

**Articles of Association**

**of**

**BaTeLab Co., Ltd.**

**(Approved at the 2023 Annual General Meeting on June 21, 2024)**

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# CHAPTER 1 GENERAL PROVISIONS

**Article 1** These articles of association (hereinafter referred to as the “Articles of Association”) are formulated in accordance with the provisions of the Company Law of the People’s Republic of China (hereinafter referred to as the “PRC”) (hereinafter referred to as the “Company Law”), the Securities Law of the PRC (hereinafter referred to as the “Securities Law”), the Guidelines for the Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), and relevant laws and regulations for the purposes of safeguarding the legitimate rights and interests of BaTeLab Co., Ltd. (蘇州貝克微電子股份有限公司) (hereinafter referred to as the “Company”), its shareholders and creditors and regulating the organization and conduct of the Company.

**Article 2** Established in accordance with the Company Law, the Securities Law and other relevant provisions, the Company is a joint stock limited company integrally converted from a limited liability company named BaTeLab Co., Ltd. (蘇州貝克微電子有限公司). The Company was registered with the Administrative Examination and Approval Bureau of Suzhou Municipality and obtained its business license with unified social credit code of 91320505565252731E.

**Article 3** Registered name in Chinese of the Company: 蘇州貝克微電子股份有限公司 .

Name in English: BaTeLab Co., Ltd.

**Article 4** Domicile of the Company: Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou.

Postal code: 215010

**Article 5** The Company’s registered capital is RMB60,000,000.

**Article 6** The Company is a joint stock limited company with perpetual existence.

**Article 7** The chairman of the board of directors (hereinafter referred to as the “Board” or “Board of Directors”) is the legal representative of the Company.

**Article 8** All of the assets of the Company are divided into shares of equal par value. The shareholders shall be liable for the Company to the extent of the shares they subscribed, and the Company shall be liable for the Company’s debts to the extent of all of its assets.

**Article 9** From the date upon which the Articles of Association come into effect, the Articles of Association shall become a legally binding document regulating the organization and conduct of the Company, the rights and obligations between the Company and its shareholders and among shareholders, and is binding upon the Company, its shareholders, directors, supervisors, and senior management personnel. Pursuant to the Articles of Association, shareholders may initiate litigation against shareholders, directors, supervisors, general manager and other senior management personnel of the Company; shareholders may initiate litigation against the Company, and the Company may also initiate litigation against the shareholders, directors, supervisors, general manager and other senior management personnel.

**Article 10** The other senior management personnel mentioned in the Articles of Association refer to the deputy general manager, secretary to the Board of Directors and the person in charge of finance of the Company.

**Article 11** The Company shall set up an organization of the Communist Party of China (hereinafter referred to as the “CPC”) and carry out CPC activities in accordance with the requirements of the Constitution of the Communist Party of China. The Company shall provide the CPC organization with necessary conditions for its activities.

## **CHAPTER 2 BUSINESS OBJECTIVE AND SCOPE**

**Article 12** The business objectives of the Company are: to adhere to the combination of the basic principles of semiconductor physics with China’s specific reality, and to explore the road of industrialization of integrated circuit with Chinese characteristics.

**Article 13** As registered in accordance with laws, the business scope of the Company includes: design, sales, technical consultation, technical development and technical services of the integrated circuit products, the integrated circuit software and the integrated circuit application system; import and export business involving self-operation and agency of various commodities and technologies (except for the commodities and technologies whose dealing, import or export are restricted or prohibited by the State). (For projects subject to approval in accordance with laws, operating activities can only be conducted upon approval by relevant authorities)

## **CHAPTER 3 SHARES**

### **Section 1 Issuance of Shares**

**Article 14** The shares of the Company shall take the form of registered share certificates.

**Article 15** The shares of the Company shall be issued in a transparent, fair and equal manner, and shall rank pari passu with the shares of the same class.

For shares issued at the same time and within the same class, the conditions and price per share must be the same; for the shares subscribed by an entity or an individual, the price per share paid must be the same.

