persons may attend or take part in the meeting by internet, video, telephone or other means with equivalent effect.

**Article 98** A director may resign before expiry of his/her term of office, provided that a written resignation report in respect of his/her resignation shall be submitted to the Board of Directors and the Board of Directors shall disclose the relevant information within two (2) days.

Where the resignation of a director causes the number of Board members to be less than the quorum, such director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association before the re-elected director take office.

Save for the circumstances referred to in the preceding paragraph, the director's resignation takes effect upon delivery of his/her resignation report to the Board of Directors.

**Article 99** When a director's resignation takes effect or his/her term of office expires, the director shall complete all transfer procedures with the Board of Directors. His/her duties of loyalty towards the Company and the shareholders do not necessarily cease after the termination of his/her term of office and shall still be in effect for a reasonable period stipulated by the Articles of Association. Such duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between occurrence of the event concerned and termination of term of office and the circumstances and terms under which his/her relationship with the Company has been terminated. The duty of confidentiality with respect to trade secrets of the Company survives after the termination of his/her term of office until such trade secrets become public known. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between occurrence of the event concerned and termination of term of office and the circumstances and terms under which his/her relationship with the Company has been terminated.

**Article 100** No director may act on behalf of the Company or the Board of Directors in his/her own name unless the Articles of Association specifies that he/she may do so or he/she is lawfully authorised to do so by the Board of Directors. A director shall declare his/her position and capacity in advance if, when such director is acting in his/her private capacity, a third party would reasonably assume him/her to be acting on behalf of the Company or the Board of Directors.



**Article 101** If a director breaches the laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association when performing his/her duties and causes losses to the Company, he/she shall be held responsible for damages.

**Article 102** The Company shall have independent non-executive directors. Independent non-executive directors shall be independent of the Company and its substantial shareholders. Independent non-executive directors shall not hold any position in the Company other than independent non-executive directors. Independent non-executive directors shall act in accordance with the requirements of laws, administrative regulations, the CSRC and the stock exchange where the Company's shares are listed.

## **Section 2 Board of Directors**

**Article 103** The Company shall set up a board of directors, which shall be accountable to the shareholders' general meeting.

**Article 104** The Board of Directors shall consist of nine (9) directors and have one (1) chairman.

In any event, the Board of Directors shall have at least three (3) independent non-executive directors and independent non-executive directors shall account for at least one-third (1/3) of the members of the Board of Directors.

Independent non-executive directors are elected for a term of three (3) years each, and may be re-elected. However, the reappointment of independent non-executive directors who have served as such for more than nine (9) years shall be subject to relevant deliberation procedures in accordance with the provisions of the listing rules of the stock exchange where the Company's shares are listed.

**Article 105** The Board of Directors shall exercise the following functions and powers:

- (1) to convene general meetings and report to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities and listing;
- (7) to formulate plans for the Company's material acquisition or repurchase of the Company's shares or plans for the merger, division, dissolution or change of corporate form of the Company;

- (8) within the scope of authorisation by the shareholders' general meeting, to make decisions on external investments, assets purchases or sales, assets pledges, external guarantees, entrusted wealth management, related party transactions, external donations etc.;
- (9) to decide on establishment of internal management organs of the Company;
- (10) to decide on the appointment or dismissal of the Company's general manager and secretary to the Board of Directors, company secretary and other senior managers; to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior managers according to the nomination of the general manager, and decide on their remunerations;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals to amend the Articles of Association;
- (13) to consider and approve (1) all share transactions (including one-off transactions and a series of transactions requiring a combined percentage ratio) where the percentage ratios calculated pursuant to the percentage ratio requirement under Rule 14.07 of the Hong Kong Listing Rules are less than five percent (5%) and the consideration includes the shares to be issued for listing, (2) any discloseable transactions (including one-off transactions and a series of transactions requiring a combined percentage ratio) where the applicable percentage ratios are five percent (5%) or more but all are less than twenty five percent (25%), or (3) any partially exempt connected transactions and non-exempt connected transactions (including one-off transactions and a series of transactions requiring a series of transactions requiring a combined percentage ratio, but excluding any connected transactions exempt from disclosure or announcement under the Hong Kong Listing Rules or approved by the Hong Kong Stock Exchange) where any one of the percentage ratios (other than the profit ratio) calculated pursuant to the percentage ratio requirement under Rule 14.07 of the Hong Kong Listing Rules amounts to 0.1 percent (0.1%) or more but less than five percent (5%);
- (14) to develop the Company's equity incentive scheme;
- (15) to manage information disclosure of the Company;
- (16) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- (17) to hear the work report of the general manager of the Company and examine his/her work;
- (18) to decide other material matters of the Company other than those matters required to be decided by the general meeting in accordance with the Company Law and the Article of Association;

