

**Articles of Association of**  
**四川德康農牧食品集團股份有限公司**  
**DEKON FOOD AND AGRICULTURE GROUP**  
**(Draft)**

**November 2023**

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## Articles of Association of Dekon Food and Agriculture Group

### CHARTER 1 GENERAL PROVISIONS

**Article 1** Dekon Food and Agriculture Group (四川德康農牧食品集團股份有限公司) (the “**Company**”) is a joint stock limited liability company established in accordance with Company Law of the People’s Republic of China (“**Company Law**”) and other applicable laws and administrative rules of the PRC.

In order to safeguard the legitimate rights and interests of the Company, its shareholders and creditors and to regulate the organization and conduct of the Company, the Company has adopted the Articles of Association of Dekon Food and Agriculture Group (the “**Articles of Association**”) in accordance with the Company Law, the Securities Law of the People’s Republic of China (“**Securities Law**”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”), and other applicable regulations of the PRC.

**Article 2** The Company was reorganized from Sichuan Dekon Agro-livestock Technology Company Limited (the “**Former Company**”) and established by way of promotion and was registered with the Administration For Market Regulation of Chengdu and obtained the business license. The unified social credit code is 91510122096784048U.

**Article 3** The Company was approved by the China Securities Regulatory Commission (the “CSRC”) on 30 March 2023 and The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) on [•] for the initial issuance of [•] overseas listed ordinary shares (H shares) with a par value of RMB1 each to overseas investors which will be listed on the main board of the Hong Kong Stock Exchange on [•].

**Article 4** The Company’s registered names are: 四川德康農牧食品集團股份有限公司 in Chinese; Dekon Food and Agriculture Group in English.

**Article 5** The Company’s address is: Unit 901-909, 9th Floor, Building 2 Chengdu East Aviation Center, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province PRC; postal code: 610225.

**Article 6** The Company’s registered capital is RMB[•].

**Article 7** The Company is a permanently existing joint stock limited company.

**Article 8** The chairman of the Board of Directors is the legal representative of the Company.

**Article 9** All the assets of the Company are divided into shares of equal value. The Company is responsible for the Company's debts with all its assets, and the shareholders of the Company are responsible for the Company to the extent of their subscribed shares.

**Article 10** The Articles of Association shall, from the date on which they take effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations as between the Company and the shareholders and among the shareholders, and shall be legally binding on the Company, the shareholders, the directors, the supervisors and senior management officers. Based on the Articles of Association, any shareholder may bring a lawsuit against another shareholder, a director, a supervisor, a manager or any other senior management officer of the Company. Any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, director, supervisor, manager or any other senior management officers.

**Article 11** The senior management officers referred to in the Articles of Association represent the general manager, deputy general managers, secretary to the Board of Directors and chief financial officer of the Company.

**Article 12** The Company shall, subject to the provisions of the Constitution of the Communist Party of China, establish a party organization and carry out party-related activities. The Company provides the necessary conditions for the activities of the party organization.

## **CHARTER 2 BUSINESS OBJECTIVES AND SCOPE**

**Article 13** The business objectives of the Company are: to build a high-end food ecosystem with a mindset of farming for food and producing food for health. The Company is committed to farming and food sectors, and is not involved in the production, sales or investment of non-self-use commercial feed.

**Article 14** The business scope of the Company, as registered in accordance with the law, is: food production and sales. Research and development of breeding technology and technical consulting services; sales of poultry and pigs; investment in agricultural and animal husbandry projects (financial activities such as illegal fund-raising and absorbing public funds are not allowed); business management advisory services; sales of seedlings, planting and technical consulting services. (Projects that must be approved according to the law can only be carried out after being approved by relevant departments.)

The business scope referred to in the preceding paragraph shall be such items as approved by the company registration authority.

The Company may, based on the changes in domestic and international markets, business development and its own capabilities, adjust its business scope and complete the relevant formalities of amendments to its industry and commerce registration according to relevant provisions.

## CHARTER 3 SHARES

### Section 1 Issuance of Shares

**Article 15** The shares of the Company are in the form of registered share certificates.

**Article 16** Shares of the Company shall be issued in a transparent, fair and equal manner and shares of the same class shall rank pari passu in all respects. Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

There must, at all times, be ordinary shares in the Company. The ordinary shares issued by the Company include domestic unlisted shares and overseas listed shares. Subject to the approval of the company approving department authorized by the State Council, the Company may, according to its requirements, create other types of shares.

**Article 17** The share certificates issued by the Company shall each have a par value of Renminbi one yuan.

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

Each class of ordinary shares (domestic unlisted shares and overseas listed shares) issued by the Company are entitled to the same rights in any distribution in the form of dividends or any other form.

**Article 18** The overseas listed shares issued by the Company are centrally deposited with local stock registration institutions.

The domestic unlisted shares issued by the Company are centrally deposited with domestic securities registration and settlement institutions. Upon approval and filed by the securities regulatory authority of the State Council and approved by the Hong Kong Stock Exchange, all or part of the domestic unlisted shares of the Company may be converted into overseas listed shares, and the converted overseas listed shares may be listed and traded on overseas stock exchanges. When the converted shares are listed and traded on overseas stock exchanges, the regulatory procedures, regulations and requirements of overseas securities markets shall also be complied with.

In the event that the domestic unlisted shares are converted into overseas listed shares and listed and traded on an overseas stock exchange, it is not necessary to convene a general meeting of shareholders to vote.

**Article 19** At the time of its establishment, the Company issued 250,000,000 ordinary shares to its promoters, all of which are subscribed and held by the promoters of the Company, The following table shows the promoters, the amount of shares they subscribed for, the percentage of shares they held, method and time of capital contribution at the time of the establishment of the Company:

No.	Names of promoters	No. of Shares subscribed	Shareholding (%)	Method of capital contribution	Time of capital contribution
1	Sichuan Desheng Ronghe Group Co. Ltd.	108,161,259.00	43.26	Shares converted from net assets	30 November 2018
2	Chen Yuxin	36,873,156.00	14.75	Shares converted from net assets	30 November 2018
3	Song Fuxian	14,749,263.00	5.90	Shares converted from net assets	30 November 2018
4	Shanghai CEL Maiming Investment Centre (Limited Partnership)	14,749,263.00	5.90	Shares converted from net assets	30 November 2018
5	Tang Jianyuan	12,291,052.00	4.92	Shares converted from net assets	30 November 2018
6	Peng Benping	12,291,052.00	4.92	Shares converted from net assets	30 November 2018
7	Wang Degen	9,832,842.00	3.93	Shares converted from net assets	30 November 2018
8	Hu Wei	7,374,631.00	2.95	Shares converted from net assets	30 November 2018
9	Song Yuanfang	7,374,631.00	2.95	Shares converted from net assets	30 November 2018
10	Chengdu Jiakun Growing Enterprise Management Centre (Limited Partnership)	7,374,631.00	2.95	Shares converted from net assets	30 November 2018
11	Wang Dehui	4,916,421.00	1.97	Shares converted from net assets	30 November 2018
12	Liu Guofeng	4,916,421.00	1.97	Shares converted from net assets	30 November 2018
13	Chen Yuhe	4,916,421.00	1.97	Shares converted from net assets	30 November 2018
14	Yao Hailong	2,458,210.00	0.98	Shares converted from net assets	30 November 2018
15	Xu Wei	1,229,105.00	0.49	Shares converted from net assets	30 November 2018
16	Tang Xiaoping	491,642.00	0.20	Shares converted from net assets	30 November 2018
	<b>Total</b>	<b>250,000,000.00</b>	<b>100.00</b>		

*Note:* Differences or discrepancies in the figures are due to rounding.

**Article 20** Upon the completion of the initial public issuance of H shares, if the over-allotment option is exercised in full, the shareholding structure of the Company shall be [•] ordinary shares as follows:

- (1) [•] domestic unlisted shares;
- (2) [•] H shares, including conversion of [•] H shares.

If the over-allotment option is not exercised, the Company's share capital structure shall be:

- (1) [•] ordinary shares, including [•] domestic unlisted shares;
- (2) [•] H shares, including conversion of [•] H shares.

After the issuance of the above H shares, the Company will register the corresponding change in the registered capital with the company registration authority based on the actual amount of the registered capital of the Company as determined by the capital verification report issued by the certified public accountant, and at the same time report to the local commerce department authorized by the State Council and the securities regulatory authority of the State Council for record.

The total number of shares of the Company upon completion of the issuance and listing of H shares is [•] shares, all of which are ordinary shares.

**Article 21** The Company or its subsidiaries (including its affiliates) 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, Reduction and Repurchase of Shares**

**Article 22** Based on its operating and development needs, the Company may, pursuant to the laws and regulations and the Articles of Association and with the by special resolution at the shareholders' general meeting, increase its capital in the following ways:

- (I) Public offering of shares;
- (II) Non-public offering of shares;
- (III) Placing or distributing new shares to existing shareholders;
- (IV) Converting capital reserves into share capital;
- (V) Any other means stipulated in the laws and administrative regulations or permitted by the CSRC and the Hong Kong Stock Exchange.

**Article 23** The Company may decrease its registered capital and shall comply with the procedures stipulated in Company Law, other related regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 24** The Company shall not purchase its own shares. Except for any following circumstances:

- (I) Reducing its registered capital;
- (II) Merger with another company which holds the shares of the Company;
- (III) Using shares for employee share schemes or equity incentives;
- (IV) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company;
- (V) Conversion of shares into corporate bonds issued by the Company which are convertible into shares;
- (VI) When necessary to maintain the Company's value and shareholders' rights and interests;
- (VII) Any other circumstance permitted by laws and administrative regulations, and approved by the regulatory authorities.

**Article 25** The Company may purchase its own shares through public centralized trading, or through other means recognized by the laws, administrative regulations, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed or the CSRC (if required).

Where the Company purchases its own shares under any of the circumstances specified in the provisions set forth in subparagraphs (III), (V), (VI) of Article 24 of the Articles of Association, centralized trading shall be adopted publicly subject to the requirements of the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

**Article 26** If the Company acquires shares of the Company under the circumstances set forth in subparagraphs (I) and (II) of Article 24 of the Articles of Association, a resolution shall be passed at a general meeting; if the Company acquires shares of the Company under the circumstances set forth in subparagraphs (III), (V) and (VI) of Article 24 of the Articles of Association, a resolution may be passed at a meeting of the Board of Directors attended by two-thirds or more of the Directors in accordance with the provisions of Articles of Association or the authorization of the general meeting. If the Company acquires shares of the Company in accordance with Article 24 of the Articles of Association, in the case of subparagraph (I), the shares shall be cancelled within ten days from the date of acquisition; in the case of subparagraphs (II) and (IV), the shares shall be transferred or cancelled within six months; in the case of subparagraphs (III), (V) and (VI), the total number of shares of the Company held by the Company shall not exceed 10% of the total number of issued shares of the Company, and shall be transferred or cancelled within three years.



