

# **RULES OF PROCEDURES FOR GENERAL MEETINGS OF XINJIANG LA CHAPELLE FASHION CO., LTD.**

## **Chapter 1 General Provisions**

**Article 1** To regulate the behavior of Xinjiang La Chapelle Fashion Co., Ltd. (“the Company”) and ensure that the general meeting can exercise its functions and powers according to law, these Rules are formulated in accordance with *Company Law of the People’s Republic of China* (hereinafter referred to as *Company Law*), *Securities Law of the People’s Republic of China* (hereinafter referred to as *Securities Law*), *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (hereinafter referred to as *Hong Kong Listing Rules*) and other relevant laws, administrative regulations and normative documents and *Articles of Association of Xinjiang La Chapelle Fashion Co., Ltd.* (hereinafter referred to as “*Articles of Association*”).

**Article 2** As from the date on which these Rules take effect, these Rules constitute a binding document regulating the general meeting, shareholders and authorized agents thereof, directors, supervisors, senior executives and other relevant persons present at the general meeting.

The Company shall convene general meetings in strict accordance with the relevant provisions of the laws, administrative regulations and the *Articles of Association*, and shall ensure that shareholders can exercise their rights according to law.

**Article 3** The general meeting shall exercise its functions and powers within the scope specified by the *Company Law* and the *Articles of Association*.

**Article 4** The Board shall by due diligence perform its duties, and shall organize general meetings in a serious and timely manner. All the directors of the Company shall be diligent and responsible to ensure the normal convening of a general meeting and its lawful exercise of functions and powers.

The Secretary of the Board of the Company is responsible for all work of preparation and organization for convening of the general meetings.

## **Chapter 2 General Provisions for General Meetings**

**Article 5** The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law:

- (I) To decide the business operation guideline and investment plan for the Company;
- (II) To elect and replace directors and to decide on matters relating to the remuneration of directors;

- (III) To elect and replace supervisors who are representatives of shareholders and to decide on matters relating to the remuneration of supervisors;
- (IV) To examine and approve reports of the Board;
- (V) To examine and approve reports of the Supervisory Committee;
- (VI) To examine and approve the annual financial budgets and final accounting plans of the Company;
- (VII) To examine and approve the Company's profit distribution plan and loss recovery plan;
- (VIII) To resolve on increase or decrease of the registered capital of the Company;
- (IX) To resolve on the merger, division, dissolution, liquidation and transformation of the Company;
- (X) To resolve on the issue of bonds of the Company;
- (XI) To resolve on the appointment, removal or non-reappointment of an accounting firm;
- (XII) To amend the *Articles of Association*;
- (XIII) To resolve on the Company's external guarantees which shall be approved by a general meeting pursuant to the *Articles of Association*;
- (XIV) To consider proposals of shareholders representing more than 3% (inclusive) of the voting shares of the Company;
- (XV) To consider the Company's purchase or disposal of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (XVI) To examine and approve matters relating to the changes in the use of proceeds from share offerings;
- (XVII) To consider equity incentive scheme;
- (XVIII) To resolve on other matters which, in accordance with laws, administrative regulations and the *Articles of Association*, shall be approved by a general meeting;
- (XIX) The general meeting can authorize or entrust the Board to handle the matters authorized or entrusted thereby not in violation of laws and regulations and mandatory provisions of the listing rules of the listing place.

**Article 6** The following external guarantees to be given by the Company shall be examined and approved by the general meeting.

- (I) Any external guarantee to be given by the Company and subsidiaries in which it has controlling interest, the total amount of which reaches or exceeds 50% of their latest audited net assets;
- (II) Any external guarantee to be given by the Company, the total amount of which reaches or exceeds 30% of its latest audited total assets;
- (III) Provision of guarantee to anyone whose liability-asset ratio exceeds 70%;
- (IV) Provision of a single guarantee whose amount exceeds 10% of the latest audited net assets;
- (V) Provision of guarantee to shareholders, effective controllers and their related parties;
- (VI) Provision of other guarantee that shall be approved by the general meeting as stipulated by laws and regulations and the *Articles of Association*.

The directors, the president and other senior management officers shall be liable for the damages of any harm caused to the Company due to their violation of the approval authority or the approval procedures of external guarantees set forth in laws, administrative regulations or the Articles of Association, and the Company may correspondingly commence legal proceedings against such person.