- (19) other functions and powers stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and the Articles of Association.

The Board of Directors of the Company shall establish an audit committee, a nomination committee and a remuneration and appraisal committee and other special committees (collectively, the "Special Committees"), if necessary. The Special Committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorisation from the Board of Directors. Their proposals shall be submitted to the Board of Directors for consideration and decision. The members of the Special Committees shall all be directors. The Board of Directors is responsible for formulating the working rules of the Special Committees and regulating the operation of the Special Committees. The Special Committees shall not make any resolution on behalf of the Board of Directors; however, subject to the mandatory provisions of the relevant laws, regulations and normative documents of the PRC and the listing rules of the stock exchange of the place where the shares of the Company are listed, they may exercise decision-making power on authorised matters according to the special authorisation of the Board of Directors. The Board of Directors is responsible for formulating the working rules of the Special Committees and regulating the operation of the Special Committees.

Matters beyond the authorisation by the shareholders' general meetings shall be submitted to the shareholders' general meeting for consideration.

- Article 106** The Board of Directors of the Company shall explain to the shareholders at the shareholders' general meeting when a certified public accountant issues a non-standard audit opinion in respect of the Company's financial reports.
- Article 107** The Board of Directors shall develop the rules of procedure of the Board of Directors in order to execute the resolutions of the shareholders' general meeting, improve the work efficiency and ensure scientific decision-making.
- Article 108** The Board of Directors shall lay down strict procedures to review and decide on the authorisation related to external investments, assets purchases or sales, assets pledges, external guarantees, entrusted wealth management, related party transactions, external donations etc. For major investment projects, the Board of Directors shall organise the relevant experts and professionals to review them and submit the same to the shareholders' general meeting for approval.
- Article 109** The chairman shall be elected and removed by more than one-half of all directors. The term of office of the chairman shall be three (3) years, renewable upon re-election.
- Article 110** The chairman of the Board of Directors is entitled to the following functions and powers:
- (1) to preside over general meetings and to convene and preside over the board meetings;

- (2) to supervise and check on the implementation of resolutions passed at the meeting of the Board of Directors;
- (3) to sign securities issued by the Company;
- (4) to propose convening of an extraordinary board meeting;
- (5) to exercise other functions and powers conferred by the Board of Directors.

**Article 111** In the event that the chairman of the Board of Directors is unable to carry out his duties or fails to perform his duties, a (1) director elected by half or more of all directors may perform his duties.

**Article 112** Board meetings shall be classified into the regular board meetings and extraordinary board meetings.

At least two (2) regular board meetings shall be convened each year. Board meetings shall be convened by the chairman of the Board of Directors. The meeting notice and meeting documents shall be served on all directors and supervisors at least fourteen (14) days before the meeting (excluding the day of the meeting). Board meetings shall generally be convened on-site or otherwise in other manners as permitted in accordance with laws and regulations. Whenever it is necessary, the board meetings may be convened through video, telephone, fax, or email after agreement of the convener (the presider) or proposer provided that the directors can fully give their opinions.

**Article 113** More than one tenth (1/10) of the shareholders with voting rights, or one third (1/3) or more of the directors or the Board of Supervisors may propose to convene an extraordinary board meeting.

The chairman of the Board of Directors shall convene and chair the board meeting within ten (10) days after the receipt of the proposal.