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

**Article 27** Shares of the Company may be transferred according to the law.

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

**Article 29** Shares in the Company held by promoters shall not be transferred within one year after the date of establishment of the Company. Shares issued by the Company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a securities exchange.

Directors, supervisors and senior management officers of the Company shall declare to the Company their shareholdings in the Company (including preferred shares, if any) and any changes of such shareholdings, and the shares transferred each year during their term of office shall not exceed 25% of the total shares of the same class they hold in the Company; shares of the Company held by them shall not be transferred within one year from the date of the listing and trading of the Company's shares, nor within half a year after their resignation from their positions with the Company.

Where the Hong Kong Listing Rules or relevant regulations of the securities regulatory authority where the shares of the Company are listed have other provisions on the transfer restrictions of overseas listed shares, such provisions shall prevail.

**Article 30** Where any shareholder, director, supervisor or senior management officers of the Company who holds more than 5% of the Company shares sells Company's stock or other securities with the nature of equity he holds within 6 months of the relevant purchase, or purchases any stock or other securities with the nature of equity he has sold within 6 months of the relevant sale, the proceeds generated therefrom shall be incorporated into the profits of the Company, and the Board of Directors of the Company shall recover the proceeds. However, the following circumstances shall be excluded where a securities company holds more than 5% of the shares due to its purchase of any remaining shares under the underwriting or otherwise as specified by the CSRC.

Shares or other securities with the nature of equity held by directors, supervisors, senior management officers and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with subparagraph (I) of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company.

If the Board of Directors fails to implement the provisions set forth in subparagraph (I) of this Article, the responsible directors shall bear joint and several liability in accordance with law.

## CHAPTER 4 SHAREHOLDERS AND GENERAL MEETINGS

### Section 1 Shareholders

**Article 31** The Company shall establish the register of shareholders according to the vouchers provided by security registration institutions. The register of shareholders is the sufficient evidence to prove the holding of the shares of the Company by the shareholders. A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by him/her. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

**Article 32** Any assignment and transfer of stocks must be registered in the register of shareholders. The original register of members of overseas listed shares listed in Hong Kong shall be kept in Hong Kong. All transfers of H shares shall be in the form of a written transfer instrument in ordinary or common form or any other form acceptable to the Board of Directors (including the standard transfer form or transfer form specified by the Hong Kong Stock Exchange from time to time); and such transfer instrument may only be signed by hand or stamped with a valid company seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house or its agent as defined in the relevant regulations in force from time to time under the laws of Hong Kong, the transfer document may be signed by hand or machine-printed. All transfer documents shall be kept at the legal address of the Company or at such address as may be designated by the Board of Directors from time to time.

The Company shall maintain a complete register of shareholders. The register of shareholders shall include the following parts:

- (I) the register of shareholders kept at the Company's corporate domicile (other than those registers of shareholders as described in sub-paragraphs (II) and (III) of this Article);
- (II) the register of shareholders of the Company's H shares kept at the place where the Hong Kong Stock Exchange is located;
- (III) The register of shareholders kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

Alteration or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register of shareholders is maintained.

The Company shall keep at its domicile a copy of the register of holders of overseas listed shares. The appointed overseas agent(s) shall ensure that the original and copy of the register of holders of overseas listed shares are always consistent. The register of shareholders maintained in Hong Kong must be available for inspection by shareholders, but the Company may be permitted to suspend the registration of shareholders in accordance with equivalent provisions of the Companies Ordinance (Chapter 622).

When the Company convenes a general meeting of shareholders, distributes dividends, liquidates, or engages in other actions that require confirmation of the identity of shareholders, the Board of Directors or the convener of the general meeting of shareholders shall determine the equity registration date. The shareholders who are registered after the market closes on the equity registration date are shareholders who enjoy relevant rights and interests.

If a holder of overseas-listed shares loses his share certificates and applies for their replacement, it may be dealt with in accordance with the laws, the rules of the stock exchange, as well as other relevant regulations of the place where the original copy of the register of holders of overseas-listed shares is kept.

**Article 33** Shareholders of the Company shall have the following rights:

- (I) The right to obtain dividends and other distributions in proportion to the number of shares held;
- (II) The right to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on their behalf at shareholders' general meetings in proportion to the number of shares held in accordance with the laws;
- (III) The right to supervise the Company's operations, and to put forward proposals and raise enquiries;
- (IV) The right to transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations and the Articles of Association;
- (V) The right to check the Articles of Association, the register of shareholders, corporate bond stubs, minutes of shareholders' general meetings, resolutions of the Board of Directors, resolutions of the Board of Supervisors and 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 assets of the Company in proportion to the number of shares held;
- (VII) With respect to shareholders who voted against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;
- (VIII) Any other rights conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 34** If a shareholder requests access to the information or information referred to in the preceding Article, he or she shall provide the Company with written documents proving the type and number of shares held by him or her in the Company, and the Company shall, after verifying the identity of the shareholder, provide the shareholder with such documents as requested.

**Article 35** If a resolution passed at the shareholders' general meeting or meeting of 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 same 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 60 days from the date on which such resolution is adopted.

**Article 36** If a director and senior management officer causes losses to the Company for violation of the laws, administrative regulations or the Articles of Association during the performance of his/her duties, shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the Board of Supervisors to initiate legal proceedings in the people's court; if the Board of Supervisors causes losses to the Company for violation of the laws, administrative regulations or the Articles of Association during the performance of its duties, the aforesaid shareholders can request the Board of Directors in written form to initiate legal proceedings in the people's court.

Upon receipt of the written request by the shareholders as stipulated in the preceding paragraph, in case the Board of Supervisors and/or the Board of Directors refuses to initiate legal proceedings or fails to initiate legal proceedings within 30 days from receipt of such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the aforesaid shareholders shall have the right to initiate legal proceedings in the people's court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company, thus causing losses to the Company, the shareholders specified in the first paragraph may initiate legal proceedings in the people's court in accordance with the provisions of the preceding two paragraphs.

**Article 37** In the event of violation of the laws, administrative regulations or the provisions under the Articles of Association by a director or senior management officers causing damage to the shareholders' interest, the shareholders may initiate legal proceedings in the people's court.

**Article 38** Shareholders of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (II) to pay for the shares based on the shares subscribed for and the manners in which they became shareholders;
- (III) not to surrender the shares unless required by laws and regulations;
- (IV) not to abuse their shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;
- (V) to assume other obligations required by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation according to the laws. If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts owed by the Company.

**Article 39** A shareholder holding more than 5% of the Company's shares with voting rights pledges any shares in his/her possession shall submit a written report to the Company from the date when he/she pledges his/her shares.

**Article 40** The controlling shareholders and actual controllers of the Company shall not damage the interests of the Company by taking advantage of their affiliation. They shall be liable for compensation by violation of the rules for the loss suffered by the Company.

The controlling shareholders and actual controllers of the Company shall bear the fiduciary duties to the Company and other shareholders. The controlling shareholder shall strictly exercise the rights of the investor accordance with law. The controlling shareholder shall not damage the legitimate rights and interests of the Company and other shareholders by means of profit distribution, asset restructuring, outbound investment, appropriation of capital, offering security for loans, etc., and shall not damage the interests of the Company and other shareholders by means of its controlling position.

## **Section 2 General Provisions of General Meetings**

**Article 41** The general meeting of shareholders is the body exercising the authority of the Company and shall exercise the following duties and powers in accordance with the law:

- (I) To decide on the business guideline and investment plan of the Company;
- (II) To elect and replace directors and supervisors who are not staff representatives, and To decide on matters relating to the remuneration of the relevant directors and supervisors;
- (III) To review and approve the reports of the Board of Directors;
- (IV) To review and approve the reports of the Board of Supervisors;
- (V) To review and approve the annual financial budget plans and final account proposals of the Company;
- (VI) To review and approve the profit distribution plan and loss recovery plan of the Company;
- (VII) To make resolutions on the increase or reduction of the Company's registered capital;
- (VIII) To make resolutions on the issue of debentures, any kind of shares, warrants and other similar securities by the Company;

- (IX) To pass resolutions relating to matters such as the merger, division, spin-off, dissolution or liquidation, or alternation of company form of the Company;
- (X) To amend the Articles of Association;
- (XI) To make resolutions on the appointment or dismissal of accounting firms by the Company;
- (XII) To review and approve external guarantee matters stipulated in the Articles of Association that shall be approved by the shareholders' general meeting;
- (XIII) To consider and approve the matters in relation to purchase or disposal of material assets by the Company of a value exceeding 30% of the Company's latest audited total assets within one year;
- (XIV) To review and approve the matters relating to the change of use of proceeds;
- (XV) To review share incentive plan and employee share schemes;
- (XVI) To consider and approve the motions put forward by shareholders individually or jointly holding 3% or more of the Company's shares with voting rights;
- (XVII) To make resolution on repurchase of Company's shares;
- (XVIII) To review other matters that shall be decided by the general meetings according to the laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 42** The Company is not allowed to provide guarantees to other entities except to the subsidiaries within the scope of the Company's consolidated financial statements and entities with which the Company (including subsidiaries within the scope of the consolidated financial statements) has an entrusted farming cooperation relationship. The following external guarantees of the Company shall be considered and approved by the shareholders' general meeting (except when the Company accepts or provides guarantees for its controlled subsidiaries):

- (I) Any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;
- (II) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of its total assets as audited in the latest period;
- (III) The amount guaranteed by the Company within one year exceeds 30% of the Company's total assets as audited in the latest period;

- (IV) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (V) Any single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;
- (VI) Any guarantee to be provided to a Shareholder, or to an ultimate controller or related party thereof;
- (VII) Other external guarantees that meet the requirements of laws, regulations, normative documents, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association can take effect only after being reviewed and approved by the general meeting.

The above-mentioned external guarantee matters that should be reviewed and approved by the general meeting must be reviewed and approved by the Board of Directors before being submitted to the general meeting for approval.

The Board of Directors has the right to review and approve external guarantee matters other than those mentioned above that need to be approved by the general meeting of shareholders.

When the shareholders' meeting considers a proposal to provide guarantees for shareholders, actual controllers and their related parties, the shareholder or shareholders controlled by the actual controller shall not participate in the voting. The voting must be approved by more than half of the voting rights held by other shareholders attending the general meeting.

**Article 43** A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

**Article 44** The Company shall convene an extraordinary general meeting within 2 months from the occurrence of any of the following circumstances:

- (I) When the number of directors is less than the number stipulated in Company Law or two-thirds of the number specified in the Articles of Association;
- (II) When the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;
- (III) When any shareholder individually or jointly holding 10% or more of the Company's shares requests
- (IV) When deemed necessary by the Board of Directors;
- (V) When requested by the Board of Supervisors;
- (VI) Any other circumstances stipulated in the laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 45** The venue of the general meeting convened by the Company shall be the domicile of the Company or other place specified in the notice of general meetings.

