

# **The Rules of Procedures for Meetings of the Board of Directors of BBMG Corporation**

(reviewed and approved by the second shareholders' general meeting of the Company held on 10 March 2006, reviewed and amended by the second extraordinary general meeting of 2008 of the Company held on 6 August 2008, reviewed and amended by the third extraordinary general meeting of 2010 of the Company held on 14 September 2010, reviewed and amended by the second extraordinary general meeting of 2017 of the Company held on 15 December 2017, reviewed and amended by the annual general meeting of 2019 of the Company held on 19 May 2020, reviewed and amended by the first extraordinary general meeting of 2021 of the Company held on 19 January 2021, reviewed and amended by the second extraordinary general meeting of 2023 of the Company held on 22 November 2023.)

## **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to further standardize the rules and decision-making procedures for the board of directors of BBMG Corporation (herein referred to as the “Company”) to ensure the democratization and the increase in scientific elements of the Company’s decision-making behaviour and to fully demonstrate the role of the board of directors as the core decision-making body, this set of rules is formulated according to relevant laws, regulations and provisions of prescriptive documents such as the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, the “Guidelines on the Articles of Association of Listed Companies” and the “Articles of Association of BBMG Corporation” (herein referred to as the “Articles of Association”) with reference to the “Model Rules of Procedure for the Board of Directors of Listed Companies in Shanghai Stock Exchange”.

**Article 2** The board of directors is supervised by the supervisory board and responsible for the shareholders' general meeting.

**Article 3** Rules and decision-making principles of the board of directors: Implement collective discussion, democratic decision-making, and vote on a poll item by item.

## **CHAPTER 2 THE BOARD OF DIRECTORS**

**Article 4** The Company sets up the board of directors which will compose members as stipulated in the "Articles of Association". At least one-third of the members of the board of directors shall be independent (non-executive) directors and there must not be less than three independent (non-executive) directors at any time. There may be staff representative of the Company in the members of the board of directors.

Functions of independent (non-executive) directors of the board of directors of the Company include but not limited to:

(1) To participate in the board of directors and provide independent opinions on matters concerning the Company's strategic decisions, appointment of senior management and other decisions involving material benefits of the Company;

(2) To demonstrate the role of leader and guidance whenever there is potential conflict of interests such as where the Company is entered into connected transactions so as to fully protect the legitimate rights and interests of the Company and the public investors;

(3) To serve as a member of special committees such as the strategy, investment and financing committee, audit committee and remuneration and nomination committee of the board of directors when invited;

(4) To monitor whether or not the business performance of the Company has achieved its pre-set objectives and express opinions at relevant meetings.

**Article 5** The board of directors is accountable to the shareholders' general meeting and exercises the following powers and functions:

(1) To be responsible for the convening of shareholders' general meetings and report its work at the shareholders' general meetings;

(2) To execute resolutions passed at the shareholders' general meetings;

(3) To decide on business operation plans and investment proposals of the Company;

(4) To prepare the annual financial budget and final accounts of the Company;

(5) To prepare proposals for profit distribution and recovery of losses of the Company;

(6) To formulate proposals for increase or reduction in the Company's registered capital and the issue of corporate bonds or other securities and proposal for listing;

(7) To formulate proposals for major acquisition by the Company or purchase of the Company's shares;

(8) To formulate proposals for merger, division, dissolution or otherwise alteration of the Company's form;

(9) To decide on the external guarantees other than those required to be approved at general meetings in accordance with the laws, administrative regulations and the Articles of Association;

(10) To decide on the matters relating to external investments, acquisition or disposal of assets, pledge of assets, external guarantees, entrustment of financial management and connected transactions of the Company within the scope of the authority granted at general meetings;

(11) To decide on the matters relating to external donation of the Company and its subsidiaries, the annual cumulative value of which is over RMB5,000,000 but within RMB10,000,000 (inclusive);

(12) To decide on the establishment of an internal management department of the

Company;

(13) To appoint or dismiss the Company's president and board secretary; and based on the nomination by the president, to appoint or dismiss the vice presidents, financial controller, general legal counsel and other senior management of the Company and decide on the matters relating to their remuneration and reward and punishment;

(14) To formulate the fundamental management system of the Company;

(15) To formulate the proposal on amendments of the Articles of Association;