**Article 114** The notice of extraordinary board meeting shall be served in writing to all directors, supervisors, and the senior management by hand, mail, e-mail, or facsimile three (3) days before the date of the meeting. In case of emergency and an extraordinary board meeting is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

**Article 115** A notice of a meeting of the Board of Directors in writing shall include the following particulars:

- (1) the date and venue of the meeting;
- (2) the period for the meeting;
- (3) reasons for and matters to be considered;
- (4) the date of issuance of the notice.

- Article 116** The board meeting may be held only if more than half (1/2) of the directors (including proxies) attend.
- Each director has one (1) vote. Save as otherwise specified in the Articles of Association, resolutions made by the Board of Directors shall be passed by more than half of all directors.
- In the case of an equality of votes, the chairman of the Board of Directors shall have a (1) casting vote.
- Article 117** Where a director or the enterprises involved in the subject matter have related relationship with or any of his/her close associates has any interest in the subject matter of the board meeting, he/she shall not vote on the aforesaid resolution, or vote on behalf of other directors. The relevant meeting of the Board of Directors may be held when more than half of the uninterested directors attend the meeting, and the resolutions made by the meeting of the Board of Directors shall be passed by more than half of the uninterested directors. If the number of uninterested directors attending the meeting is less than three (3), the relevant proposals shall not be voted and shall be submitted to the general meeting for review.
- Article 118** On the premise that the directors are assured to have fully expressed their views at an extraordinary board meeting, the vote on board resolutions shall be taken by way of voting on a show of hands or of an open ballot or by way of communication at the on-site meeting. The resolution shall be signed by the directors attending the meeting and delivered to the Company by hand, mail, e-mail or facsimile.
- Article 119** Meetings of the Board of Directors shall be attended by the directors in person. If a director is unable to attend a meeting for any reason, he/she shall appoint another director in writing to attend the meeting on his/her behalf. Such an instrument of appointment shall specify the names of the proxy, the issues, the scope of the authorization granted by the principal, and the term of validity of the appointment and include the principal's signature or seal. The director attending the meeting on other's behalf shall exercise the rights of a director within the scope of authorization. If a director fails to attend a board meeting or appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.
- Article 120** The Board of Directors shall keep minutes of resolutions on matters discussed at relevant meetings (which shall include any concerns raised or dissenting views expressed by the directors). The minutes shall be signed by the directors and the person who recorded the minutes present at such meetings.
- The minutes of board meetings shall be kept as archives of the Company for a period of no less than ten (10) years.

- Article 121** The minutes of a meeting of the Board of Directors shall include the following particulars:
- (1) the date and venue of the meeting, and the name of the convener;
  - (2) the names of the directors attending the meeting and directors (proxies) appointed by others to attend the board meeting;
  - (3) the agenda of the meeting;
  - (4) the main points of directors' speeches;
  - (5) the method and results of the voting for each proposal (the voting results shall state the number of affirmative and negative votes and number of abstention).

### **Chapter VI General Manager**

**Article 122** The Company shall have one (1) general manager, who shall be appointed or removed by the Board of Directors.

According to its need, the Company shall have certain deputy general managers, who shall be appointed or removed by the Board of Directors.

**Article 123** The circumstances in which a person shall not be appointed as a director provided by Article 93 hereof shall be applicable to senior management members.

The duties of loyalty of a director as stated in Article 95 hereof and the duties of care in items (4), (5) and (6) of Article 96 hereof shall also be applicable to the senior management members.

**Article 124** The term of office of the general manager shall be three (3) years and may be renewed.

**Article 125** The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, and arrange for the implementation of the resolutions of the Board of Directors;
- (2) to arrange for the implementation of the Company's annual business plans and investment plans;
- (3) to propose plans for establishment of the Company's internal management organization;
- (4) to formulate the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;

- (6) to propose to the Board of Directors appointment or dismissal of deputy general manager and chief financial officer of the Company;
- (7) to decide to appoint or dismiss the management officers other than those required to be employed or dismissed by the Board of Directors;
- (8) to exercise other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend as a non-voting participant at board meetings.

**Article 126** The general manager shall formulate his/her terms of reference, which shall come into effect upon approval by the Board of Directors.