A meeting venue shall be established for the general meeting of shareholders, and meetings will take the form of physical meeting. The Company will also provide communication or other means to facilitate shareholders' participation in the general meeting. The shareholders shall be deemed as present when participating in the general meeting via the above-mentioned methods.

After a notice of a general meeting is given, the venue of the onsite conference of the general meeting shall not be changed without justifiable reasons. In case of actual needs to change, the convener shall notify each shareholder and explain the reasons at least two working days prior to the date of the onsite conference.

**Article 46** If laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules in the place where the company's shares are listed clearly require that a company needs a lawyer to witness and issue legal opinions when convening the general meeting, the Company shall, when convening the general meeting, engage lawyers to issue legal opinions in respect of the following matters and make relevant announcements:

- (I) Whether the convening and holding procedures of the meeting comply with the relevant laws, administrative regulations and the Articles of Association;
- (II) Whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) Whether the procedures of voting at the general meeting and the voting results are lawful and valid;
- (IV) Provision of any legal advice on any other matters requested by the Company.

### **Section 3 Convening of General Meetings**

**Article 47** The independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. For the proposal of independent directors of convening an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give a written feedback on whether to agree or disagree with the meeting within ten days upon receipt of the proposal. When the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. If the Board of Directors does not agree to convene such meeting, the reasons shall be stated and announced.

**Article 48** Board of Supervisors has the right to propose to the Board of Directors to convene an extraordinary general meeting, and shall submit the proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give a written feedback on whether to agree or disagree with the meeting within ten days upon receipt of the proposal.



When the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. Changes in the original proposal in the notice shall be subject to the approval of the Board of Supervisors.

When the Board of Directors does not agree to convene an extraordinary general meeting or does not provide feedback within ten days upon receipt of the proposal, the Board of Directors shall be considered to be unable or fail to perform the duty of convening an extraordinary general meeting. The Board of Supervisors can convene and preside over the meeting on its own.

**Article 49** The Shareholders who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and put forward motions, and shall make such proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed, and the Articles of Association, give a written feedback on approval or disapproval of the convening of an extraordinary general meeting within 10 days after receiving the request.

When the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the request, shareholders individually or jointly holding more than 10% of the shares of the Company have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and shall submit their request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the Board of Supervisors fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the general meeting, in which case, shareholders who individually or collectively hold more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting themselves.

**Article 50** When the Board of Supervisors or the shareholders decide to convene a general meeting by themselves, they must notify the Board of Directors in writing.

Before an announcement on resolutions of the general meeting is made, the shareholding percentage of the convening shareholders shall not be less than ten percent (on a one-vote per share basis).

**Article 51** Where the Board of Supervisors or shareholders convene a general meeting by themselves, the Board of Directors and the secretary to the Board of Directors shall cooperate. The Board of Directors shall provide the register of shareholders on the shareholding record date.

**Article 52** If the Board of Supervisors or shareholders convene a general meeting on their own, the necessary expenses shall be borne by the Company.

#### **Section 4 Proposals and Notices of the General Meeting**

**Article 53** The proposals put forward shall fall within the scope of functions and powers of the general meeting, have clear issues for discussion and specific matters to be resolved, and comply with relevant provisions of the laws and administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed, and the Articles of Association.

**Article 54** When the Company convenes a general meeting, the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to put forward proposals to the Company.

Shareholders individually or jointly holding 3% or more of the shares of the Company may submit ad hoc proposals to the convener of the general meeting in writing ten days prior to shareholders' general meeting. The convener shall issue a supplementary notice of the general meeting to provide information of such ad hoc proposals within two days after receipt thereof.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the general meeting or put up any new proposals after the issuance of the notice of the general meeting.

Proposals which are not specified in the notice of the general meeting or which are not in compliance with the Articles of Association shall not be voted on or resolved at the general meeting.

**Article 55** The convener will notify each shareholder by announcement 20 days before the annual general meeting, and 15 days before the extraordinary general meeting.

When the Company calculates the starting period of the aforementioned "20 days" and "15 days", it does not include the day on which the meeting is held, but includes the day on which the notice is issued.

**Article 56** The notice of the general meeting shall be in written form and shall include the following contents:

- (I) the date, place and duration of the meeting;
- (II) the matters and proposals to be reviewed at the meeting;
- (III) an explicit statement that all shareholders are entitled to participate in the general meeting and they may appoint in writing a proxy to attend and vote at such meeting and such proxy may not necessarily be a shareholder of the Company;
- (IV) the record date of shareholders entitled to attend the general meeting;
- (V) the name and telephone number of the standing contact person for the meeting affairs;
- (VI) time and procedures (if any) for voting online or via other methods;
- (VII) other matters as required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The notice and supplementary notice of the general meeting shall disclose all specific contents of all proposals fully and completely. For matters to be discussed which require the independent directors to issue an opinion, the notice or supplementary notice of the general meeting shall also disclose the opinions of the independent directors and the reason thereof. Online or other voting methods (if any) for the general meeting shall not commence earlier than 3: 00 p.m. on the day preceding the date of the on-site general meeting, and no later than 9: 30 a.m. on the date of the on-site general meeting; and shall not end before 3: 00 p.m. of the date of the on-site general meeting.

The interval between the date of record and the date of the meeting shall be no more than 7 business days. Once the date of record is confirmed, it shall not be changed.

**Article 57** When the general meeting intends to discuss the election of directors and supervisors, the notice of the general meeting shall fully disclose the details of the candidates for directors and supervisors, including, as a minimum, the following contents:

- (I) personal particulars such as education background, working experience and any concurrent positions;
- (II) whether one is connected with the Company or its holding shareholders and actual controller;
- (III) their shareholdings in the Company;
- (IV) any penalties imposed by CSRC and other relevant authorities and punishments imposed by the stock exchanges;

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

**Article 58** After the notice of the general meeting is issued, without proper reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice of the general meeting shall not be canceled. In the case of any postponement or cancellation of the meeting, the convener shall notify the shareholders in writing at least 2 business days prior to the scheduled date of convening and give explanations.

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

**Article 59** The Board of Directors and other conveners shall take necessary measures to ensure the proper order of the general meeting. They shall take measures to stop the conducts that interfere with the general meeting, seeking trouble and infringing on the legal rights and interests of the shareholders and report such act to the relevant authorities for investigation.

**Article 60** Shareholders registered on the shareholding record date or their proxies are entitled to attend general meetings, speak at the general meetings, and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association. Any shareholder who is entitled to attend and vote at the general meeting may attend the general meeting in person or may also appoint one or more persons (who need not be shareholders) as proxies to attend and vote on his/her behalf.

**Article 61** An individual shareholder who attends the meeting in person shall present his/her own ID card or other valid documents or proof evidencing his/her identity and stock account card. If a proxy is appointed to attend the meeting on his or her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder.

Legal person shareholders or other institutional shareholders shall be represented at the meeting by the legal representative (responsible person)/executing partner or proxies entrusted by the legal representative (responsible person)/executing partner. Legal representative (responsible person)/executing partner who attends the meeting shall present his/her own ID card or other valid proof evidencing his/her capacity of legal representative (responsible person)/executing partner. If a proxy is appointed to attend the meeting on his or her behalf, such proxy shall produce his/her own ID card and the power of attorney issued by the legal representative (responsible person)/executing partner of legal person shareholders or other institutional shareholders in accordance with the laws. If the shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinances enacted in Hong Kong from time to time, the shareholder may authorize the company representatives or one or more persons as he/she deems appropriate to act as his/her representative at any general meeting. However, if more than one person is authorized, the power of attorney or letter of authorization shall state the number and class of shares in respect of which each such person is authorized and shall be signed by the authorized officer of the recognized clearing house. The authorized persons may attend the meeting (without presenting proof of shareholding, notarized authorization and/or further evidence to prove they have obtained official authorization) and exercise legal rights (including the right to speak and vote) equivalent to those enjoyed by other shareholders on behalf of a recognized clearing house (or its agent) as if he/she were an individual shareholder of the Company.

**Article 62** The power of attorney issued by a shareholder to appoint a proxy to attend the general meeting shall contain the following information:

- (I) the name of the proxy;
- (II) whether or not the proxy has the voting right;
- (III) separate instructions as to whether to cast affirmative, negative or abstention votes on each and every matter under consideration listed on the agenda of the general meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal. If the principal is a legal person shareholder/other institutional shareholder, the corporate seal shall be affixed or signed by its director or duly appointed agent.

**Article 63** The power of attorney shall specify that in the absence of specific instructions from the shareholder, the proxy may vote as he/she thinks fit.

**Article 64** If the power of attorney is signed by the authorized person of the principal, the letter of authority for signing or other authorization documents shall be notarized. The notarized letter of authority or other authorization documents and the power of attorney for proxy voting shall, at least before the meeting at which the proxy form is put to vote is convened or before the designated voting time, be maintained at the domicile of the Company or other place specified in the notice of the meeting.

If the principal is a legal person/institutional shareholder, its legal representative (responsible person)/executive partners or the person authorized by the Board of Directors or other decision-making authorities shall attend the general meeting of the Company on its behalf.

**Article 65** The meeting register for the attendees shall be prepared by the Company. The meeting register shall specify the name of the attendees (or the entity name), the ID card number, the domicile address, the number of shares with voting rights he/she holds or represents, names of the principals (or the entity name) and other relevant matters.

**Article 66** The convener and the lawyer (if any) engaged by the Company shall jointly verify the qualification of the shareholders according to the register of shareholders provided by the securities depository and clearing institution and shall register the names of each shareholder and the number of shares with voting rights he/she holds. The meeting registration shall be terminated by the time the chairman of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights held by them.

**Article 67** When the general meeting is held, all the directors, supervisors and secretary to the Board of Directors of the Company shall attend the meeting, while the general manager and other senior management officers shall be present at the meeting.

**Article 68** The general meeting shall be presided over by the chairman of the Board of Directors. When the chairman of the Board of Directors is unable or fails to perform his/her duty, the deputy chairman (in case there are two or more deputy chairmen of the Company, the one elected by more than half of the directors) shall preside over the meeting. When such deputy chairman of the Board of Directors is unable or fails to perform his/her duty, a director jointly elected by more than half of the directors shall preside over the meeting.

A shareholders' general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

The shareholders' general meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

When a shareholders' general meeting is held and the chairman violates the rules of procedure in a way that makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting, with consent of more than half of the shareholders attending the meeting with voting rights, to act as the chairman so as to carry on with the meeting.

**Article 69** The Company shall formulate rules of procedure for the general meeting and specify the convening and voting procedures of the general meeting, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing, as well as the principle of authorization of the general meeting to the Board of Directors. The content of authorization shall be clear and specific. The rules of procedure for the general meeting shall be annexed to the Articles of Association and shall be prepared by the Board of Directors and approved by the general meeting.