**Article 16** All the shares issued by the Company are denominated in RMB, with a nominal value of RMB1 per share.

**Article 17** The promoters of the Company, the number of shares subscribed, the method of capital contribution and the time of contribution are as follows:

No.	Promoter	Number of shares (share)	Percentage of shareholding (%)	Method of capital contribution	Time of contribution
1	Li Zhen (李真)	300,100	2.43	By conversion of net assets into shares	May 31, 2021
2	Li Yi (李一)	72,278	0.58	By conversion of net assets into shares	May 31, 2021
3	Suzhou Backward Electronic Co., Ltd. (蘇州貝克瓦特電子有限公司)	2,876,989	23.26	By conversion of net assets into shares	May 31, 2021
4	Suzhou Backward Investment Partnership (Limited Partnership) (蘇州貝克瓦特投資合夥企業(有限合夥))	1,538,348	12.44	By conversion of net assets into shares	May 31, 2021
5	Suzhou Rongxiang Beiyong Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥))	813,800	6.58	By conversion of net assets into shares	May 31, 2021
6	Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇逮泉元禾璞華股權投資合夥企業(有限合夥))	777,200	6.28	By conversion of net assets into shares	May 31, 2021
7	Runke (Shanghai) Equity Investment Fund Partnership (Limited Partnership) (潤科(上海)股權投資基金合夥企業(有限合夥))	777,200	6.28	By conversion of net assets into shares	May 31, 2021
8	Zhuhai Guangfa Xinde Intelligent Innovation Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥))	647,700	5.24	By conversion of net assets into shares	May 31, 2021
9	Suzhou New District Venture Technology Investment Management Co., Ltd. (蘇州高新區創業科技投資管理有限公司)	588,900	4.75	By conversion of net assets into shares	May 31, 2021
10	Shenzhen Zhongke Quantum Investment Partnership (Limited Partnership) (深圳中科量子投資合夥企業(有限合夥))	583,700	4.71	By conversion of net assets into shares	May 31, 2021

No.	Promoter	Number of shares (share)	Percentage of shareholding (%)	Method of capital contribution	Time of contribution
11	Jiangsu Minyi Intelligent Manufacturing Industry Fund (Limited Partnership) (江蘇敏一智能製造產業基金(有限合夥))	516,800	4.18	By conversion of net assets into shares	May 31, 2021
12	Shanghai Yucheng Enterprise Management Consulting Partnership (Limited Partnership) (上海嶼丞企業管理諮詢合夥企業(有限合夥))	388,600	3.14	By conversion of net assets into shares	May 31, 2021
13	Nantong Zhouzhou Investment Center (Limited Partnership) (南通周宙投資中心(有限合夥))	363,300	2.93	By conversion of net assets into shares	May 31, 2021
14	Beijing Taiyou Venture Capital Partnership (Limited Partnership) (北京泰有創業投資合夥企業(有限合夥))	337,600	2.73	By conversion of net assets into shares	May 31, 2021
15	Anji Chenfeng Enterprise Management Partnership (Limited Partnership) (安吉辰豐企業管理合夥企業(有限合夥))	233,152	1.88	By conversion of net assets into shares	May 31, 2021
16	Zhuhai Guangfa Xinde Environmental Industry Investment Fund Partnership (Limited Partnership) (珠海廣發信德環保產業投資基金合夥企業(有限合夥))	213,700	1.73	By conversion of net assets into shares	May 31, 2021
17	Suzhou Huiyi Ruijin Venture Capital Partnership (Limited Partnership) (蘇州匯毅瑞錦創業投資合夥企業(有限合夥))	207,200	1.67	By conversion of net assets into shares	May 31, 2021
18	Suzhou Hejiuxin Venture Capital Partnership (Limited Partnership) (蘇州合久新創業投資合夥企業(有限合夥))	192,400	1.56	By conversion of net assets into shares	May 31, 2021
19	Suzhou Heyuanxin Venture Capital Partnership (Limited Partnership) (蘇州合遠芯創業投資合夥企業(有限合夥))	155,300	1.26	By conversion of net assets into shares	May 31, 2021
20	Jiangsu Huate Integrated Circuit Co., Ltd. (江蘇華特集成電路股份有限公司)	129,500	1.05	By conversion of net assets into shares	May 31, 2021