(16) To manage the information disclosure matters of the Company;

(17) To submit a resolution on engagement or change of the certified public accountant responsible for the audit work of the Company at the shareholders' general meeting;

(18) To receive the work report of the president of the Company and review his work;

(19) To be responsible for the establishment and improvement of a sound rule-of-law and compliance management system (including the system for general counsel, legal and compliance risk control and cultivation of compliance culture) of the Company and listening to the work report on law-based corporation governance and compliance management;

(20) Other powers and functions conferred by the laws, regulations and rules of listing of securities of the stock exchanges on which the Company's shares are listed, at the general meeting or under the Articles of Association.

Other than the matters mentioned in clauses (6), (8) and (15) above which are required to be resolved by more than two-thirds of all directors, the matters mentioned above shall be resolved by more than one-half of all directors (clause (9) above shall be approved by more than two-thirds of directors present in a meeting). The board of directors shall perform its duties in accordance with the State's laws, administrative regulations, the Articles of Association and resolutions of the shareholders' general meeting.

**Article 6** The approval authority of the board of directors on transactions of the Company is set out below:

(1) General transaction that shall be approved by the board of directors (the definition is based on relevant listing rules of the listing location of the Company's shares which may be amended from time to time) specifically includes:

(1) According to the provisions of the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" (herein referred to as the "Listing Rules of the Stock Exchange") which may be amended from time to time, based on tests implemented, any of the asset ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specific details are based on the Listing Rules of the Stock Exchange which may be amended from time to time) of such transaction or the aggregate of relevant transactions is equivalent to or higher than 5%; and ratio which is lower than 5% but involving share transaction with issue of the Company's shares as the transaction consideration;

(2) According to the provisions of the "Rules Governing the Listing of Securities on the Shanghai Stock Exchange" (herein referred to as the "Listing Rules of the Shanghai Stock Exchange") which may be amended from time to time, based on tests implemented, any proportion of total asset amount, turnover, profit, operating income and net profit (specific details are based on the Listing Rules of the Shanghai Stock Exchange which may be amended from time to time) of such transaction or the aggregate of relevant transactions is equivalent to or higher than 10% but all of them are lower than 50%.

(2) Connected transaction that shall be approved by the board of directors (the definition is based on relevant listing rules of the listing location of the Company's shares which may be amended from time to time) specifically includes:

(1) Based on tests implemented, any of the asset ratio, revenue ratio, consideration ratio

and equity capital ratio (specific details are based on the Listing Rules of the Stock Exchange which may be amended from time to time) of such connected transaction or the aggregate of relevant transactions (the definition of connected transaction and the principle of cumulative calculation are based on the Listing Rules of the Stock Exchange which may be amended from time to time) is (i) equivalent to or higher than 1% and the transaction only involves connected party in the Company's subsidiary level; or (ii) equivalent to or higher than 0.1% but lower than 5%; or (iii) lower than 25% and the connected transaction has a transaction consideration lower than HK\$10 million;

(2) The proportion of transaction amount of such connected transaction or the aggregate of relevant transactions (the definition of connected transaction and the principle of cumulative calculation are based on the Listing Rules of the Shanghai Stock Exchange which may be amended from time to time) in the Company's latest audited absolute net asset value is equivalent to or higher than 0.5% but lower than 5%.

(3) Transactions of which the individual transaction amount exceeds RMB500 million (including external investments (including entrustment of wealth management and entrusted loans, etc.), acquisition or disposal of assets; provision of financial assistance; restructuring of claims or liabilities; transferring or accepting the transfer of research and development projects; other transactions); projects of internal technical improvements and technical measures of the Company of which the individual transaction amount exceeds RMB1 billion; bidding of land for property development projects of which the individual transaction amount exceeds RMB5 billion.

(4) Transactions that are beyond the approval authority of the president and/or the president's office but are not required to be approved at the general meeting as according to the laws,

regulations and relevant listing rules of the listing locations of the Company's shares as well as the provisions of the Articles of Association or upon authorisation by the general meeting.