**Article 7** General meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months after the end of the preceding fiscal year. Extraordinary general meetings shall be convened irregularly. In any of the following circumstances where an extraordinary general meeting shall be convened as set out in the *Company Law* and the *Articles of Association*, the Company shall convene an extraordinary general meeting within two months.

**Article 8** If, the Company fails to convene a general meeting within the above period, it shall report to the National Equities Exchange and Quotations Co., Ltd. (hereinafter referred to as “the National Equities Exchange and Quotations”) and the Stock Exchange of Hong Kong Limited (hereinafter referred to as “the Stock Exchange”), and shall give the reasons and make an announcement in respect thereof.

**Article 9** In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:

- (I) The number of directors falls short of the quorum stipulated in the Company Law or is less than two thirds of the number specified in the *Articles of Association*;
- (II) The unrecovered losses of the Company amount to one third of the total amount of its share capital;
- (III) Shareholder(s) holding more than 10% (inclusive) of the Company’s issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;

- (IV) The Board deems necessary;
- (V) The Supervisory Committee proposes to convene such meeting;
- (VI) Other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association occur.

In the event of the aforesaid (III) to (V), the topics of the meeting proposed by the convening requester shall be included in the agenda of the meeting.

In the event that the Company is not able to convene the general meetings in the above period, the Company shall report to the representative office of the China Securities Regulatory Commission and the stock exchange(s) where the Company is listed, explaining the underlying reasons and making public announcements.

**Article 10** The venue of general meetings convened by the Company shall be either the domicile of the Company or such other specific venue as notified by the convener of such general meeting.

General meetings shall be held onsite at the venue. Provided that no laws, regulations or mandatory provisions of the listing rules of where the Company is listed would be breached, the Company may provide network or other means for its shareholders to conveniently participate in general meetings as appropriate. Shareholders participating in the general meetings by any aforesaid means shall be deemed as having attended the meetings.

**Article 11** In convening a general meeting, the Company may engage a lawyer to provide legal opinions in accordance with laws and regulations. The lawyer shall render legal opinions on the following issues and the Company shall publish an announcement:

- (I) Whether the convening and convening procedure of the meeting comply with laws, administrative regulations and the *Articles of Association*;
- (II) Whether the attendees and convener of the meeting are eligible;
- (III) Whether the voting procedures and results of the meeting are lawful and valid;
- (IV) Legal opinions on other relevant matters upon request by the Company.

### **Chapter 3 Convening of General Meetings**

**Article 12** The Board shall convene general meetings within the periods specified in Article 7 of these Rules. The Board's convening of a general meeting shall be subject to a corresponding resolution of the Board. The notice of general meeting shall be announced within five days as from the date of adoption of the resolution of the Board.

**Article 13** An extraordinary general meeting may be convened upon proposal by more than two independent non-executive directors to the Board. Regarding the proposal of the independent non-executive directors to convene an extraordinary general meeting, the Board shall, pursuant to laws, administrative regulations and the *Articles of Association*, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.

Where the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Where the Board does not agree to convene the extraordinary general meeting as proposed by the independent non-executive directors, it shall give the reasons and make an announcement in respect thereof.

**Article 14** The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the *Articles of Association*, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.

Where the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Supervisory Committee.

If the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, the Board shall be deemed as unable to or failing to perform the duty of convening the general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

If the Supervisory Committee convenes a meeting as provided for in the preceding paragraph, it shall notify the Board in writing and file with the relevant competent authority pursuant to the applicable regulations.

**Article 15** An extraordinary general meeting may be convened upon request by one or several shareholders severally or jointly holding 10% or more of the shares of the Company carrying the voting right at the proposed meeting, and such request shall be put forward to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the *Articles of Association*, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the request.

Where the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

If the Board does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days after receipt of the request, shareholders severally or jointly holding more than 10% shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of such request. Any change to the original proposal set forth in the notice shall be approved by the relevant shareholders.

In case of failure to issue the notice of the general meeting within the term stipulated, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting. As a result of its failure to do so for more than 90 consecutive days, shareholder(s) severally or jointly holding more than 10% shares of the Company may convene and preside over such meeting by himself/themselves within four months after the Board receives such request.