**Article 70** At the annual general meeting, the Board of Directors and the Board of Supervisors shall make report on their works in the past year to the general meeting. Each independent director shall also report on their duty performance.

**Article 71** The directors, supervisors and senior management officers shall provide explanations and statements relating to the queries and suggestions put forward by the shareholders at the general meeting.

**Article 72** The chairman of the meeting shall declare the number of attending shareholders and proxies and the total number of shares with voting rights they hold prior to voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

**Article 73** The general meeting shall have meeting minutes, and secretary to the Board of Directors shall be responsible for the meeting minutes.

The meeting minutes shall contain the following contents:

- (I) the time, venue of, and the agenda for, the meeting, and the name or title of the convener;
- (II) names of the chairman of the meeting and the directors, supervisors, general manager and other senior management officers attending the meeting or attending the meeting as non-voting attendee;
- (III) the number of shareholders and proxies present at the meeting, the total number of voting shares held and their respective proportions in the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) the inquiries or suggestions from the shareholders and the corresponding answers or explanations (if any);
- (VI) names of lawyer (if any), counting officer and monitoring officer;
- (VII) other contents that should be included in the meeting minutes as required by the Articles of Association.

**Article 74** The convener shall guarantee the authenticity, accuracy and integrity of the contents of the meeting minutes. The directors, supervisors, secretary to the Board of Directors, convener or their representatives who attended the meeting, and the chairman of the meeting shall sign the meeting minutes. The meeting minutes shall be maintained together with the registration record of the shareholders present, the power of attorney for proxy attendance, and the valid documents relating to the voting over network and other forms of voting for a period of no less than 10 years.

**Article 75** The convener shall ensure that the general meeting is held continuously until the final resolution is made. If the general meeting is suspended or the resolution cannot be made due to force majeure or other special causes, necessary measures shall be taken to resume the general meeting as soon as possible or directly terminate the general meeting, and make a responsive explanation or announcement.

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

**Article 76** Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 77** The following matters shall be resolved by way of ordinary resolutions at a shareholders' general meeting:

- (I) Work reports of the Board of Directors and the Board of Supervisors;
- (II) Plans for profit distribution and recovery of losses drafted by the Board of Directors;
- (III) Appointment or removal of members of the Board of Directors and the Board of Supervisors, and their remuneration and method of payment thereof;
- (IV) the Company's annual budget report and final accounting report;
- (V) The Company's annual report;
- (VI) the appointment of accounting firm, its remuneration or method of determining remuneration;
- (VII) Any matters other than those required by the laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association to be passed by way of special resolution.

**Article 78** The following matters shall be approved by special resolutions at a shareholders' general meeting:

- (I) Increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;
- (II) Issuance of debentures of the Company;
- (III) Demerger, spin-off, merger, dissolution and liquidation of the Company;



- (IV) Change of corporate form of the Company;
- (V) Purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;
- (VI) Amendment to the Articles of Association;
- (VII) Share incentive plan;
- (VIII) Any other matter as specified by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place on which the shares of the Company are listed or the Articles of Association which, considered by the shareholders at a general meeting and resolved by way of ordinary resolution, may have a material impact on the Company and shall be adopted by way of special resolution.

**Article 79** Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent, and each share shall carry one voting right. On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

For any issue which shareholders shall abstain from voting or can only vote either in favor of or against pursuant to Hong Kong Listing Rules, the shareholders shall abstain from voting or cast their votes according to such regulations. Any votes in violation of the relevant regulations or restrictions casted by the shareholders or their proxies will not be calculated into the voting results.

Votes for medium and small investors shall be separately counted when any material matter affecting their interests is considered at the general meeting. The results of separate vote counting shall be disclosed publicly in a timely manner.

Shares held by the Company shall not carry any voting right and shall not be counted into the total shares with voting rights represented by shareholders attending the general meeting.

The Board of Directors, independent directors, shareholders holding more than 1% of the voting shares or the investor protection institution established in accordance with laws, administrative regulations or the provisions of the securities regulatory authorities in the place where the Company's shares are listed may collect voting right of shareholders publicly. Information of specific voting intention shall be fully disclosed to the collected for collection of voting rights from shareholders. It's forbidden to collect voting rights of shareholders in way of compensation or disguised compensation. Except for statutory conditions, the Company cannot impose a minimum shareholding percentage threshold for the collection of voting rights.

**Article 80** When connected transactions are considered at the general meeting, the connected shareholders and their close associates (as defined in Hong Kong Listing Rules) shall not participate in voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes. The announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by nonconnected shareholders.

Prior to the consideration of the connected transactions at the general meeting, the Company shall determine the scope of connected shareholders in accordance with the relevant laws, regulations, the Hong Kong Listing Rules and the regulatory requirements of the securities regulatory authorities in the place where the Company's shares are listed. Connected Shareholders or their authorized representatives may attend the general meeting and explain their views to the shareholders attending the meeting in accordance with the procedures of the meeting, but shall abstain from voting when voting.

Connected shareholders shall voluntarily abstain from voting at the general meeting when the connected transactions are considered the meeting. If a connected shareholder does not voluntarily abstain from voting, other shareholders attending the meeting shall have the right to request him/her to abstain from voting. After the withdrawal of such connected shareholder, other shareholders shall vote in accordance with their voting rights and pass corresponding resolutions in accordance with the provisions of the Articles of Association. The withdrawal and voting procedures of the connected shareholder shall be notified by the host of the general meeting and recorded in the minutes of the meeting.

A resolution on a connected transaction at a general meeting must be passed by more than half of the votes cast by the non-connected shareholders present at the general meeting. However, when such a connected transaction involves a matter that requires a special resolution as stipulated in the Articles of Association, the resolution of the general meeting must be passed by more than two-thirds of the voting rights held by the non-connected shareholders present at the general meeting.

Where an announcement is made, the announcement of the resolution of the general meeting shall fully disclose the voting information of the non-connected shareholders.

If connected persons or their close associates participate in the voting in violation of the provisions of this article, the voting on the connected transaction matters in their votes shall be invalid.

**Article 81** Unless the Company is in a crisis or under other special circumstances, the Company shall not, without the approval by special resolutions at a shareholders' general meeting, enter into contracts with persons other than directors, general manager and other senior management officers granting that person responsibility for the management of all or part of the Company's material business.

**Article 82** List of nominations for the candidates for directors and supervisors shall be submitted by way of proposal at the shareholders' general meeting for voting.

During voting at the shareholders' general meeting on the election of directors or supervisors, cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions at the shareholders' general meeting.

The cumulative voting system mentioned in the preceding paragraph means that when directors or supervisors are being elected at a shareholders' general meeting, each share has any many voting right as the number of directors or supervisors to be elected, and the shareholders' voting rights may be used in a concentrated manner. The Board of Directors shall provide the shareholders with the biographical details and basic information about the candidates for directors and supervisors.

At a shareholders' general meeting, the approaches and procedures for nomination of directors and supervisors are as follows:

- (I) Shareholders individually or jointly holding 3% or more of the total outstanding voting shares of the Company may, by way of a written proposal, put forward to the shareholders' general meeting about the candidates for directors and supervisors (not being staff representatives). However, the number of candidates proposed shall comply with the provisions of the Articles of Association, and shall not exceed the number to be elected. The aforesaid proposal put forward by shareholders to the Company shall be delivered to the Company at least 7 days before the convening of the shareholders' general meeting.
- (II) Within the number of members as specified in the Articles of Association and based on the number to be elected, directors and supervisors may propose a list of recommended candidates for director and supervisor positions, which shall be submitted to the Board of Directors and Board of Supervisors for approval. After the list of candidates for directors and supervisors is determined upon approval by the Board of Directors and Board of Supervisors and adoption of a resolution, it should be proposed in writing at a shareholders' general meeting.
- (III) The written notices of the intention to nominate a candidate for election as a director or a supervisor (not being staff representative), the acceptance of nomination by such potential candidate, and the relevant written materials of the nominated candidate, shall be given to the Company no less than 7 days prior to the date of convening the shareholders' general meeting (such 7-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and no later than 7 days prior to the shareholders' general meeting). The Board of Directors and Board of Supervisors shall provide shareholders with biographical details and basic information about the candidates for directors and supervisors.
- (IV) The period of nominating a candidate for election as a director or a supervisor to the Company and the period for nominees to provide the aforesaid notice and documents shall be no less than 7 days (such period shall commence from the day following the date of serving the notice of convening the shareholders' general meeting).

- (V) At the shareholders' general meeting, voting for each candidate for a director and supervisor shall be handled as separate matters.
- (VI) In the case of ad hoc addition or replacement of any director or supervisor, the Board of Directors and Board of Supervisors shall put forward a proposal to the shareholders' general meeting for such election or replacement.

**Article 83** In addition to the resolutions considered under the cumulative voting system, the shareholders' general meeting shall resolve on all the proposals separately. In the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the shareholders' general meeting is suspended or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' general meeting.

**Article 84** No amendment shall be made to a proposal when it is considered at a shareholders' general meeting, otherwise such amendments shall be deemed as a new proposal and shall not be voted at the current meeting.

**Article 85** The same voting right can only be exercised in only one form: onsite or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 86** The shareholders' general meeting shall be voted by open ballot.

**Article 87** Before proposals are voted on at the shareholders' general meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. When any shareholder is related to any matter under consideration, the said shareholder and proxy thereof shall not participate in vote counting or scrutinizing.

At the time of deciding on a proposal by voting at a shareholders' general meeting, lawyers (if any), shareholders' representatives and supervisors' representatives shall count and scrutinize the votes jointly and announce the voting results forthwith. The voting results in connection with the resolution shall be recorded in the meeting minutes.

Shareholders or their proxies voting via the network or other means (if any) shall have the right to check their voting results via the corresponding voting system.

**Article 88** A on-site shareholders' general meeting shall not end before that held on-line or otherwise (if any), and the chairman of the meeting shall announce the voting status and results of each proposal and announce whether the proposal is adopted or not based on the voting results.

Prior to the formal announcement of voting results, the relevant parties involved in relation to the on-site voting, on-line or otherwise (if any) at the shareholders' general meeting, including the Company, the persons responsible for counting votes and scrutinizing the voting, the substantial shareholders, and internet service provider (if any) shall be obliged to keep the voting status confidential.

**Article 89** The shareholders attending the shareholders' general meeting shall express one of the following opinions on the proposal to be voted on: for, against, or abstain, save for the circumstance under which the securities registration and settlement institution acting as the nominal holder of shares under the mutual stock market access between the Mainland and Hong Kong makes reporting in accordance with the instruction of the de facto holders of relevant shares.

A blank, wrongly filled, or illegible vote, or an uncast vote shall be deemed to be a waiver of the voting right of the voter, and the voting result for the number of shares he/she holds shall be accounted as "abstention".