**Article 127** The terms of reference of the general manager shall include the following particulars:

- (1) conditions and procedures for convening the general manager's meeting, and the participants;
- (2) specific duties and functions of the general manager and other senior management members;
- (3) use of funds and assets of the Company, authority for entering into material contracts and the reporting systems of the Board of Directors and the Board of Supervisors;
- (4) other matters which the Board of Directors considers necessary.

**Article 128** The general manager may resign before expiry of his/her term of office. The procedures and formalities for the resignation of the general manager shall be stipulated in the service contract between the general manager and the Company.

**Article 129** The Company shall have a secretary to the Board of Directors, who shall be responsible for preparing for the shareholders' general meetings and the board meetings, keeping documents and shareholders' data and handling matters relating to information disclosure, etc.

The secretary to the Board of Directors shall comply with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the places where the Company's shares are listed and the relevant provisions of the Articles of Association.

**Article 130** Senior management members who violate the provisions of laws, administrative regulations, departmental rules, listing rules of the places where the Company's shares are listed or the Articles of Association in performing their duties towards the Company and thereby cause losses to the Company shall be liable for compensation.

**Article 131** Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If a senior management member of the Company fails to perform his/her duties faithfully or violates the fiduciary duty, thereby causing damage to the interests of the Company and the public shareholders, he/she shall indemnify the Company in accordance with law.

## **Chapter VII Board of Supervisors**

### **Section 1 Supervisors**

**Article 132** The circumstances in which a person shall not be appointed as a director provided by Article 93 hereof shall be applicable to supervisors.

Directors, general manager and other senior management members shall not serve as supervisors concurrently.

**Article 133** The supervisors shall abide by the laws, administrative rules and the Articles of Association and bear duties of loyalty and care to the Company. They shall not abuse their authority of office to accept bribes or obtain other illegal income and not to misappropriate the property of the Company.

**Article 134** The term of office of a supervisor shall be three (3) years. Upon maturity of the term of office, a supervisor shall be eligible for re-election and re-appointment.

**Article 135** If the number of members of the Board of Supervisors falls below the quorum due to a failure to timely elect a supervisor upon expiration of a supervisor's term of office or due to the resignation of a supervisor during his/her term of office, the incumbent supervisor shall continue to perform his/her duties as a supervisor in accordance with laws, administrative regulations, listing rules of the place where the stocks of the Company are listed, and the Articles of Association until the incoming supervisor takes up his/her position.

**Article 136** Supervisors shall warrant the truthfulness, accuracy and completeness of the information disclosed by the Company, and shall sign a written confirmation of the periodic report.

**Article 137** Supervisors may attend board meetings as non-voting participants and make enquiries or suggestions in respect of the resolutions of such board meetings.

**Article 138** Supervisors shall not use the related relationships to damage the interests of the Company; otherwise, they shall be liable for compensation for any loss incurred to the Company.

**Article 139** If a supervisor contravenes the laws, administrative regulations, departmental rules or the Articles of Association in performing his/her duties and causing losses to the Company, he/she shall bear the liability of compensation.



## Section 2 Board of Supervisors

**Article 140** The Company shall have a board of supervisors. The Board of Supervisors is comprised of three (3) supervisors. The Board of Supervisors shall have one (1) chairman. The appointment and dismissal of the chairman of the Board of Supervisors shall be subject to the approval of more than two-thirds (2/3) of its members by voting. The chairman of the Board of Supervisors shall convene and preside over the meeting; in the event that the chairman of the Board of Supervisors is unable to perform his/her duties or fails to perform his/her duties, one (1) supervisor elected by half or more of all supervisors may convene and preside over the meeting of the Board of Supervisors.

The supervisors shall be the representatives of shareholders and employees of the Company. The ratio of the employee representative supervisors shall be no less than one-third (1/3). The employee representative supervisor shall be elected by employees of the Company on the representative staff and workers meetings, the staff and workers meetings or through other forms of a democratic election.