**Article 16** If shareholder(s) severally or jointly holding more than 10% shares of the Company for a period less than 90 consecutive days request(s) the Board to convene an extraordinary general meeting, the said shareholder(s) shall request the Board to convene the extraordinary general meeting again according to this Article after holding more than 10% shares of the Company for at least 90 consecutive days; if the Board and the Supervisory Committee fail to issue a notice of convening the extraordinary general meeting within the period specified in this Article, the shareholder(s) severally or jointly holding more than 10% shares of the Company for a period of 90 consecutive days may convene and preside over such meeting by himself/themselves.

**Article 17** Where the Supervisory Committee or shareholders decide(s) to convene a general meeting by itself/themselves, it/they shall notify the Board in writing, and the procedure for convening and presiding over the meeting shall to the extent possible be the same as the procedure by which the Board convenes a general meeting. It/they shall issue the resolution of the general meeting and file with the authority appointed by CSRC at the location of the Company, the National Equities Exchange and Quotations and the Stock Exchange.

**Article 18** With regard to the general meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the Board and its secretary shall offer cooperation. The Board shall provide a shareholders' register as of the equity registration date. Where the Board fails to provide the shareholders' register, the convener may apply to the securities registration and clearing authority to obtain it upon presentation of the announcement relating to the notice of the general meeting. The shareholders' register obtained by the convener shall not be used for other purposes except for the general meeting.

**Article 19** Where the Supervisory Committee or shareholders convene(s) the general meeting because the Board fails to convene the meeting pursuant to the aforesaid provision, the expenses incurred therefrom shall be borne by the Company.

#### **Chapter 4 Proposals and Notice of General Meetings**

**Article 20** The content of a proposal shall be determined by the general meeting, shall have definite topics and specific issues for resolution, and shall comply with the relevant provisions of laws, administrative regulations and the *Articles of Association*. The proposal shall be submitted or delivered to the Board in written form.

**Article 21** Where the Company convenes a general meeting, the Board, Supervisory Committee, and shareholder(s) severally or jointly holding more than 3% shares of the Company may make proposals to the Company.

Shareholder(s) severally or jointly holding more than 3% shares of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within two days after receipt of the proposal and announce the content of the provisional proposal.

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

Proposals not set out in the notice of general meeting or not complying with the preceding article of these Rules shall not be voted on or resolved at the general meeting.

**Article 22** When the Company convenes an annual general meeting, a notice to notify all registered shareholders must be given no later than 20 days before the meeting date; when the Company convenes an extraordinary general meeting, a notice to notify all registered shareholders must be given no later than 15 days before the meeting date. Such notice shall contain the matters to be considered at the meeting as well as the date and venue of the meeting.

The date of such notice and the date of the meeting shall be excluded in the calculation of the aforesaid notice period.

Notices or supplementary notices of general meetings shall adequately and completely disclose the specific contents of all motions, as well as all the information or explanations which are necessary for the shareholders to make a reasonable judgment in respect of the matters to be discussed. Where opinions of independent directors are required on the matters to be discussed, such opinions and reasons thereof shall be included in the notices or supplementary notices of general meetings.

After the Company's A shares are listed, the said notice shall be issued by announcement.

**Article 23** The notice of general meeting shall:

- (I) be made in writing;
- (II) specify the venue, date and time of the meeting;
- (III) state matters and proposals to be discussed at the meeting;
- (IV) provide the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle includes (but is not limited to) where a proposal is made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or to make any other reorganization of the Company, and detailed conditions of the proposed transaction shall be provided together with contracts (if any) and the cause and effect of any such proposal shall also be properly explained;
- (V) disclose the nature and extent of the relationship where any director, supervisor, president or other senior executive have a material relationship in the proposed matters to be discussed; describe the difference where the impact of the matters to be discussed on such director, supervisor, president or senior executive in their capacity as shareholders is different from the impact on other shareholders;
- (VI) contain the full text of any special resolution proposed to be passed at the meeting;

- (VII) contain a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder;
- (VIII) specify the time and venue for serving the power of attorney for the voting proxy for the meeting;
- (IX) specify the equity registration date of shareholders entitled to attend the general meeting, and the interval between the equity registration date and the date of the meeting shall be subject to the requirements of the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed;
- (X) specify the name and telephone number of the coordinator of the meeting.