**Article 7** The board of directors shall establish special committees, such as the strategy, investment and financing committee, audit committee, remuneration and nomination committee and other special committees which the directors deem necessary. Each of the special committees, under the leadership of the board of directors, shall provide recommendation and advices to the board of directors. Special committees shall be accountable to the Board and perform their responsibilities in accordance with the Articles of Association and the authorization of the Board. Proposals by special committees shall be submitted to the Board for determination. Special committees shall comprise directors only. The audit committee shall comprise non-executive directors only and chaired by an independent (non-executive) director and the chairman of the audit committee shall be an accounting professional, whereas the remuneration and nomination committee shall comprise mostly of and be chaired by independent (non-executive) directors. The Board shall be responsible for formulating the rules of work of the special committees and regulating the operation of the special committees.

### **CHAPTER 3 DIRECTORS**

**Article 8** Non-staff representative directors shall be elected or replaced by general meeting for a term subject to the Articles of Association. Under the prerequisite to abide by relevant laws and administrative regulations, the shareholders' general meeting may remove any director before the expiration of his/her term of office by way of an ordinary resolution (but claims made pursuant to any contract are not affected).

**Article 9** Directors shall be entitled to the following rights:

- (1) To attend meetings of the Board, and exercise their voting right;
- (2) To act for and on behalf of the Company in accordance with the Articles of Association

or by authorization of the Board;

(3) To deal with the business of the Company in accordance with the Articles of Association or by authorization of the Board;

(4) To receive the corresponding standard remuneration or allowance;

(5) To seek independent professional advice in appropriate circumstances, at the Company's expenses;

(6) Other rights stipulated in the Articles of Association or approved by the shareholders' general meetings.

**Article 10** Directors shall fulfill the following obligations:

(1) Directors shall comply with the provisions of laws, regulations and the Articles of Association, honestly perform their duties, and protect the interests of the Company. When their own interests conflict with the interests of the Company and shareholders, it shall be the code of conduct to protect the best interest of the Company and shareholders.

(2) Without the provisions of the Articles of Association or legal authorization given by the board of directors, no director shall act on behalf of the Company or the board of directors in his own name. If a director acts in his own name, and a third party would reasonably believe that such director acts on behalf of the Company or the board of directors, such director shall declare his standpoint and identity before taking any action.

(3) Upon a director's submission of his resignation or at the expiry of his office, his obligations to the Company and the shareholders shall not necessarily cease before his resignation report becoming effective or within a reasonable period after it becoming effective or after the termination of tenure. The duty of confidentiality in relation to trade secrets of the Company shall survive upon termination of his tenure up until the disclosure of such trade secrets. Other duties may continue for such period as fairness may require depending on the time lapses between the termination and the act concerned and the circumstances and conditions under



which the relationships with the Company are terminated.

**Article 11** Directors shall take the following responsibilities:

(1) If a director fails to personally attend a meeting of the Board of Directors and to appoint another director to attend the meetings on his or her behalf on two consecutive occasions, he or she shall be deemed unable to perform his or her duties and the Board of Directors shall propose to the shareholders' general meeting that he or she be replaced.

(2) If a director's behavior damages the image and interests of the Company, the board of directors should recommend the general meeting to remove him/her. Before the general meeting approves the removal of the director, the board of directors has the right to suspend or limit the director's powers.

(3) A director shall be liable for indemnification to any loss caused to the Company as a result of absence from his duties without permission prior to the expiry of his/her office.

(4) Directors shall be liable for compensation in case of company losses resulting from their violation of laws, administrative regulations, departmental rules or provisions of the Articles of Association during the implementation of company duties.

## **CHAPTER 4 CHAIRMAN**

**Article 12** The chairman shall be elected and removed by the board of directors through a simple majority of the directors. The chairman shall be selected from among the executive directors, and has more than 15 years of working experience in the industry where the Company operates and more than five years of senior management experience.

**Article 13** The chairman of the board of directors is entitled to the following powers and functions:

(1) Chair the shareholders' general meeting as well as convene and chair the board meeting;

(2) Supervise and examine the implementation of resolutions of the board of directors;

- (3) Sign securities issued by the Company;
- (4) Sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;
- (5) Submit the list of recommendation of the Company's president and board secretary;
- (6) Exercise special right of disposal on the Company's matters that complies with the laws, regulations and interest of the Company in the event of the occurrence of emergency conditions of force majeure such as serious natural disaster and report to the board of directors and the shareholders' general meeting after the event;
- (7) Other duties and powers as conferred by the board of directors.