**Article 141** The Board of Supervisors exercises the following functions and powers:

- (I) to review the periodic reports of the Company prepared by the Board of Directors and present the review opinions in writing;
- (II) to check the financial affairs of the Company;
- (III) to supervise the directors and senior management members in the performance of their duties, and to put forward proposals on the removal of any director or senior management members who violates laws, administrative regulations, listing rules of place where the stock of the Company are listed, the Articles of Association or any resolution of the general meeting;
- (IV) to demand directors and senior management members to make rectification if their conduct has damaged the Company's interest;
- (V) to propose the convening of extraordinary general meetings; and to convene and chair the general meeting in case the Board of Directors fails to fulfill the obligations prescribed by the Company Law and the Articles of Association to convene and chair the general meeting;
- (VI) to submit proposals to the shareholders' general meeting;
- (VII) to act on behalf of the Company in negotiation with directors or senior management members or bringing an action against directors or senior management members in accordance with Article 115 of the Company Law;

(VIII) in the event that the Board of Supervisors discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, may engage professional organisations, such as accounting firms and law firms, to assist in its work. Any expenses incurred thereby shall be borne by the Company;

(IX) to exercise other functions and powers specified in the laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

**Article 142** The meetings of the Board of Supervisors shall be held at least once every six (6) months. The supervisors can propose to convene extraordinary meetings of the Board of Supervisors.

Resolutions of the Board of Supervisors shall be passed by the affirmative votes of more than two-thirds (2/3) of the members of Board of Supervisors.

**Article 143** The Board of Supervisors shall formulate the rules of procedure for the Board of Supervisors and define its mode of discussion and voting procedure, so as to ensure the working efficiency and scientific decision-making of the Board of Supervisors.

**Article 144** The Board of Supervisors shall keep minutes of resolutions on matters discussed at the meeting, and the attending supervisors shall sign on the minutes of the meeting.

A supervisor is entitled to request that an explanatory note is made in the minutes with regard to his/her speech at the meeting. The minutes of Board of Supervisors meetings shall be kept at the domicile of the Company as archives of the Company for at least ten (10) years.

**Article 145** A notice of a meeting of the Board of Supervisors shall include the following particulars:

- (1) the date and venue of the meeting and the period for the meeting;
- (2) reasons for and matters to be considered;
- (3) the date of issuance of the notice.

## **Chapter VIII Financial and Accounting System, Distribution of Profits and Audit**

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

**Article 146** The Company shall establish its financial and accounting system in accordance with the law, administrative regulations, and the listing rules of the place where the shares of the Company are listed and the provisions of relevant departments of the State.

**Article 147** The Company discloses its annual report within four (4) months at the end of each accounting year and its interim report within two (2) months at the end of the first half of each accounting year. The Company shall submit, disclose and/or submit annual report, interim report, preliminary results announcement and other documents to shareholders in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

**Article 148** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 149** When distributing the after tax profits of the year, the Company shall make appropriation of ten per cent (10%) of the profits to the statutory reserve of the Company. When the Company's statutory reserve has aggregated to more than fifty per cent (50%) of the Company's registered capital, it may no longer make appropriation.

If the Company's statutory reserve is insufficient to make up the losses in the previous years, the profits for the current year shall be used to make up the losses before appropriation to the statutory reserve as required in the preceding paragraph.

After the appropriation to the statutory reserve from the after tax profits, the Company may make appropriations to the discretionary reserve from the after tax profits upon approval by the shareholders' general meeting.

After making up the losses and appropriation to statutory reserve, the remaining after tax profits could be distributed to shareholders according to their shareholdings, except for the distributions not made according to their shareholding as stipulated in the Articles of Association.

If the shareholders' general meeting violates the requirements in the preceding paragraph, and distributes profits to shareholders prior to making up the Company's losses and appropriation to statutory reserve, the profits so distributed must be returned to the Company.

The shares held by the Company shall not be included in the distribution of profits.

**Article 150** The reserve of the Company shall be used to make up the Company's losses, expand the Company's production and operation, or be converted into additional share capital of the Company. However, the capital reserve should not be used to make up the Company's losses.

When the statutory reserve is converted into share capital, the amount remaining in such reserve shall not be less than twenty-five per cent (25%) of the registered capital of the Company before the conversion.