**Article 24** If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the director or supervisor candidates, which information shall at least include:

- (I) personal particulars, including educational background, work experiences, and concurrent positions;
- (II) whether one has any related connection with the listed company, its controlling shareholders and effective controllers;
- (III) the amount of shares of the Company one holds;
- (IV) whether one has been punished by CSRC or any other relevant department or reprimanded by the stock exchange.

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 25** The notice of a general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) in the manner specified in the Articles of Association or in other manners permitted by the stock exchange where the shares of the Company are listed. In compliance with the relevant laws, regulations and the Listing Rules, the Company may issue notice of a general meeting on the website of the Company and the website designated by the stock exchange where the shares of the Company are listed.

**Article 26** Where PRC laws and regulations and the Stock Exchange Listing Rules contain provisions which stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or on the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 27** After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least two workdays prior to the date on which the meeting is originally scheduled.



## Chapter 5 Convening of General Meetings

**Article 28** The Board of the Company or other convener shall take necessary measures to ensure the proper order of the general meeting. The Board or other convener shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 29** The director candidates shall prior to the date of the general meeting provide written undertakings that they accept the nominations, that the information provided about them is true and complete, and that they will diligently fulfil the duties as director if elected.

**Article 30** All shareholders in the shareholders' register on the equity registration date or proxies thereof shall be entitled to attend general meetings, and exercise voting rights pursuant to relevant laws, regulations and the *Articles of Association*.

The shareholders may attend general meetings and exercise voting rights either in person or by proxy.

Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxies to attend and vote on his behalf. The said proxy may exercise the following rights as granted by the said shareholder:

- (I) To exercise the said shareholder's right to speak at the general meeting;
- (II) To severally or jointly request to vote by ballot;

If the shareholder is a Recognized Clearing House (or proxy thereof) as defined in Hong Kong laws, the said shareholder may authorize one or more persons as he deems appropriate to act on his behalf at any general meeting; however, where several persons are thus authorized, the power of attorney shall specify the numbers and classes of shares each of the said persons is authorized to represent by such power of attorney. The persons thus authorized may exercise rights on behalf of the Recognized Clearing House (or proxy thereof) as if the said persons were the individual shareholders of the Company.

**Article 31** The power of attorney shall be in writing under the hand of the principal or his proxy duly authorized in writing or, if the principal is a legal person or other institution, it shall be under seal or under the hand of its legal representative or a proxy duly authorized.

An individual shareholder attending a general meeting in person shall present his/her identity card or other identity certificate or share account card; a proxy attending a general meeting on behalf of an individual shareholder shall present his/her identity card and power of attorney of the shareholder.

Where the shareholder is a legal person, its legal representative or a person authorized by the legal representative, the Board or other decision making body shall attend the general meeting. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and power of attorney issued by the legal representative of the corporate shareholder, the Board or other decision making body.

**Article 32** The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:

- (I) the name of the proxy;
- (II) whether or not the proxy has any voting right;
- (III) directive to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal; If the principal is a corporate shareholder, the corporate seal shall be affixed.

**Article 33** A power of attorney shall contain a statement that, in default of directives, the proxy may vote in his discretion.

**Article 34** Attendees register shall be prepared by the Company, which register shall state the names (or names of the corporations), identification card number and the address of the attendee, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.

**Article 35** The convener and the lawyer (if any) appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the shareholders' register provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the total amount of their voting shares prior to voting.

**Article 36** All directors, supervisors and the Secretary of the Board shall attend general meetings of the Company, and the president and other senior executives shall be present at the meetings except for just cause.

**Article 37** Where a general meeting is convened by the Board, the chairman of the Board shall preside over and act as the presider of the meeting. If the chairman is unable or fails to perform his duties, the deputy chairman shall preside over and act as the presider of the meeting. In the event that the deputy chairman is unable or fails to perform his duties, a director shall be elected by a simple majority of directors to preside over and act as the presider of the meeting.

If the Board cannot or fails to convene a general meeting, the Supervisory Committee shall duly convene and preside; if even the Supervisory Committee cannot or fails to convene a general meeting, the shareholders severally or jointly holding more than 10% of the shares of the Company for over 90 days may convene and preside over a general meeting. If for any reason the shareholders cannot elect a presider, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over and act as the presider of the meeting.