The vice chairman of the Company assists in the work of the chairman. In case when the chairman is unable or fails to perform his duties, the duties will be performed by the vice chairman (in case the Company has two or more vice chairman, the vice chairman jointly elected by the over half of the directors will perform the duties); in case the vice chairman is unable or fails to perform his duties, the duties will be performed by a director jointly elected by over half of the directors.

## **CHAPTER 5 BOARD SECRETARY**

**Article 14** The Company shall have a board secretary, who is a senior management member of the Company and shall be accountable to the board of directors. The board secretary of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman and appointed by the board of directors. His/her primary responsibilities are:

- (1) To organize and arrange for the shareholders' general meetings and board meetings, prepare meeting materials, handle relevant meeting affairs, to be responsible for keeping minutes of the meetings and ensure their accuracy, keep meeting documents and take initiative

to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the board of directors;

(2) To ensure the completeness of the constitutional documents and records of the Company; keep and manage the information of shareholders; assist directors in handling their daily work and continuously provide the directors with, remind them of and ensure that they understand the laws and regulations, policies and requirements of the domestic and foreign regulatory authorities concerning the operation of the Company; assist the directors and the president in exercising their powers in compliance with relevant domestic and foreign laws and regulations, the statutes, the Articles of Association and other relevant requirements;

(3) To ensure the decision on material matters made by the board of directors of the Company to be carried out strictly in accordance with the procedures as stipulated; at the request of the board of directors, participate in the organization of consultation on and analysis of the matters to be decided by the board of directors and offer relevant opinions and suggestions; handle the day-to-day affairs of the board of directors the its relevant committees as assigned;

(4) To act as the contact person of the Company with the securities regulatory authorities, to be responsible for organizing and preparing for prompt submission of the documents required by the regulatory authorities, and accept and organize the implementation of any assignment issued by the regulatory authorities;

(5) To be responsible for coordinating and organizing the Company's disclosure of information, establish and improve the information disclosure system, participate in all of the Company's meetings involving the disclosure of information, and keep informed of the Company's material operation decisions and related information in a timely manner;

(6) To be responsible for keeping the Company's price-sensitive information confidential and work out effective and practical confidentiality systems and measures; where there is any

leakage of the Company's price-sensitive information due to any reason, necessary remedial measures shall be taken, timely explanation and clarification shall be made, and relevant reports shall be submitted to the stock exchange(s) on which the shares of the Company are listed and to China Securities Regulatory Commission;

(7) To be responsible for coordinating reception of visitors, keep in touch with news media; coordinating replies to inquiries from the public, handle the relationship with the intermediary institutions, regulatory authorities and the media and organize the submission of reports to China Securities Regulatory Commission on the relevant matters;

(8) To ensure the proper maintenance of the register of members and that the persons who have the rights of access to the relevant documents and records of the Company can obtain those records and documents in a timely manner;

(9) To assist directors and the president in fully complying with the domestic and foreign laws, regulations, the Articles of Association and other related requirements when exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant requirements, to be obliged to promptly remind the board of directors and is entitled to report the fact to the China Securities Regulatory Commission and other regulatory authorities;

(10) To coordinate in providing the necessary information to the Company's supervisory board and other supervising and audit authorities to facilitate the discharge of their supervision duties; assist in carrying out investigation into the performance of the fiduciary duties by chief financial officer, directors and the president of the Company;

(11) To perform other duties as delegated by the board of directors and other duties as required by the stock exchange(s) on which the shares of the Company are listed.

**Article 15** The secretary to the board shall be nominated by the chairman of the board, and be appointed or removed by the board.

Where a director concurrently serves as the secretary to the board and a certain act needs to be done by directors and the secretary to the board respectively, he/she shall not do the act in his/her double capacities.

A director or senior management member may serve as the secretary of the board of directors concurrently. The registered accountant of the accounting firm and attorney of law firm, appointed by the Company, may not act as the secretary to the board.

**Article 16** The board of directors shall establish its work department. The work department of the board of directors is the daily executing agency of the board of directors, and the work is presided over by the secretary to the board.