**Article 151** After the profit distribution plan has been approved by the shareholders' general meeting of the Company, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two (2) months after the conclusion of the shareholders' general meeting.

**Article 152** The Company may distribute dividends in cash or shares as follows:

- (I) The principle of profit distribution of the Company: The Company implements the dividend distribution policy which entitles the shareholders to the same rights and same dividends, under which shareholders are entitled to receive dividends and other kinds of distribution of interests based on the number of shares held by them. The Company adopts an active profit distribution policy, which emphasises investors' reasonable investment returns while maintaining continuity and stability. The Company may distribute profits in cash or shares, and the profit distribution shall not exceed the accumulated profit distributable or adversely affect the ability to continue as a going concern. The Board of Directors, the Board of Supervisors and the general meeting of the Company shall, in the decision-making and discussion process in respect of profit distribution policies, fully consider the opinions of independent non-executive directors and public investors in their respective meetings.
- (II) Overall form of profit distribution of the Company: Dividends shall be distributed in the form of cash, stock or a combination of both. Where the Company is in a position to distribute cash dividends, the Company may consider prioritising the use of cash dividends for profit distribution.
- (III) The specific conditions and proportion of the Company's cash dividends: If the Company achieves profits in the current year and has distributable profits after making up losses according to law, appropriation to statutory reserve and surplus reserve, the Company may consider cash dividends; the Company's profit distribution shall not exceed the range of cumulative distributable profits.

## **Section 2 Internal Audit**

**Article 153** The Company has a mechanism for internal auditing, with professional auditors to carry out internal audit and supervision over the Company's financial revenue and expenditure and economic activities.

**Article 154** The internal auditing mechanism and duties of the internal auditors should be implemented upon approval by the Board of Directors. The person in charge of the audit shall hold responsibility for and report to the Board of Directors.

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

**Article 155** The Company shall appoint an accounting firm which is qualified under the Securities Law to conduct accounting statement audit, net asset verification and other related consulting services for a period of one (1) year, which is subject to renewal.

**Article 156** The appointment of any accounting firm of the Company shall be subject to the approval of the shareholders' general meeting, prior to which the Board shall not appoint any accounting firm.

**Article 157** The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 158** The audit fee payable to an accounting firm shall be decided by the shareholders' general meeting.

**Article 159** When the Company intends to dismiss or not to reappoint an accounting firm, it shall give twenty (20) days prior notice to the accounting firm. When a shareholders' general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

Where the accounting firm resigns, it shall state to the shareholders' general meeting whether the Company has improper circumstances.

**Article 160** When reducing its registered capital, the Company shall prepare a balance sheet and an inventory of property.

The Company shall notify the creditors within ten (10) days from the date of making the resolution to reduce the registered capital, and shall make announcements in a newspaper recognised by the stock exchange where the Company's shares are listed within 30 days. The creditors may require the Company to settle debts or to provide appropriate guarantees within thirty (30) days after receipt of the notice or within forty-five (45) days after the date of the announcement if the creditors have not received the notice.

## **Chapter IX Notice and Announcement**

### **Section 1 Notice**

**Article 161** The notice of the Company may be served as follows:

(I) by personal delivery;

(II) by post;

(III) by announcement;

(IV) by other means specified in the Articles of Association.

**Article 162** Where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once the notice is announced.

**Article 163** The notice of a shareholders' general meeting of the Company shall be served by announcement.

**Article 164** The notice of a Board meeting of the Company shall be served by personal delivery or post or e-mail, telephone or fax or through other written means.

**Article 165** The notice of a meeting of the Board of Supervisors of the Company shall be served by personal delivery or post or e-mail, telephone or fax or through other written means.

**Article 166** If a notice of the Company is served by personal delivery, the recipient shall affix their signature (or seal) to the acknowledgement slip and the signing date shall be the date of service; if a notice of the Company is served by post, the forty-eighth (48th) hour after handover to the post office shall be the date of service; if a notice of the Company is delivered by fax or E-mail or by posting information on the website, the date of delivery shall be the date of service; if a notice of the Company is served by announcement, the date of first announcement shall be the date of service.