A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee cannot or does not fulfil the duty thereof, more than half of the supervisors may elect a supervisor to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

When a general meeting is held and the presider violates these Rules which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the presider, subject to the approval of more than half of the attending shareholders with voting rights.

**Article 38** The Board and the Supervisory Committee shall report their work in the preceding year at the annual general meeting. Every independent non-executive director shall also make his work reports.

Independent non-executive directors shall submit their work reports at the annual general meeting of the Company and the work reports shall include:

- (I) Number of their attendances to Board meetings and general meetings and their votes at such meetings in the preceding year;
- (II) Their opinions expressed independently;
- (III) Other duties fulfilled as an independent non-executive director, such as proposing to convene Board meetings, proposing to appoint or dismiss an accounting firm, independently appointing external audit and consulting institutions, and carrying out on-site inspection, etc.

Where a certified public accountant includes nonstandard audit opinions on the financial statements of the Company in its audit report, the Board shall make an explanation to the general meeting for relevant issues which led the accountant to express the aforesaid opinions and the effect on the financial and operating condition of the Company.

The Supervisory Committee shall make an explanation to the general meeting as to the financial condition and compliance of the Company as detailed below:

- (I) Report of the Company's financial condition;
- (II) Performance of duties by directors and senior executives of the Company and implementation of the relevant laws, administrative regulations, the *Articles of Association* and resolutions of the general meeting;
- (III) Other events to be reported to the general meeting as deemed necessary by the Supervisory Committee.

**Article 39** Related transactions shall be subject to relevant decision-making and disclosure procedures pursuant to the *Articles of Association* and other relevant regulations; material related transactions shall be considered and approved by the general meetings of the Company.

**Article 40** At a general meeting, issues shall be discussed and voted on in the sequence as stated in the notice of meeting. There should be enough time for the discussion of each topic. With the consent of the presider, shareholders may speak at the general meeting in a sequence based on the number of shares held by them or represented by their proxies. The time for each shareholder or proxy to speak shall be limited to two minutes.

**Article 41** Directors, supervisors and senior executives shall make explanations in relation to the inquiries and suggestions made by shareholders at general meetings as follows:

- (I) Shareholders may bring inquiries about the agenda and the topics of the meetings;
- (II) The presider of the meeting shall answer or appoint a person to answer inquiries of shareholders and the time for answering such inquiries shall not be more than two minutes.
- (III) For similar inquiries, the presider may require the inquirer to shorten the time of inquiry.
- (IV) The presider may refuse to answer any inquiries under any of the following circumstances provided that he shall state the reason:
  - (1) The inquiry is irrelevant to the issues for discussion at the meeting
  - (2) Issues inquired about is subject to investigation
  - (3) Answer of the inquiry may disclose the Company's business secrets or obviously impair the common interests of the Company and the shareholders.

**Article 42** The presider shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 43** Minutes of a general meeting shall be kept by the Secretary of the Board. The minutes of the meeting shall specify:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, supervisors, president and other senior executives attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;
- (IV) the process of discussion in respect of each proposal, highlights of speeches and the voting result;
- (V) details of the inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (VI) the names of the lawyer (if any), counting officer and monitoring officer;
- (VII) other contents that shall be recorded in the minutes in accordance with the *Articles of Association*.

**Article 44** The convener shall ensure the meeting minutes are true, accurate and complete. The attending directors, supervisors, Secretary of the Board, convener or representative thereof, and president shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting over network or by other means shall be kept for 15 years.

**Article 45** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary action to resume the general meeting as soon as possible or directly terminate the general meeting and make a responsive announcement. Meanwhile, the convener shall report to authority appointed by CSRC in the location of the Company, the National Equities Exchange and Quotations and the Stock Exchange.

## **Chapter 6 Voting and Resolutions of General Meetings**

**Article 46** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights represented by the attending shareholders (including proxies thereof).

Special resolutions shall be passed by votes representing more than two thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.

**Article 47** The following issues shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the Board and the Supervisory Committee;
- (II) profit distribution plan and loss recovery plan formulated by the Board;
- (III) appointment and removal of the members of the Board and the Supervisory Committee, their remunerations and the method of payment thereof;
- (IV) annual budgets, final accounts, balance sheets, income statements and other financial statements of the Company;
- (V) other issues than those that should be passed by special resolutions pursuant to relevant laws, administrative regulations or the *Articles of Association*.