## **CHAPTER 6 CONVENING OF BOARD MEETINGS**

**Article 17** The chairman is responsible for the convocation and chairing of the board meeting which will only be held upon attendance by over half of the directors (including directors entrusted to attend in accordance with the provision of Article 150 of the Articles of Association).

**Article 18** The board meetings are divided into regular and extraordinary meetings. The board of directors holds regular meeting at least four times a year which will be convened by the chairman with written meeting notification sent by the board office to the whole board of directors, supervisors and the president through direct delivery, facsimile, electronic mail or other means 14 days prior to the holding of the regular meeting. For indirect delivery of notification, it shall also be confirmed by telephone with corresponding record made. Extraordinary board meetings are not subject to the time restriction of notification but reasonable notification shall also be sent to the whole board of directors, supervisors and the president. In case of emergency circumstances requiring the holding of extraordinary board

meeting at the earliest convenience, meeting notification may be sent by telephone or other verbal means any time but the convener shall provide explanation at the meeting.

Notification for the board meetings shall at least include the following contents:

- (1) Date and venue of meeting;
- (2) Deadline of meeting
- (3) Reasons and topics;
- (4) Convener and chairman of the meeting, proposer of the extraordinary board meeting and his written proposal;
- (5) Meeting materials required in the resolution of directors;
- (6) Requirements on the attendance of directors in person or entrustment of other directors;
- (7) Contact person and means of contact;
- (8) Time of delivery of notification.

Meeting notification sent by telephone or other verbal means shall at least include Item (1) as mentioned above and shall provide explanation in case of emergency circumstances requiring the holding of extraordinary board meeting at the earliest convenience.

**Article 19** Notification for the board meetings sent by the Company shall provide adequate information, including background information relating to topics of the meeting as well as information and materials useful to the directors in understanding the business development of the Company. When two or more independent (non-executive) directors are of the view that the information is inadequate or the argument is unclear, they may jointly submit written request to the board of directors for the postponement of the meeting or the review of such matter which shall be adopted by the board of directors.

**Article 20** Upon delivery of written meeting notification for the regular meeting of the board of directors, in case when items such as meeting time and venue have to be changed or there is addition, alteration or cancellation of proposals, a written change notification shall be

sent three days prior to the original date of the regular meeting explaining the situation as well as relevant details and materials of the new proposal. In case when there is less than three days, the meeting date shall be postponed accordingly or according to schedule upon approval of all directors attending the meeting.

Upon delivery of meeting notification for the extraordinary board meeting of the board of directors, in case when items such as meeting time and venue have to be changed or there is addition, alteration or cancellation of proposals, approval of all directors attending in the meeting shall be obtained and corresponding record made.

**Article 21** Every director has proposal right. Generally, the work department of the board of directors shall collect proposals from each director 15 days prior to the holding of the meeting and the proposing directors shall submit written and signed proposals and their explanations to the board secretary 10 days prior to the holding of the meeting. The proposals will be reviewed preliminarily by the board secretary whom will report it to the Chairman to determine whether it will be included in the agenda of that meeting. The Chairman shall seek opinions of the president and other senior management staff prior to the setting of proposals whenever necessary.

**Article 22** The board of directors shall convene extraordinary meetings of the board of directors according to its needs. All directors, supervisors and president shall be informed before the convening of the extraordinary meetings. The general counsel shall attend the board's meeting and express legal opinions on the considered matters involving legal issues.

**Article 23** An extraordinary board meeting may be convened in the event of any of the following circumstances:

- (1) As deemed necessary by the chairman;
- (2) Joint proposal by more than one-third of the directors;
- (3) Proposal of the supervisory board;

- (4) Proposal of shareholder representing more than 10% of the voting rights;
- (5) Proposal by more than half of the independent (non-executive) directors;
- (6) Proposal of the president.

In the event of Item (2), (3), (4) as mentioned above, the Chairman shall convene and chair the board meeting within 10 days upon receipt of the proposal.