**Article 167** The accidental failure to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

## **Section 2 Announcement**

**Article 168** The Company shall designate the media/websites recognised by the stock exchange where the shares of the Company are listed as the media for publication of the Company's announcements and other required disclosure of information.

## **Chapter X Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

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

**Article 169** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

**Article 170** In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and inventories of assets. In accordance with the provisions of the Company Law, the Company shall notify the creditors within ten (10) days from the date of the resolution of the general meeting to merge and publish an announcement in a newspaper recognised by the stock exchange where the Company's shares are listed within thirty (30) days.

The creditors may require the Company to settle the debts or provide appropriate guarantees within thirty (30) days after receipt of the notice or within forty-five (45) days after the date of the announcement if the creditors have not received the notice.

**Article 171** Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 172** In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and inventories of assets. In accordance with the provisions of the Company Law, the Company shall notify the creditors within ten (10) days from the date of the resolution of the general meeting to divide and publish an announcement in a newspaper recognized by the stock exchange where the Company's shares are listed within thirty (30) days.

**Article 173** The companies after the division shall be jointly and severally liable for the debts incurred by the Company before its division, unless otherwise agreed in a written agreement in relation to discharge of debts concluded before the division by the Company with its creditors.

**Article 174** The Company shall prepare a balance sheet and an inventory of property when it needs to reduce its registered capital.

The Company shall notify the creditors within ten (10) days from the date of making the resolution to reduce the registered capital, and shall make announcements in a newspaper recognised by the stock exchange where the Company's shares are listed within thirty (30) days. The creditors may require the Company to settle debts or to provide appropriate guarantees within thirty (30) days after receipt of the notice or within forty-five (45) days after the date of the announcement if the creditors have not received the notice.

The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum.

**Article 175** Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registry according to laws; where the Company is dissolved, it shall cancel its registration according to laws; where a new company is established, its establishment shall be registered according to laws.

Increase or decrease of the registered capital of the Company shall be registered with the company registry according to law.

## **Section 2 Dissolution and Liquidation**

**Article 176** The Company may be dissolved for the following reasons:

- (I) the term of business operation stipulated in the Articles of Association expires or circumstances for dissolution specified in the Articles of Association arise;
- (II) a resolution on dissolution is passed by shareholders at a general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;

- (IV) the Company's business license is revoked or it is ordered to close or to be cancelled according to laws;
- (V) the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding ten percent (10%) or more of the total voting rights of the Company may appeal to the people's court for dissolution of the Company.

**Article 177** Where the Company is dissolved pursuant to items (I), (II), (IV) and (V) of Article 176, a liquidation committee shall be formed within fifteen (15) days from the date of occurrence of such grounds for dissolution, to start the liquidation process. The liquidation committee shall comprise directors or persons determined by the shareholders' general meeting. In case no such committee is established to timely proceed with liquidation, the creditors may make an application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.

**Article 178** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify creditors by notice or public announcements;
- (III) to deal with and settle any outstanding businesses of the Company;
- (IV) to pay outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Company after the repayment of debts; and
- (VII) to represent the Company in any civil proceedings.

**Article 179** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and publish announcements in newspapers recognized by the stock exchange where the Company's shares are listed within sixty (60) days. The creditors shall declare their claims to the liquidation committee within thirty (30) days from the date when it receives the above notice or within forty-five (45) days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.



**Article 180** After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan and present it to the shareholders' general meeting or to the people's court for confirmation.

The remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company remains continuing but shall not commence any business activities unrelated to the liquidation.

The Company's assets shall not be distributed to the shareholders before repayment of its debts in full in accordance with the preceding paragraph.

**Article 181** If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay its debts in full, the liquidation committee shall immediately apply to the people's court for declaration of bankruptcy.

After the Company is declared bankrupt by a ruling from the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 182** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and financial accounts for the liquidation period which shall be submitted to the general meeting or the people's court for confirmation after being verified by a certified public accountant in the PRC. The liquidation committee shall within thirty (30) days after the confirmation by the general meeting or the people's court, submit the foregoing documents to the Company's registration authority and apply for deregistration of the Company, and publish an announcement relating to the termination of the Company.