**Article 90** If the chairman of the meeting has any doubts as to the result of a resolution which has been put to vote at the shareholders' general meeting, he/she may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder present in person or by proxy who objects to the result announced by the chairman of the meeting may, immediately after the declaration, demand that the votes be counted, and the chairman of the meeting shall have the votes counted immediately.

**Article 91** Resolutions of shareholders' general meeting shall be announced in a timely manner. The announcements shall set forth the number of shareholders and proxies present at the meeting, the total number of voting shares held and the proportion to the total number of voting shares of the Company, the voting method, the voting results on each proposal and the details of each of the resolutions passed.

**Article 92** Where a proposal has not been passed or the resolutions of the preceding shareholders' general meeting have been changed at the current shareholders' general meeting, special mention shall be made in the announcement of the resolutions of the shareholders' general meeting.

**Article 93** If the shareholders' general meeting passes a proposal concerning the election of directors or supervisors, the time of appointment of the directors elected or supervisors elected shall be the time specified in the resolution of the shareholders' general meeting for election of such directors or supervisors; if the resolution of the shareholders' general meeting does not specify the time of appointment, the time of appointment shall be the time when the resolution of the shareholders' general meeting is made.

**Article 94** If the shareholders' general meeting passes the proposal on cash dividends, bonus shares or conversion of capital reserve into share capital, the Company shall implement the specific scheme in 2 months after the end of the shareholders' general meeting.

## CHARTER 5 BOARD OF DIRECTORS

### Section 1 Directors

**Article 95** Directors of the Company shall be natural persons. The following persons may not serve as a director of the Company:

- (I) A person who has no civil capacity or has limited civil capacity;
- (II) A person who has been imposed penalty for the offense of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- (III) A person who is a director, factory manager or general manager of a company or enterprise that is bankrupt and liquidated, was personally liable for the bankruptcy of such company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of such company or enterprise;
- (IV) A person who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years of the date on which the business license of such company or enterprise was revoked;
- (V) A person who has a relatively large sum of debt, which was not paid at maturity;
- (VI) A person who has been banned from entering the securities market by the CSRC and whose term has not expired;
- (VII) A person who has been subject to administrative punishment by the CSRC in the last three years, or has been publicly denounced by the stock exchange in the last 12 months;
- (VIII) A person who has been filed for investigation by the judicial authority due to suspected crimes or has been filed for investigation by the CSRC due to suspected violations of laws and regulations, and has not yet reached a clear conclusion;
- (IX) Other contents stipulated by laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

In the case of the election, appointment or employment of directors which violates the provisions of this Article, the election, appointment or employment shall be null and void. Where a director falls under the circumstances referred to in this Article during his/her tenure, the Company shall terminate his/her appointment.

**Article 96** Directors shall be elected or replaced at the shareholders' general meeting, and may be removed by the shareholders' general meeting before the expiration of their term of office. The term of office of the directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself/herself for re-election and reappointment.

The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform the duties as a director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until the elected director assumes his office.

Any director appointed by the Board of Directors to fill a casual vacancy or as an addition to the Board of Directors shall hold office only until the first annual general meeting of the Company following his/her appointment, and shall then be eligible for re-election.

Unless otherwise required by laws, regulations, or regulatory rules in the place where the Company's shares are listed, the shareholders may remove any director (including the general manager concurrently serving as a director and other executive directors) before the expiration of his/her term of office by way of an ordinary resolution at the shareholders' general meeting, without prejudice to claims for damages made by the director pursuant to any contract.

The Board of Directors may have employee representative directors.

**Article 97** Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following fiduciary duties to the Company:

- (I) Shall not exploit their authority by accepting bribes or other illegal income, and shall not expropriate the Company's property;
- (II) Shall not misappropriate the Company's funds;
- (III) Shall not open accounts in their own names or in the name of any other individual for the deposit of the Company's assets or funds;
- (IV) Shall not, in violation of the Articles of Association, loan Company's funds to any other person or give Company's assets as security for any other person without the approval of the shareholders' general meeting or the Board of Directors;
- (V) Shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the shareholders' general meeting;

- (VI) Shall not use the advantages provided by their own positions to pursue business opportunities that shall have otherwise been available to the Company to engage in the business similar to those of the Company either for their own account or for the account of any other person without the approval of the shareholders' general meeting;
- (VII) Shall not accept commissions from transactions with the Company as their own;
- (VIII) Shall not disclose confidential information of the Company without authorization;
- (IX) Shall not exploit their connected relationships to damage the Company's interests;
- (X) Other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The income obtained by the director in violation of this Article shall belong to the Company; If losses are caused to the Company, it shall be liable for compensation.

**Article 98** Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company:

- (I) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and state economic policies, and that the commercial activities do not go beyond the scope of the business activities stipulated in the business license;
- (II) Shall treat all shareholders fairly;
- (III) Shall maintain a timely awareness of the business operation and management of the Company;
- (IV) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;
- (V) Shall provide relevant true details and data to the Supervisory Committee and shall not obstruct the Supervisory Committee or supervisors from performing its or their duties;
- (VI) Other obligations of diligence stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.



**Article 99** If any director fails to attend in person (attending or voting at the meeting of the Board of Directors by means of communication is deemed to attend in person) or appoint other directors as his/her representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors shall propose to replace such director at the shareholders' general meeting.

**Article 100** A director may resign before the expiration of his term of office. The resigning director shall submit a written resignation to the Board of Directors. The Board of Directors shall make relevant disclosure within 2 days upon receipt of such resignation.

In the event that the resignation of any director results in the number of members of the Board of Directors and its specialized committees being less than the statutory minimum requirement, the said director shall continue to perform duties as a director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected and assumes his/her office.

Save for the circumstances referenced in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the Board of Directors.

**Article 101** Upon effective resignation or expiration of his/her term of office, a director shall complete his/her hand-over procedures with the Board of Directors. The fiduciary duties of such director towards the Company and shareholders shall not be necessarily released upon the expiration of his/her tenure of office. His/Her obligation of confidentiality in respect of the Company's trade secrets shall survive after expiration of his/her tenure until the same falls into public domain. Upon effective resignation or expiration of his/her term of office, a director shall fulfill the fiduciary obligations within a period of two years from the date of effective resignation or expiration of his/her term of office. Duration of other obligations shall be determined following the principle of fairness, taking into full account the nature of the matter, its importance to the Company, the length of time it has affected the Company and the relationship with the director.

**Article 102** No director shall act on behalf of the Company or the Board of Directors in his personal capacity, unless specified under the Articles of Association or legally authorized by the Board of Directors. In the event that a director is acting in his personal capacity, but may be reasonably deemed to be acting on the behalf of the Company or the Board of Directors by a third party, such director shall state his stance and capacity in advance.

**Article 103** Any director who violates any laws, administrative regulations, departmental rules or the Articles of Association in performing his/her duties and thereby incurring losses to the Company shall be liable for indemnification for such losses.

**Article 104** The Company has independent directors and the issues including conditions of appointment, nomination and election procedures, tenure of office, resignation and power of the independent directors are implemented in accordance with the relevant provisions of the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed. Unless otherwise stipulated in this Chapter, the provisions of the Articles of Association concerning the qualifications and duties of directors shall apply to independent directors.

## Section 2 Board of Directors

**Article 105** The Company shall establish a Board of Directors which shall report to the shareholders' general meeting.

**Article 106** The Board of Directors shall consist of nine members, including one chairman and may have a vice chairman. The chairman and vice chairman of the Board of Directors shall be elected or removed by more than one half of all directors. The term of office of the chairman and vice chairman shall be three years and is renewable upon re-election.

The number of independent directors, at all times, shall not be less than three and shall represent one-third or above of the Board of Directors. The independent directors shall meet the requirements of the stock exchange where the Company is listed.

Independent directors may report directly to the shareholders' general meeting, the securities regulatory authorities of the State Council and other relevant departments.

The general manager or other senior management officers may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as general manager or other senior management officers shall not exceed one half of the total number of directors of the Company.

A director is not required to hold any shares of the Company.

**Article 107** The Board of Directors shall exercise the following functions and powers:

- (I) To convene the shareholders' general meeting and report to the shareholders' general meeting;
- (II) To implement the resolutions adopted at shareholders' general meetings;
- (III) To decide on the Company's business plans and investment plans;
- (IV) To formulate the Company's annual financial budgets and accounts;
- (V) To formulate the Company's proposals on profit distribution and plan for recovery of losses;
- (VI) To formulate proposals for increases or reductions of the Company's registered capital and proposals for the issue and listing of corporate debentures or other securities;
- (VII) To formulate plans for material asset acquisition, repurchase of the Company's shares, or merger, demerger, splits, dissolution and change of corporate formation of the Company;
- (VIII) Within the scope authorized by the shareholders' general meeting, to decide on such matters as the Company's external investments, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management, connected transactions (except for transactions between the Company and its subsidiaries) and external donations etc.;

- (IX) To decide on the establishment of the Company's internal management structure;
- (X) To decide on appointment or removal of the general manager, the secretary of the Board of Directors and other senior management of the Company, and to determine the matters relating to their remuneration, incentives and punishments; upon the nomination of the general manager, to decide on appointment or removal of the deputy general manager, the chief financial officer and senior management of the Company, and to determine the matters relating to their remuneration, incentives and punishments; to decide on matters such as investments, acquisition and disposal of assets, financing and connected transactions (except for transactions between the Company and its subsidiaries), etc. which require decisions to be made by the Board of Directors in accordance with the requirements of the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed;
- (XI) To formulate the basic management system of the Company;
- (XII) To formulate proposals for amendments to the Articles of Association;
- (XIII) To manage information disclosure of the Company;
- (XIV) To propose at shareholders' general meetings for the appointment or change of the accounting' firm conducting auditing for the Company;
- (XV) To hear the work report and inspect the work of the general manager of the Company;
- (XVI) To exercise any other duties and powers specified in the relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or conferred by the Articles of Association.

Matters which are out of the scope of authorization by the shareholders' general meeting, shall be submitted to the shareholders' general meeting for review.

**Article 108** The Board of Directors shall establish the audit committee, the nomination committee and the remuneration committee, and may establish other relevant specialized committees as needed. The specialized committees are accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and authorization by the Board of Directors. Their proposals shall be submitted to the Board of Directors for deliberation and decision. The membership of the specialized committees shall all be composed of directors: independent directors shall account for more than half of the members of the audit committee, the nomination committee and the remuneration committee, and there shall be a convenor, i.e. a chairman of the committee, who shall be an independent director; the members of the audit committee shall be a non-executive director, at least one of whom shall be an independent director with appropriate professional qualifications as stipulated in the Hong Kong Listing Rules, or with appropriate accounting or relevant financial management expertise, and such independent director shall serve as the chairman. The chairmans of the specialized committees shall be appointed and removed by the Board of Directors.

**Article 109** The Board of Directors shall formulate the rules of procedures and working rules for each specialized committee, stipulating the composition, functions and power, and procedures of the committee, so as to regulate its operation.