**Article 24** The holding of extraordinary board meeting must adhere to the following rules:

- (1) In case when an extraordinary board meeting is proposed by a shareholder representing more than 10% of the voting rights, the supervisory board and the president, all of them shall submit a proposal letter to the board secretary whom will report it to the chairman for convocation of the meeting.
- (2) In case when an extraordinary board meeting is jointly proposed by more than one-third of the directors or more than half of the independent (non-executive) directors, a proposal letter signed by all directors or independent (non-executive) directors concerned shall be submitted to the board secretary whom will report it to the chairman for convocation of the meeting.
- (3) The proposal letter shall state clearly the following items:
  - (1) Name or appellation of the proposer;
  - (2) Reasons or objective grounds of the proposal;
  - (3) Proposal on the time or deadline, venue and format of the meeting;
  - (4) Clear and specific proposal;
  - (5) Means of contact of the proposer and the date of proposal etc.
- (4) In case when an extraordinary board meeting is proposed, all proposers shall submit their reasons and topics. The extraordinary board meeting can only discuss and resolve topics included in the meeting agenda and will not discuss and resolve provisional proposals of directors.



(5) Contents of the proposal belonging to matters within the scope of duties and powers of the board of directors as stipulated in the Articles of Association shall be submitted together with relevant materials of the proposal. Upon receipt of the written proposal and relevant materials as mentioned above, the board secretary shall circulate them to the chairman on the same day. In case when the chairman is of the view that contents of the proposal are not clear and specific or relevant materials are insufficient, he may request the proposer for amendments or additions.

## **CHAPTER 7 VOTES AND RESOLUTIONS OF THE BOARD**

**Article 25** The board meeting will only be held upon attendance by over half of the whole board of directors. In case when the refusal or negligence of the directors concerned to attend the meeting has caused the failure in meeting the minimum number of participants required for the holding of the meeting, the chairman and the board secretary shall report it timely to the regulatory departments.

**Article 26** Supervisors may observe the board meeting and president and board secretary who do not concurrently serve as directors shall observe the meeting. Chairperson of the meeting may notify other relevant staff to observe the meeting if deemed necessary.

**Article 27** Every director has one voting right. Unless otherwise stipulated in the Articles of Association, resolutions of the board of directors must be passed by over half of the whole board of directors. In case when there is the same number of dissenting and affirmative votes, the chairman has the right to poll one more vote. In case when it is required by the laws, administrative regulations and the Articles of Association that the board resolution shall obtain consent of a greater number of directors, the board of directors shall act in accordance with such provisions.

In case when the interest of a director is involved in the resolution of the board meeting, that director shall avoid attending the meeting and has no voting right. That director will also

not be included in the calculation of statutory attendance for the board of directors.

**Article 28** The board meeting shall be attended by the directors in person and in case when a director is unable to attend for certain reason, he may entrust the attendance to other director in writing but shall study the meeting materials in advance to form a clear opinion. The power of attorney may be delivered to the Company by facsimile but the original copy shall be delivered to the Company prior to the holding of the meeting.

The power of attorney shall state clearly the name of the entruster and proxy, the issue to be entrusted, authorities, effective period, brief opinion of the entruster on each proposed item, the scope of authority of the entruster and the instruction on the vote for the proposal. It shall also be signed or sealed by the entruster.

In case when a director entrusts the signing of written confirmation for regular reports to other director, he shall give special authorisation in the power of attorney.

The trustee shall submit the written power of attorney to the chairperson of the meeting and explain the details of the proxy on the attendance book of the meeting.

**Article 29** In regard to the restrictions on attendance by proxy

Directors to entrust and entrusted to the attendance at the board meeting shall adhere to the following principles:

(1) In the event of the review of connected transaction, non-associated directors must not entrust associated directors to attend and associated directors must not accept the entrustment of non-associated directors;

(2) Independent (non-executive) directors must not entrust non-independent (non-executive) directors to attend and non-independent (non-executive) directors must not accept the entrustment of independent (non-executive) directors;

(3) A director must not give other director carte blanche to attend the meeting in the absence of explanation on one's personal opinion and voting intentions toward the proposals

and the director concerned must not accept carte blanche and trust without clear authorisation;

(4) A director must not accept trust of more than two directors and directors must not entrust to a director who has accepted to attend the meeting on behalf of two other directors.

**Article 30** Format of meeting

In principle, the board meeting will be held onsite. Wherever necessary, under the premise that full expression of opinions by the directors shall be ensured, the meeting may be held by way of video, telephone, facsimile or electronic mail, upon consent of the convener (chairperson) and the proposer. The board meeting may also be held onsite and through other methods at the same time.