**Article 183** Any member of the liquidation committee shall dutifully and lawfully fulfill the liquidation obligation. Any member of the liquidation committee shall not abuse his official powers to accept bribes or other unlawful gains, and not to expropriate the Company's assets.

Where any member of the liquidation committee causes any loss to the Company or the creditors due to will or gross negligence, such member shall be liable for compensation.

**Article 184** Where the Company is declared bankrupt according to law, bankruptcy liquidation shall be conducted pursuant to the laws on bankruptcy of enterprises.

## **Chapter XI Amendments to the Articles of Association**

**Article 185** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) After amendments are made to the Company Law or other relevant laws, administrative regulations and the rules of the place where the shares of the Company are listed, the Articles of Association run counter to the said amendments;
- (II) The conditions of the Company have changed, and such change is not covered in the Articles of Association;
- (III) The shareholders' general meeting has resolved to amend the Articles of Association.

**Article 186** Any amendment to the Articles of Association passed by resolution at the shareholders' general meeting shall be submitted to the competent authorities for approval where necessary. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

**Article 187** The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' general meeting on amendment to the Articles of Association and the examination and approval opinions from relevant competent authorities.

**Article 188** Where the amendments to the Articles of Association involve matters requiring disclosure under laws, regulations and the listing rules of the place where the shares of the Company are listed, the amendments shall be announced as required.

## **Chapter XII Supplementary Provisions**

**Article 189** (I) "Controlling shareholder" refers to a person that satisfies any of the following conditions:

- (1) any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;
- (2) any person acting on his own or in concert with other parties has the power to exercise or control the exercise of thirty percent (30%) or more of the voting rights of the Company;
- (3) any person acting on his own or in concert with other parties holds thirty percent (30%) or more of the outstanding shares of the Company;
- (4) any person acting on his own or in concert with other parties has actual control over the Company in any other manner;
- (5) other persons as stipulated by relevant laws, administrative regulations or the listing rules of the place where the Company's shares are listed.

- (II) De facto controller refers to a person who is not a shareholder of the Company but can effectively control the activities of Company through investment, agreement or other arrangements.
- (III) Related relationship refers to relationship between a controlling shareholder, de facto controller, director, supervisor or the senior management members of the Company and the enterprise directly or indirectly controlled by the same, as well as other relationships that may give rise to transfer of interests of the Company, provided however that state-controlled enterprises shall not be deemed as related parties solely because they are under the common control of the state.

**Article 190** The Board of Directors may formulate detailed rules for the Articles of Association pursuant to the provisions of the Articles of Association. The detailed rules for the Articles of Association shall not contradict the provisions of the Articles of Association.

**Article 191** The Articles of Association are written in Chinese. In the event of any discrepancy between the Articles of Association in any other language or version and the Articles of Association, the Chinese version of the Articles of Association latest approved by and registered with the company registry shall prevail.

**Article 192** The terms “above”, “within”, “below” referred to in the Articles of Association shall include the numeral referred thereto; the terms “over”, “beyond”, “less than”, “more than” shall exclude the numeral referred thereto.

**Article 193** The Board shall be responsible for the interpretation of the Articles of Association.

**Article 194** Annexes to the Articles of Association shall include the Rules of Procedure for the Shareholders’ General Meetings, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Board of Supervisors.

**Article 195** Matters not covered in the Articles of Association shall be handled in accordance with the laws, administrative regulations and the relevant provisions of the securities governing authority of the region where the Company’s shares are listed in conjunction with the actual situation of the Company. If the Articles of Association are in conflict with the laws, administrative regulations, relevant provisions or rules of respective securities registration and clearing authorities, provisions of other regulatory documents and the listing rules of the stock exchange where the Company’s shares are listed promulgated from time to time, such laws, administrative regulations, relevant provisions or rules of respective securities registration and clearing authorities and provisions of other regulatory documents and the listing rules of the stock exchange where the Company’s shares are listed shall prevail.