**Article 48** The following issues shall be approved by special resolutions at a general meeting:

- (I) Increase or reduction in the registered capital of the Company and the issue of shares of any class, warrants and other similar securities;
- (II) Issue of bonds of the Company;
- (III) Division, merger, dissolution and liquidation of the Company;

- (IV) Amendment to the *Articles of Association* of the Company;
- (V) Equity incentive scheme;
- (VI) Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution.

**Article 49** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote.

The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.

Where material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

The Board, independent non-executive directors and qualified shareholders may collect voting rights from shareholders. Shareholders' voting rights shall be solicited with sufficient disclosure of the concrete voting intention to the owner of the voting rights. Consideration or defacto consideration for soliciting shareholders' voting rights is prohibited. The Company and the convenor of the general meeting shall not set a minimum shareholding ratio threshold for soliciting the voting rights.

**Article 50** When a related transaction is considered at a general meeting, the related shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of voting shares; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-related shareholders. If any related shareholder is not able to abstain himself/herself/itself from voting upon related transactions due to special circumstances, the Company may, with the approval of authorized authorities, vote at a normal procedure, and make a detailed explanation in the public announcement of the resolution of such general meeting.

The abstaining and voting procedures for related party shareholders are:

- (I) If the issues to be considered at a general meeting involve a related transaction, the convenor shall notify the related shareholder in advance and the related shareholder shall also timely notify the convenor after coming to know the said circumstance.
- (II) If the related transaction requires to be audited by a professional accountant or appraiser or to be commented on by an independent financial consultant, the convenor shall honestly disclose the results of such audit or appraisal or comments of the independent financial consultant.
- (III) The related shareholder shall not vote on the related transaction involved but may discuss such transaction and may make explanations to the general meeting as to the reason for such related transaction, basic information about the transaction, whether the transaction is just and sound, etc.

**Article 51** If the issue required to be voted by ballot relates to election of presider or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the presider may decide the time of voting by ballot, and the meeting may proceed to consider other issues, and the voting results shall be deemed as resolutions passed at the said meeting.

**Article 52** In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all his votes in the same way of pros, cons or abstention.

If pros and cons are equal, either by show of hands or by ballot, the presider shall be entitled to an additional vote.

**Article 53** The presider shall be responsible for determining whether a resolution has been passed pursuant to voting results. His decision, which shall be final and conclusive, shall be announced at the meeting. The voting result shall be recorded in the minutes of the meeting.

**Article 54** If the presider has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the ballots counted. If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the ballots be counted and the presider shall have the ballots counted immediately.

If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes.

The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.

**Article 55** The Company may not enter into any contract with anyone other than a director, supervisor, president or other senior executive to assign all or a significant part of the management of the Company's business to the said person, unless with the approval by special resolutions at a general meeting.

**Article 56** List of nominations of director or supervisor candidates shall be submitted by way of proposal at general meetings for voting. The method and procedure for nominating directors and supervisors are:

- (I) An incumbent director shall have the right to recommend to the Board of the Company director candidates of this Board or of next Board who are not employees of the Company, and to provide the resumes and basic information of such director candidates. These candidates shall be elected at the general meeting after passing the qualification examination by the Board.

An incumbent supervisor shall have the right to recommend to the Supervisory Committee of the Company supervisor candidates of this Supervisory Committee or of next Supervisory Committee who are not employees of the Company, and to provide the resumes and basic information of such supervisor candidates. These candidates shall be elected at the general meeting after being submitted by the Supervisory Committee to the Board for qualification examination.

- (II) The employee representatives in the Board and the Supervisory Committee shall be elected democratically by the employees of the Company at employee representatives' meetings.
- (III) Independent non-executive directors shall be nominated in the way and procedure as specified by laws, administrative regulations and departmental rules.

**Article 57** Resolutions in respect of the election of directors or supervisors shall be passed by way of cumulative voting pursuant to the Articles of Association or resolutions of the general meeting.

Cumulative voting mentioned in the preceding paragraph means that when directors or supervisors are being elected at a general meeting, each share has as many voting rights as the candidates for directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner.