The specialized committees of the Board of Directors are special bodies under the Board of Directors designed to provide suggestions or advice to the Board of Directors on major decisions. The specialized committees shall not make any resolutions in the name of the Board of Directors, but may, under special authorization by the Board of Directors, exercise its decision-making power on authorized matters.

The specialized committees may engage intermediary agencies to provide professional advice according to actual needs, and the relevant expenses shall be borne by the Company.

The specialized committees are accountable to and report to the Board of Directors.

**Article 110** Except for those matters which shall be passed by a special resolution of the Board of Directors as required by laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, all other matters within the scope of authorization of the Board of Directors shall be passed by an ordinary resolution of the Board of Directors.

In case of urgent matters, an extraordinary board meeting may be convened under the following circumstances, and the chairman of the Board of Directors shall convene and chair the board meeting within ten days of receiving the relevant notice:

- (I) When proposed by more than one tenth of the shareholders with voting rights;
- (II) When proposed by one third or more of the directors;
- (III) When proposed by the chairman of the Board of Directors;
- (IV) When proposed by two or more independent directors;
- (V) When proposed by the Supervisory Committee;
- (VI) When proposed by the general manager;
- (VII) Other circumstances as provided for in the Articles of Association.

**Article 111** The Board of Directors of the Company shall explain to the shareholders' general meeting any non-standard auditing opinions issued by the certified accountants regarding the financial reports of the Company.

**Article 112** The Board of Directors shall formulate the rules of procedures for meetings of the Board of Directors to ensure the Board of Directors to implement the resolutions passed at the shareholders' general meeting, work efficiently and be scientific in decision making. The rules of procedures for meetings of the Board of Directors shall be appended to the Articles of Association, formulated by the Board of Directors and approved by the shareholders' general meeting.

**Article 113** The Board of Directors shall formulate stringent examination and approval system to determine the authority with respect to external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management, connected transactions and external donations of the Company. Specialists or professionals shall be retained to evaluate major investment projects and report to the shareholders' general meeting for approval.

The transaction within the scope of daily business of the Company that meets one of the following criteria shall be submitted to the Board of Directors for deliberation:

- (I) The total amount of assets involved in the transaction accounts for more than 20% of the Company's audited total assets in the latest period; However, if the total amount of assets involved in the transaction accounts for more than 50% of the Company's audited total assets in the latest period, or if the Company purchases or sells significant assets within one year that exceed 30% of the Company's audited total assets in the latest period, it should also be submitted to the shareholders' general meeting for review; If the total amount of assets involved in the transaction has both book value and evaluation value, the higher one shall be used as the calculation data;
- (II) The relevant operating revenue of the transaction subject (such as equity) in the most recent fiscal year accounts for more than 20% of the Company's audited operating revenue in the most recent fiscal year, and the absolute amount exceeds RMB10 million; However, if the relevant operating revenue of the transaction subject (such as equity) in the most recent fiscal year accounts for more than 50% of the Company's audited operating income in the most recent fiscal year, and the absolute amount exceeds RMB50 million, it should also be submitted to the shareholders' general meeting for review;
- (III) The net profit related to the subject matter of the transaction (such as equity) in the most recent fiscal year accounts for more than 20% of the audited net profit of the Company in the most recent fiscal year, and the absolute amount exceeds RMB1 million; However, if the net profit related to the subject matter of the transaction (such as equity) in the most recent fiscal year accounts for more than 50% of the Company's audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB5 million, it should also be submitted to the shareholders' general meeting for review;

- (IV) The transaction amount (including assuming debts and expenses) accounts for more than 20% of the Company's latest audited net assets, and the absolute amount exceeds RMB10 million; However, if the transaction amount (including assuming debts and expenses) accounts for more than 50% of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million, it should also be submitted to the shareholders' general meeting for review;
- (V) The profits generated from transactions account for more than 20% of the Company's audited net profit for the most recent fiscal year, and the absolute amount exceeds RMB1 million; However, if the profits generated from the transaction account for more than 50% of the Company's audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB5 million, it should also be submitted to the shareholders' general meeting for review.

The general manager of the Company shall be responsible for approval if the transaction amount and proportion do not meet the above standards.

If any data involved in the above mentioned indices is negative, the absolute value of such data shall apply. If the transaction subject is equity and a purchase or disposal of equity will result in a change in the scope of the consolidated statement of the Company, the total assets and operating income of the Company attributable to such equity shall be deemed to be the total assets involved in such transaction and the operating income related to the subject matter of such transaction, respectively.

If the above transactions are purchasing or selling assets, it shall not include purchasing raw materials, fuels and motive powers and selling the assets related with the day to day operation such as products, commodities and the like, but if the replacement of assets relates to the purchase and sale of such assets, they shall still be included.

If the above transactions belong to the limited liability company or the limited company established by the Company's external investment, which can pay the investment amount in full by installments according to the Articles of Association, the provision of this Article shall apply, with the total investment amount specified in the Articles of Association as the standard.

When any of the above transactions belongs to the matters of "providing financial aid", "entrusting wealth management" and the like, the incurred amount shall be considered as the basis of calculation, it shall calculate accumulatively within 12 consecutive months according to the types of the transaction matters, and if the cumulative calculation reaches the standard set out in the first paragraph of this Article, the provision of the first paragraph of this Article shall apply. The relevant duties which have been fulfilled according to the provision of the first paragraph of this Article shall apply shall not be brought into the range of related accumulative calculation any longer. With regard to the same transactions of the Company on the transaction subject within 12 months, the principle of aggregate calculation shall apply to the provisions of this Article. The relevant duties which have been fulfilled according to the provision of this Article shall apply shall not be brought into the range of related accumulative calculation any longer.

**Article 114** The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) To preside over the shareholders' general meetings and to convene and preside over the meetings of the Board of Directors;
- (II) To supervise and inspect the implementation of resolutions of the Board of Directors;
- (III) To sign share certificates, debentures and other marketable securities issued by the Company;
- (IV) To sign material documents of the Board of Directors and other documents that shall be signed by the legal representative and to exercise the functions and powers of a legal representative;
- (V) In the event of any urgent situation due to force majeure or serious emergency for which the meeting of the Board of Directors cannot be convened in a timely manner to exercise special powers in relation to the Company's affairs in compliance with legal requirements and in the interests of the Company and subsequently reports such activities to the Board of Directors;
- (VI) To organize the development of each system on the operation of the Board of Directors, and to coordinate the operation of the Board of Directors;
- (VII) To hear regular and non-regular performance reports from the Company's senior management officers, and to provide guidance on the implementation of resolutions of the Board of Directors;
- (VIII) To nominate candidates for the general manager and the secretary to the Board of Directors of the Company;
- (IX) To exercise any other functions and powers conferred by laws, regulations, the Articles of Association or the Board of Directors.

The vice chairman of the Company shall assist the chairman in work. Where the chairman is unable to or does not perform his/her duties, the vice chairman shall discharge such duties (if the Company has two or more vice chairmen, then the duties shall be performed by the vice chairman elected by more than one half of the directors). Where the vice chairman is unable to or does not perform his/her duties, more than one half of the directors shall elect a director to discharge such duties. The Board of Directors may, if necessary, authorize the chairman of the Board of Directors to exercise part of the powers of the Board of Directors when it is in recess.

**Article 115** The Board of Directors shall meet regularly, and meetings of the Board of Directors shall be held at least four times a year, which shall be held approximately once each quarter and convened by the chairman of the Board of Directors. The written notice of meeting shall be sent to all directors and supervisors ten days before the date of the meeting.

The notice of a meeting shall be deemed to have been issued to a director if he is present at the meeting and does not raise an objection to the non-receipt of such notice prior to or at the time of his arrival at the meeting.

Regular or extraordinary board meetings may be held by way of a teleconference or by virtue of other communication devices. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed to have participated in the meeting in person.

**Article 116** Shareholders holding more than 10% of the voting rights, more than one third of the directors or supervisors can propose to convene an extraordinary board meeting. The chairman of the Board of Directors shall convene and preside over a board meeting within ten days of receiving the proposal.

In case of urgency 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 117** A notice of board meeting shall at least contain the following details:

- (I) The date and place of the meeting;
- (II) The duration of the meeting;
- (III) The purpose and the matters to be considered;
- (IV) The date of the notice.

**Article 118** The board meeting may not be held unless more than half of the directors are present. Resolutions proposed by the the Board of Directors shall be passed by more than half of all the directors. One director shall receive one vote in the voting of a resolution of the Board of Directors. In the event of an equality of votes, the chairman of the Board of Directors shall be entitled to one additional vote.

**Article 119** Where a director is connected to an enterprise involved in the resolution made at a board meeting, he/she shall not vote on the resolution and shall not vote on behalf of other directors. The board meeting may be held by more than half of the directors who are not connected therewith, and resolutions of the board meeting shall be approved by more than half of the directors who are not connected thereto. In the event that the number of non-connected directors present at the board meeting is less than three, such matters shall be submitted to the shareholders' general meeting for consideration.



**Article 120** A vote at the board meeting shall be taken by poll or by show of hands.

Board meetings may be held and voted on the spot, through communication or a combination of both.

Provided that the directors can be assured to fully express opinions in the extraordinary board meeting, such meeting may be conducted and resolutions be passed by telephone, video, fax, e-mail and other telecommunication means with the resolutions signed by the directors who have attended the meeting.

**Article 121** Directors shall attend a board meeting in person. If they are not able to attend the meeting for cause, they may authorize other directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the names of the proxy, matters of entrustment, the scope of authorization and its valid term, and shall be signed or sealed by the appointing director. The appointed director attending the meeting shall exercise the rights of a director within the scope of authorization. A director who fails to attend a board meeting in person and fails to authorize any proxy to attend the meeting, shall be deemed to have waived the voting right in such meeting.

**Article 122** The Board of Directors shall keep minutes of the decisions on matters discussed at meetings. The minutes shall be signed by the directors present at the meeting.

The minutes of board meetings shall be kept in corporate archives for a period of not less than ten years.

**Article 123** The minutes of board meetings shall include the following details:

- (I) The date, location and convener's name of the meeting;
- (II) The names of the attending directors and the directors appointed as proxies to attend the meeting;
- (III) The agenda;
- (IV) The major comments of the directors;
- (V) The voting method and results of each resolution (the number of votes for, against the resolution and of abstention shall be specifically indicated).

## **CHARTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS**

**Article 124** The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have several deputy general managers, one chief financial officer and one secretary to the Board of Directors, who shall be appointed or dismissed by the Board of Directors. The general manager, deputy general manager, chief financial officer and secretary to the Board of Directors of the Company are senior management officers of the Company.

**Article 125** The circumstances of disqualification for directors prescribed in the Articles of Association shall be applicable to senior management officers. Provisions regarding the duty of loyalty of directors under Article 97 and of diligence of directors under items (IV), (V) and (VI) of Article 98 hereof shall be applicable to the senior management officers.