For meeting that is held offsite, the number of directors present at the meeting will be counted by valid votes such as the directors present onsite as shown in the video, the directors having opinion expressed in the teleconference, facsimile or electronic mails actually received within the prescribed time limit or written confirmation on the attendance of meeting submitted by the directors after the meeting.

**Article 31** In respect of any matter which needs to be determined by the board of directors at an extraordinary board meeting, under the premise that full expression of opinions by the directors shall be ensured, the board of directors may accept a written resolution in lieu of convening a board meeting. However, a draft of such resolution shall be complete and comprehensive, and shall be delivered to every director either in person, by mail, by fax or by email. If the board of directors has already sent out written notice of matters to be resolved to all directors and the number of directors who have signified their consent thereto reaches the required number as set out in the Articles of Association, such resolution shall become a valid resolution of the board of directors and there is no need to convene a board meeting.

**Article 32** Procedures of review of meeting

The chairperson of the meeting shall request directors participated in the board meeting to express clear opinion on each of the proposals. For a proposal that has to be approved by independent (non-executive) directors in advance as according to the provisions, the chairperson of the meeting shall assign an independent (non-executive) director to read out the written approval concluded by independent (non-executive) directors prior to discussion of the proposal concerned. In case when a director has impeded the normal proceedings of the meeting or has intruded the speech of other directors, the chairperson of the meeting shall stop him without delay.

Unless a consensus of all participated directors is obtained, the board meeting must not implement voting on proposals that have not been included in the notice of meeting. In case when a director has accepted to attend the meeting on behalf of other directors, he must not vote on behalf of other director on proposals that have not been included in the notice of meeting.

**Article 33** Expression of opinion

Directors shall conscientiously peruse relevant meeting materials and express opinions independently and prudently on the basis of a full understanding of the situation.

Directors may find out information required in decision making from relevant personnel and institutions including the board office, the convener of the meeting, the president, other senior management staff, various special committees, accounting firms and law offices and may suggest the chairperson to request the above-mentioned personnel and institutional representatives to explain the situation concerned during the meeting.

**Article 34** Voting of resolution

The chairperson shall submit each of the proposals to the participated directors for voting in time upon full discussion.

The voting intentions of directors are divided into agree, disagree and abstention. Participated directors shall choose one of the above-mentioned intentions. In case when a director has not chosen or has simultaneously chosen two or more of the above intentions, the chairperson shall request the director concerned to make a new choice and if such request is being rejected, it will be regarded as abstention. In case when a director has left during the course of the meeting and thus has not made any choice, it will be regarded as abstention.

**Article 35** In case when a director is associated with an enterprise involved in a resolution of the board meeting (it refers to the case where a director or senior management staff holds position in the counterparty or the case where a director or senior management staff holds position in a legal entity having direct or indirect control on the counterparty or in a legal entity directly or indirectly controlled by the counterparty), the director must not exercise voting right on that resolution and must not exercise voting right on behalf of other directors. He shall also withdraw from the voting. That board meeting will only be held upon attendance by over half of non-associated directors. Resolutions formed at the meeting must be passed by over half of non-associated directors and will only be valid upon signing of independent (non-executive) directors. In case when the meeting is attended by less than three non-associated directors, such item shall be submitted to the shareholders' general meeting of the Company for review.

**Article 36** Statistics of voting result

Upon completion of voting by participated directors, securities service representatives and relevant working staff of the board office shall timely collect the directors' votes which will be counted by relevant working staff of the board office as scrutinized by a supervisor.

For a meeting that is held onsite, the chairperson of the meeting shall announce the statistics result at the spot; for other circumstances, the chairperson of the meeting shall request the board secretary to notify the directors of the voting result after the prescribed time limit for voting and prior to the following working day.

Votes polled by directors after the chairperson's announcement of voting result or after the prescribed time limit for voting will not be counted.

**Article 37** Prohibition on ultra vires

The board of directors shall act in strict accordance with the authorisation of the shareholders' general meeting and the Articles of Association and is prohibited to form resolutions ultra vires.

**Article 38** Treatment of unpassed proposal

For proposal that has not been passed, with no major change occurred to relevant conditions and factors, the board meeting shall not review proposal of similar content again within a month.