The ways of cumulative voting are as follows:

- (I) Each of the shares held by a shareholder shall carry the same number of voting rights as the number of director or supervisor candidates; when the Board or a qualified shareholder separately proposes the director or supervisor candidates, the number of voting rights carried by each share shall be calculated as per the number of non-repetitive director or supervisor candidates;
- (II) In casting his/her/its votes for the director or supervisor candidates, a shareholder may exercise his/her/its voting rights by allocating his/her/its voting rights evenly and cast for each director or supervisor candidate the same number of voting rights as the shares he/she/it holds; or he/she/it may focus on one particular director or supervisor candidate and cast for that candidate all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates; or he/she/it may allocate his/her/its voting rights over several director or supervisor candidates and cast for each of them part of the voting rights represented by all of his/ her/its shares multiplied by the number of director or supervisor candidates;
- (III) Upon the exercise of his/her/its voting rights by focusing all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates on one or several of the director or supervisor candidates, a shareholder shall not have any right to vote for any other director candidates;
- (IV) If the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates exceeds the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be invalid and the shareholder shall be deemed to have abstained from voting; if the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates is less than the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be valid and the remaining voting rights held by such shareholder shall be deemed to be waived;
- (V) The director or supervisor candidates whose votes represent the most voting rights are elected as directors or supervisors;



(VI) Independent directors and other directors shall be elected separately to ensure the proportion of independent directors in the Board of the Company.

**Article 58** Save under the cumulative voting system, the 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 general meeting is adjourned 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 general meeting.

**Article 59** No amendment shall be made to a proposal when it is considered at a general meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the general meeting.

**Article 60** The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 61** General meetings shall adopt voting by open ballot.

**Article 62** When proposals are voted on at the general meeting, two shareholders' representatives shall be appointed to count, and monitor counting of, the votes. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.

When proposals are voted on at the general meeting, shareholders' representative and supervisors' representative shall be jointly responsible for the counting and monitoring of the ballots and shall announce the voting results on the spot. The voting results shall be recorded in the meeting minutes.

Shareholders of listed companies or proxies thereof voting over the network or otherwise shall have the right to check their voting results via the corresponding voting system.

**Article 63** A general meeting shall not conclude earlier at the venue than over the network or otherwise, and the presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result.

Before the voting result is announced, the relevant parties including the listed company, counting officer, monitoring officer, major shareholders and network service provider involved at the venue, over the network or otherwise shall have the confidentiality obligation.

**Article 64** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".

**Article 65** Resolutions of the general meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every proposal and the details of each of the resolutions passed.

**Article 66** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 67** Where a proposal on election of directors or supervisors is passed at the general meeting, the directors elect or supervisors elect shall take office after announcement of the voting result, unless otherwise specified in the resolution of the general meeting.

**Article 68** Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

**Article 69** The resolutions of the general meetings shall be responsively announced and the announcement shall include the following:

- (I) Time, venue, form, convener and presider of the meeting and explanations about compliance with relevant laws, administrative regulations, departmental rules and the *Articles of Association*;
- (II) The number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of voting shares of the Company;
- (III) Voting method and results of each proposal, name and shareholding percentage of the shareholder if the proposal is made by the shareholder and the proposal content, and explanations about abstention from voting of related shareholders if related transactions are involved;
- (IV) Details of the various resolutions passed;
- (V) Conclusive opinions of the legal opinions. The full text of the legal opinions shall be disclosed if the proposal is vetoed at the general meeting.

## **Chapter 7 Supplementary Provisions**

**Article 70** Notice as referred to in these Rules refers to the notice sent via methods (except announcement) specified in the Articles of Association, so that the Company's shareholders are informed of relevant information.

**Article 71** The phrases "more than" and "within" as mentioned in these Rules are inclusive while "exceeding", "less than" and "more than" are exclusive.

**Article 72** If, during the course of execution, these Rules run counter to the provisions of the laws, administrative regulations and departmental rules prevailing currently or amended from time to time in the future, relevant rules of the National Equities Exchange and Quotations and the Stock Exchange and the *Articles of Association*, the said provisions shall prevail and the Company shall immediately amend the relevant contents of these Rules.

**Article 73** The amendments to these Rules shall be drafted by the Board and come into effect after deliberation and approval by the general meeting.

**Article 74** As an appendix to the *Articles of Association*, these Rules shall be subject to interpretation by the Board of the Company.

**Article 75** *The original Rules of Procedure for General Meetings* of the Company shall become null and void automatically on the date when these Rules come into effect.