**Article 126** Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company shall not serve as a senior management officer of the Company.

The senior management officer only receive remuneration in the Company, not paid by the controlling shareholders on their behalf.

**Article 127** The term of office of a manager shall be three years, and the manager can be re-appointed after the expiration of his/her term.

**Article 128** The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (I) To be in charge of the production, operation and management of the Company, and report to the Board of Directors;
- (II) To arrange proper resources to implement resolutions of the Board of Directors, the Company's annual business plans and investment plans;
- (III) To draft the Company's annual budgets and final accounts, and make proposals to the Board of Directors;
- (IV) To propose plans for the establishment of the Company's basic management system and the internal management organization;
- (V) To formulate the rules and regulations of the Company;

- (VI) To propose to the Board of Directors the employment and dismissal of the deputy general managers, chief financial officer and other senior management officers;
- (VII) To employ or dismiss the management officers and general employees other than those required to be employed or dismissed by the Board of Directors;
- (VIII) To propose to convene extraordinary board meetings;
- (IX) To decide on other issues of the Company to the extent authorized by the Board of Directors;
- (X) To decide on investment, acquisition or disposal, financing and other projects other than those that must be decided by the Board of Directors or by the shareholders' general meeting;
- (XI) To exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

The general manager shall attend board meetings and, if the general manager is not a director, he/she shall not have voting right thereat.

**Article 129** The general manager shall formulate working rules of the general manager, and may not be implemented unless approved by the Board of Directors.

**Article 130** The general manager's working rules include the following contents:

- (I) Specific conditions, procedures and participants of the manager's meeting;
- (II) Responsibilities and work allocation of the general manager and other senior management officers;
- (III) Use of funds and assets of the Company, scope of authorization to enter into material contracts and reporting policies regarding the Board of Directors and the Supervisory Committee;
- (IV) Other matters which the Board of Directors deems necessary.

**Article 131** The general manager and other senior management officers can tender his or her resignation prior to the expiry of his or her term of office. The specific procedures for such resignation shall be governed by the labour contract between the aforesaid personnel and the Company.

**Article 132** Other senior management officers other than the general manager shall assist the general manager in his work and may exercise part of the functions and powers entrusted to the general manager.

**Article 133** The Company shall have one secretary to the Board of Directors who is responsible for the preparation of the shareholders' general meeting and the board meeting of the Company, document keeping as well as management of shareholder information, information disclosure and other matters. The Board of Directors may, if necessary, set up a working body for the secretary to the Board of Directors.

The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated, appointed or removed by the Board of Directors. His/her primary duties include:

- (I) To ensure that the Company has a complete set of organizational documents and records; keep and manage shareholder information; and assist the directors in addressing the routine tasks of the Board of Directors; to provide, remind and ensure that the directors understand the regulations, policies and requirements of local and overseas regulatory bodies in relation to the operation of the Company on an ongoing basis, and assist the directors and the general manager in exercising their functions and powers in compliance with local and overseas laws and regulations, the Articles of Association and other relevant provisions;
- (II) To organize and arrange for the board meetings and shareholders' general meetings, prepare meeting materials, handle relevant meeting affairs, be responsible for keeping minutes of the meetings and ensuring their accuracy, and keep meeting documents and minutes and take initiative to keep abreast of the implementation of relevant resolutions, and report any important issues that occur during the implementation to the Board of Directors and put forward relevant proposals;
- (III) To act as the liaison between the Company and the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities, and for accepting and organizing the implementation of any assignment from the regulatory authorities;
- (IV) 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;
- (V) To ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (VI) To exercise other functions and powers as conferred by the Board of Directors, as well as other functions and powers as required by laws and regulations and the stock exchange of the place where the Company's shares are listed.

A director or other senior management officers of the Company may act as the secretary to the Board of Directors. The accountants of the accounting firm which has been appointed by the Company and the management officers of controlling shareholders shall not concurrently act as the secretary to the Board of Directors.

If a director of the Company concurrently serves as secretary to the Board of Directors, in the event that an action must be carried out by a director and a secretary to the Board of Directors respectively, the person who holds the offices of director and secretary to the Board of Directors shall not act in dual capacity.

The secretary to the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 134** Where the senior management officers violate the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association in the performance of their duties, which has caused losses to the Company, they shall be liable for compensation.

**Article 135** The senior management officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management officers of the Company has caused damage to the interests of the Company and the shareholders of the public shares due to their failure to faithfully perform their duties or breach of their fiduciary duties, they shall be liable for compensation in accordance with the law.

## **CHARTER 7 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 136** The circumstances of disqualification for directors prescribed in the Articles of Association shall be applicable to supervisors.

**Article 137** The supervisors shall observe the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. They shall shoulder the duties of loyalty and due diligence to the Company, faithfully perform their supervisory duties, and shall not accept any bribery or other illegal income by using his/her powers and position, or seize the assets of the Company in any manner.

**Article 138** Each supervisor shall serve for a term of three years, and may be re-elected upon expiry of his/her term of office.

**Article 139** Where the tenure of supervisors expires and re-election has not yet been made in a timely manner, or where a supervisor resigns during his/her tenure resulting in the number of supervisors falls below the necessary quorum of meeting of the Supervisory Committee, the original supervisors shall (before the re-election of the new supervisors) continue to perform their duties as supervisors pursuant to the provisions of laws, administrative regulations and the Articles of Association.

**Article 140** Supervisors shall ensure that information disclosed by the Company is true, accurate and complete and they shall sign on the regular reports with written confirmation.

**Article 141** Supervisors shall attend board meetings and may raise queries or proposals regarding matters resolved at such meetings.

**Article 142** Supervisors shall not prejudice the interests of the Company by means of their connected relationship or they shall be liable for compensation for any loss caused to the Company.

**Article 143** If supervisors have violated the provisions of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties, which has caused losses to the Company, they shall be liable for compensation.

## **Section 2 Supervisory Committee**

**Article 144** The Company shall establish the Supervisory Committee, which is comprised of three supervisors, one of whom shall act as the chairman of the Supervisory Committee. The term of office of supervisors shall be three years, renewable upon re-election and re-appointment. The appointment and dismissal of the chairman of the Supervisory Committee shall be subject to the approval of two-thirds or more of its members by voting.

**Article 145** Members of the Supervisory Committee shall comprise two shareholder representatives and one employee representative. The shareholder representatives shall be elected and removed by the shareholders' general meeting; and the employee representative supervisor shall be elected by the employee representatives' meeting, staff meetings or other democratic means.

**Article 146** The directors and senior management officers of the Company shall not concurrently act as supervisors.

**Article 147** The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with the law:

- (I) To review and express its review comments in writing on the regular reports of the Company prepared by the Board of Directors;
- (II) To monitor the performance of duties of directors and senior management officers, and propose the dismissal of directors and senior management officers who have violated the laws, administrative regulations and the Articles of Association or resolutions passed by the shareholders' general meeting;

- (III) To demand directors and senior management officers to make rectifications if their conduct has damaged the Company's interest;
- (IV) To review the Company's financial position;
- (V) To review financial information such as financial reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meetings, and engage certified public accountants and practicing auditors in the name of the Company to assist their review if there is any doubt;
- (VI) To propose the convening of an extraordinary general meeting, and convene and preside over the shareholders' general meeting when the Board of Directors fails to perform such duties specified under the Company Law;
- (VII) To submit proposals to the shareholders' general meeting;
- (VIII) To propose convening of an extraordinary board meeting;
- (IX) To bring an action against the directors and senior management officers in accordance with Article 151 of the Company Law;
- (X) To conduct an investigation if there is any doubt in the Company's operations, and engage professional institutions such as accounting firms and law firms at the Company's expense to assist their review if necessary;
- (XI) To exercise other functions and powers specified in the laws, administrative regulations, the Articles of Association and the shareholders' general meeting.

**Article 148** The Supervisory Committee shall convene at least once meeting every six months, which shall be convened by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor who has been elected by more than half of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

The supervisors can propose to convene extraordinary meetings of the Supervisory Committee.

In convening the regular or extraordinary meetings of the Supervisory Committee, the members of the Supervisory Committee shall give the written notice of the meeting to all supervisors by hand, fax, e-mail or other means within a reasonable period of time in advance. If the notice is not delivered by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of urgency and an extraordinary meeting of the Supervisory Committee is required to be convened as soon as possible, the notice of the meeting may be delivered by telephone, e-mail or other verbal means at any time, but the convener shall make explanations at the meeting.

**Article 149** The method for resolving matters by the Supervisory Committee: resolutions of the Supervisory Committee shall be made by way of voting with one vote for each supervisor in the manner of registered and written ballot.

The voting procedure: a supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his intention by choosing one of the above. The chairman of the meeting shall request each supervisor who fails to choose any of the above or has chosen two or more of the above to vote again, and refusal to do so shall be regarded as having waived the voting rights at such meeting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having waived the voting rights at such meeting.

Resolutions of the Supervisory Committee shall be passed by the affirmative votes of two-thirds or more of the members of the Supervisory Committee.

**Article 150** The Supervisory Committee 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 be made with regard to his speech at the meeting. The minutes of the meeting of the Supervisory Committee shall be properly kept as corporate files for at least ten years.

In case of voting by correspondence, supervisors shall, after confirming their votes by signing their written opinions and voting intentions on the matters considered, fax the same to the office of the Supervisory Committee. Supervisors participating in the voting by correspondence shall submit the signed original copy of the voting paper to the Supervisory Committee within the period specified in the notice of the meeting.

**Article 151** A notice of meeting of the Supervisory Committee shall at least include the following:

- (I) Date, venue and duration of the meeting;
- (II) Matters and agenda;
- (III) Date of issue of the notice.

**Article 152** The Supervisory Committee shall formulate procedural rules of the Supervisory Committee, specifying the method for conducting business and the voting procedures of the Supervisory Committee, so as to ensure the working efficiency and scientific decision making of the Supervisory Committee.



## **CHARTER 8 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

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

**Article 153** Our Company shall develop its financial and accounting system pursuant to laws, administrative regulations and rules developed by the competent department. Where there are special rules in the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, the special rules would prevail.

**Article 154** The Company shall prepare its annual financial and accounting report within 4 months from the end of each accounting year, and shall prepare its interim financial and accounting report within 2 months from the end of the first half of each accounting year. The above financial accounting reports are prepared in accordance with the relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and regulations of other securities regulatory rules of the place where the Company's shares are listed.

**Article 155** The Company shall not establish account books other than the statutory account books, and shall not deposit the Company's assets in the accounts of their own or others.

**Article 156** In distributing the profit after tax of the current year, the Company shall allocate ten percent of its profit into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is more than fifty percent of its registered capital, further appropriations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses in the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund, the Company may, through the resolution of shareholders' general meeting allocate its profits after tax to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining profits after tax shall be distributed by the Company in proportion to the shares held by shareholders, unless otherwise specified by these Articles of Association.