**Article 39** Suspension of voting

When more than half of the participated directors or more than two independent (non-executive) directors are of the view that the proposal is unclear, unspecific or for other reason such as insufficient meeting materials which has made their judgment on the item concerned impossible, the chairperson of the meeting shall request for the suspension of voting on that proposal.

The director requesting for the suspension of voting shall produce clear requirements on conditions that shall be met for the resubmission of proposal.

**Article 40** Recording of meeting

Board meetings that are held onsite and by way of video, telephone and other means may implement recording throughout the meeting whenever necessary.

**Article 41** The directors shall sign and be responsible for the resolutions of the board. Where a resolution of the board is in violation of laws, regulations, or the Articles of Association, thereby causing losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove

that he/she expressed his/her opposition to such resolution when such resolution was put to the vote, and that such opposition was recorded in the minutes of the meeting, the director shall be relieved from such liability.

## **CHAPTER 8 MINUTES FOR THE BOARD MEETING**

**Article 42** Minutes shall be taken for the board meeting. Preliminary draft of the meeting minutes shall be distributed to the directors for comments within reasonable time after the meeting and the meeting minutes shall be signed by participated directors upon finalization with copy filed. Participated directors have the right to request for explanatory notes of their comments made during the meeting in the meeting minutes. The meeting minutes shall produce a sufficient and detailed record of considered items and decisions of each director, of which shall include any concern or counter opinion raised by the directors.

**Article 43** Minutes of the board meeting, being files of the Company, will be stored by the working department of the board of directors. The period of retention of the meeting minutes is ten years.

**Article 44** Minutes of the board meeting include the following contents:

- (1) Session, date, venue and format of meeting;
- (2) Status of delivery of the notice of meeting;
- (3) Convener and chairperson of meeting;
- (4) Status of attendance of directors in person and by proxy;
- (5) Proposals to be reviewed at the meeting as well as key comments, main view and voting intention of each director toward the items concerned;
- (6) Voting format and result of each resolution item (detailed explanation on the number of affirmative, dissenting or abstaining votes);
- (7) Other items deemed necessary to record by participated directors.

Apart from the meeting minutes, whenever necessary, the board secretary may also arrange working staff of the board office to prepare clear and concise summary on the situation of the meeting and to prepare separate records for resolutions formed at the meeting based on statistics of the voting result.

**Article 45**      Signature of director

A participated director shall provide signature confirmation on the meeting minutes and records of resolution on behalf of his own and the director entrusting him to attend. In case when a director has different opinion in regard to the minutes and records of resolution, he may explain in writing at the time of signature. Whenever necessary, he shall report it timely to the regulatory departments and may issue a public statement.

In case when a director has not provided signature confirmation and written explanation on his difference in opinion according to provisions stated in the preceding paragraph and that he has neither reported it to the regulatory departments nor issued a public statement, he will be regarded as totally agreed with the content of the minutes and records of resolution.

**Article 46**      Implementation of resolution

The chairman shall supervise relevant personnel to implement the board resolutions and examine the status of implementation of resolution. He shall also report on the implementation of resolutions formed at the board meetings thereafter.

**Article 47**      Notice of resolution

Matters concerning the notice of board resolution shall be handled by the board secretary in accordance with relevant provisions of the “Rules Governing the Listing of Securities on the Shanghai Stock Exchange” and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”. Personnel such as the participated directors, observers, records and service staff of the meeting have the duty of confidentiality toward the content of the resolution prior to the disclosure of the notice of resolution.



## **CHAPTER 9 SUPPLEMENTARY PROVISIONS**

**Article 48** For unstated or unclear items in this set of rules, they shall be implemented in accordance with relevant laws, regulations, prescriptive documents, listing rules of the Company's listing location and relevant provisions of the Articles of Association.

In case when this set of rules is not consistent with the Articles of Association, relevant laws, regulations, prescriptive documents and listing rules of the Company's listing location, the latter shall prevail.

**Article 49** This set of rules may be amended by the board of directors and approved by the shareholders' general meeting according to the requirements of the relevant laws and regulations and the actual circumstances of the Company.

**Article 50** This set of rules is prepared by the board of directors, and come into effect upon consideration and approval at the shareholders' general meeting.

**Article 51** The board of directors shall be responsible for the interpretation of this set of rules.