If the shareholders' general meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision.

The Company's shares held by the Company are not entitled to any profit distribution.

**Article 157** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or increasing the capital of the Company, yet the capital reserve fund cannot be applied for making up for losses of the Company.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below twenty five percent of the Company's registered capital prior to such conversion.

**Article 158** After the shareholders' general meeting of the Company make a resolution on profit distribution plan, the Board of Directors of the Company shall complete the distribution of the dividend (or shares) within 2 months after the convening of the shareholders' general meeting.

**Article 159** The Company emphasizes the reasonable investment returns to the shareholders, and the profit distribution shall follow the principle of emphasizing the reasonable investment returns to the shareholders and being beneficial to the long-term development of the Company. The Company's profit distribution policy shall maintain continuity and stability and comply with the relevant provisions of laws and regulations. The Company may distribute dividends either in cash or in shares. When the Company has distributable profits, the Board of Directors of the Company may formulate a cash dividend distribution plan or/and a share dividend distribution plan according to the business conditions and financial position of the Company.

## **Section 2 Internal Audit**

**Article 160** The Company shall establish an internal audit system with professional audit personnel to undertake internal auditing and supervision of the Company's financial income and expenditures and economic activities.

**Article 161** The Company's internal audit system and the obligations of the auditors shall be approved for implementation by the Board of Directors. The person in charge of audit shall be responsible and report to the Board of Directors.

## **Section 3 Appointment of Accountant Firm**

**Article 162** The Company employs an accounting firm that complies with the provisions of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed to conduct accounting statement audit, net asset verification and other related consulting services. The employment period is one year, and can be renewed.

**Article 163** The employment of accounting firms by the Company must be decided by more than half of the shareholders at the shareholders' general meeting, and the Board of Directors shall not appoint accounting firms before the decision of the shareholders' general meeting.

**Article 164** The Company shall guarantee to provide the accounting firm it employs with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

**Article 165** The remuneration of the accounting firm and the way to pay shall be determined by more than half of the shareholders at the shareholders' general meeting.

**Article 166** The Company's dismissal or non-reappointment of the accounting firm shall be resolved by the shareholder' general meeting, and the Company shall notify the accounting firm 15 days in advance. The accounting firm shall be allowed to state its opinions when the shareholder' general meeting votes on dismissing the accounting firm.

**Article 167** If the accounting firm proposes to resign, it shall explain to the shareholder' general meeting whether the Company has any improper situation.

## **CHARTER 9 NOTICES AND ANNOUNCEMENT**

### **Section 1 Notices**

**Article 168** Notices of the Company may be delivered through the following means:

- (I) By hand;
- (II) By fax or electronic mail or by way of website publishing;
- (III) By mail;
- (IV) By way of publishing information on websites designated by the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the Hong Kong Listing Rules;
- (V) By way of announcement;
- (VI) By any other means as agreed by the Company or the recipient or as accepted by the recipient after the notice is received;
- (VII) By any other means as specified in these Articles of Association.

Any notice of the Company given by announcement shall be deemed to be received by all relevant persons once such announcement is published.

**Article 169** The notices of shareholders' general meetings convened by the Company shall be served by hand, mail, electronic mail, fax, announcement or other means as stipulated in these Articles of Association.

**Article 170** The notices of meetings of the Board of Directors convened by the Company shall be served by hand, mail, electronic mail, fax, announcement or other means as stipulated in these Articles of Association.

**Article 171** The notices of meetings of the Supervisory Committee convened by the Company shall be served by hand, mail, electronic mail, fax, announcement or other means as stipulated in these Articles of Association.

**Article 172** For a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the recipient on the note of receipt and the receipt date shall be the date of serve. If the notice is delivered by post, it shall be deemed to have been received after the fifth business day from the date upon which the post office receives the notice. If the notice is delivered by way of electronic mail or fax, it shall be deemed to have been received on the date it is sent. If the notice is delivered by way of announcement, it shall be deemed to have been received on the date on which the announcement is first published.

**Article 173** The accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions passed at the meeting.

## **Section 2 Announcement**

**Article 174** The Company shall issue announcements and disclose information to holders of domestic unlisted shares through newspapers and websites designated by the laws, administrative regulations or relevant domestic regulatory authorities for information disclosure. If it is required to make public announcements to the holders of H shares pursuant to the Articles of Association, the announcement shall also be published on designated newspapers, websites and/or company website in such manner as required by the Hong Kong Listing Rules. All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange shall be in the English language, or accompanied by a certified English translation.

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

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

**Article 175** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by establishment of a new entity, two or more companies merge into a new one and the parties to the merger are dissolved.

**Article 176** 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.

The Company shall notify its creditors within ten days from the date of on which the resolution in favor of the merger is adopted and shall publish an announcement in a newspaper at least three times within thirty days from the date of such resolution. A creditor has the right, within thirty days upon receiving the notice from the Company or, in the case of a creditor who has not received such notice, within forty-five days from the date of the announcement, to require the Company to repay its debts or provide corresponding guarantee for such indebtedness.

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 177** 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. The Company shall notify its creditors within ten days from the date on which a resolution is adopted in favor of the division and shall publish an announcement in a newspaper within thirty days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the division, the surviving companies after the division shall jointly assume the indebtedness of the Company which has been incurred before such division.

**Article 178** Where the Company needs to reduce its registered capital, it shall prepare balance sheets and inventories of assets.

The Company shall notify its creditors within ten days from the date on which a resolution in favor of the reduction of its registered capital is adopted and shall publish an announcement in a newspaper within thirty days from the date of such resolution. A creditor has the right, within thirty days upon receiving the notice from the Company or, in the case of a creditor who has not received such notice, within forty-five days from the date of the announcement, to require the Company to repay its debts or provide corresponding guarantee for such indebtedness.

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

**Article 179** The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

The Company shall, in accordance with law, apply for change in its registration with the company registration authority where the Company increases or reduces its registered capital.

## **Section 2 Dissolution and Liquidation of the Company**

**Article 180** The Company shall be dissolved due to the following reasons:

- (I) Expiry of the Company's term of business operations stipulated in the Articles of Association or other dissolution reasons occur as specified therein;
- (II) The shareholders' general meeting by resolution dissolves the Company;
- (III) Dissolution is necessary due to a merger or division of the Company;
- (IV) The business license is revoked, ordered to close down or revoked according to law;
- (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 or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

**Article 181** Where the Company is to be dissolved under the circumstance specified in (I) of the preceding article, it may continue to exist by modifying the Articles of Association.

Amendments to this Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by shareholders attending the general meeting of shareholders.

**Article 182** Where the Company is dissolved pursuant to (I), (II), (IV) and (V) under Article 178 hereof, a liquidation committee shall be formed within fifteen days as of the dissolution reasons occur, to start the liquidation process. The composition of the liquidation committee shall be determined by directors or the shareholders' general meeting. In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

**Article 183** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) To liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) To notify creditors by sending notice or making public announcement;
- (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;
- (VII) To represent the Company in any civil proceedings.

**Article 184** The liquidation committee shall notify creditors within ten days from the date of its establishment and publish announcements in newspapers within sixty days. The creditors may declare their claims to the liquidation committee within thirty days from the date it receives the above notice or within forty-five 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 185** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the relevant competent authority for confirmation.

The remaining properties of the Company, after payment of liquidation expenses, employees' wages, social insurance premiums and statutory compensation, taxes owed, and liquidation of company debts, shall be distributed to the shareholders in proportion to their shareholding percentages.

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 the Company's debts in full in accordance with the preceding paragraph.

**Article 186** In case of dissolution of the Company, after the liquidation committee has examined and taken possession of the properties of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's properties are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt.

Following a ruling by the People's Court that the Company is bankrupt, the liquidation committee shall transfer to the People's Court all matters relating to the liquidation.

**Article 187** After completion of liquidation of the Company, the liquidation committee shall prepare liquidation report, income and expenditure statement and account books in respect of the liquidation period and, after verification of the Chinese certified public accountants, shall submit the same to the general meeting or the People's Court for confirmation and submit the aforesaid documentation to the company registration authority, and apply to cancel registration of the Company and announce termination of the Company.

**Article 188** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or misappropriate the property of the Company.

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

**Article 189** Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.



## CHAPTER 11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 190** Under any of the following circumstances, the Company shall amend its articles of association:

- (I) After the revision of the Company Law or relevant laws and administrative regulations, the items stipulated in the Articles of Association conflict with the revised laws and administrative regulations;
- (II) The situation of the Company has changed, which is inconsistent with the matters recorded in the Articles of Association;
- (III) The general meeting of shareholders resolves to amend the Articles of Association.

**Article 191** Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

**Article 192** The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from competent authorities.

**Article 193** Where the matters on the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to these requirements.

## CHARTER 12 SUPPLEMENTARY PROVISIONS

**Article 194** Definitions

- (I) A “controlling shareholder” stated herein shall refer to a shareholder who holds more than 50% of the total share capital of the Company, or a shareholder who holds less than 50% of the total shares but holds voting rights sufficient to have a material impact on resolutions at the general meeting.
- (II) The “de facto controller” stated herein shall refer to the person who is not a shareholder of the Company but is able to actually control the acts of the Company through investment relationships, agreement or any other arrangement.
- (III) The “connected transaction” stated herein has the same meaning as ascribed to it under the Hong Kong Listing Rules.

- (IV) The “foreign investors” stated herein shall refer to investors from foreign countries or from the Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan who subscribe for the shares issued by the Company.
- (V) The “independent director” stated herein has the same meaning as the term “independent non-executive director” in the Hong Kong Listing Rules.
- (VI) The “accounting firm” stated herein has the same meaning as the term “auditor” in the Hong Kong Listing Rules.

**Article 195** The Board may formulate by-laws in accordance with the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 196** The Articles of Association are prepared in Chinese. In the event of discrepancies between the Articles of Association and the articles of association in any other language or of different version, the latest Chinese version registered with the company registration authority shall prevail.

**Article 197** In the Articles of Association, the meaning of “no less than”, “within” or “no more than” includes the underlying number, while “no more than”, “beyond”, “less than”, “more than”, “exceed” or “over”. does not include the underlying number.

**Article 198** Should there be any inconsistency between the provisions of the Articles of Association and the provisions of laws, regulations, rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed, the latter shall prevail.

**Article 199** The interpretation of the Articles of Association shall be vested to the Board of the Company.

**Article 200** The rules of procedures for the shareholders’ general meetings, board meetings and meetings of Supervisory Committee are enclosed with the Articles of Association as appendices.

**Article 201** Where there are provisions by the PRC governing preference shares, such provisions shall prevail.

**Article 202** After the Articles of Association are passed by the special resolution of the general meeting of shareholders, it will become effective on the day when the Company’s publicly issued H shares are listed and traded on the Main Board of the Hong Kong Stock Exchange. The original articles of Association of the Company shall automatically become invalid upon the effective date of the Articles of Association.