No.	Promoter	Number of shares (share)	Percentage of shareholding (%)	Method of capital contribution	Time of contribution
21	Nanjing Turing Phase I Venture Capital Partnership (Limited Partnership) (南京圖靈一期創業投資合夥企業(有限合夥))	129,500	1.05	By conversion of net assets into shares	May 31, 2021
22	Tsinghua University Education Foundation (清華大學教育基金會)	123,711	1.00	By conversion of net assets into shares	May 31, 2021
23	Hangzhou Taizhiyou Venture Capital Partnership (Limited Partnership) (杭州泰之有創業投資合夥企業(有限合夥))	85,500	0.69	By conversion of net assets into shares	May 31, 2021
24	Xinyu Taiyi Investment Management Centre (Limited Partnership) (新余泰益投資管理中心(有限合夥))	85,500	0.69	By conversion of net assets into shares	May 31, 2021
25	Xinyu Jimu Ruiyuan Investment Consulting Centre (Limited Partnership) (新余極目睿遠投資諮詢中心(有限合夥))	77,722	0.63	By conversion of net assets into shares	May 31, 2021
26	Tibet Taisheng Information Technology Partnership (Limited Partnership) (西藏泰升信息科技合夥企業(有限合夥))	77,700	0.63	By conversion of net assets into shares	May 31, 2021
27	Tianjin Haihe Huahui Taiyou Electronic Information Investment Partnership (Limited Partnership) (天津海河華慧泰有電子信息投資合夥企業(有限合夥))	77,700	0.63	By conversion of net assets into shares	May 31, 2021
<b>Total</b>		<b>12,371,100</b>	<b>100.00</b>	—	—

**Article 18** The shares issued by the Company but not listed or quoted for trading on domestic trading venues shall be collectively referred to as unlisted domestic share(s). The shares issued by the Company, which are listed for trading and circulation on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKEX”), shall be collectively referred to as H share(s). The unlisted domestic shares of the Company shall be registered and deposited centrally with the domestic securities registration and settlement institutions, while the H shares of the Company shall be mainly deposited with the securities registration and settlement companies in Hong Kong and may be held by the shareholders in their own names. Both unlisted domestic shares and H shares are ordinary shares.

The shareholders of the Company may, subject to compliance with the relevant provisions of relevant laws, the regulatory rules of the securities regulatory authority of the place where the Company’s shares are listed, administrative regulations and departmental rules, convert their unlisted domestic shares into H shares and have them listed and traded on HKEX upon filing with China Securities Regulatory Commission (hereinafter referred to as the “CSRC”). Voting at the general meeting of shareholders of the Company is not required for the conversion of unlisted domestic shares into H shares. The listing and trading of unlisted domestic shares on HKEX shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market.

Shareholders may, at the general meeting of shareholders, grant the Board of Directors the power to allot or issue shares not exceeding 20% of the shares in issue by a general mandate. The Board of Directors shall prepare a plan for the allotment or issuance of shares, which shall be approved by a special resolution of shareholders at the general meeting of shareholders, and any such allotment or issuance shall be conducted in accordance with relevant laws, administrative regulations and procedures required by regulatory rules of the place where the shares are listed.

**Article 19** The total number of shares of the Company is 60,000,000 shares, all of which are Renminbi-denominated ordinary shares.

Upon completion of the initial public offering and listing of H shares of the Company on HKEX, the equity structure of the Company will be: 60,000,000 ordinary shares, including 45,000,000 unlisted domestic shares, representing 75% of the total number of ordinary shares of the Company; 15,000,000 H shares, representing 25% of the total number of ordinary shares of the Company.

**Article 20** The Company or its subsidiaries (including the Company’s affiliated enterprises) shall not provide any financial assistance, in the form of gift, advance, guarantee, compensation or loans, to any person that purchases or plans to purchase the shares of the Company.



## Section 2 Increase, Reduction and Repurchase of Shares

**Article 21** The Company may, upon resolution by the general meeting of shareholders, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) distribution of bonus shares to existing shareholders;
- (IV) conversion of the common reserve fund to additional share capital;
- (V) other means as permitted by laws, administrative regulations and approved by the securities regulatory authority of the place where the Company's shares are listed, HKEX and CSRC.

**Article 22** The Company may decrease its registered capital. If the Company reduces its registered capital, such reduction shall be made in accordance with the procedures stipulated in the Company Law, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed and other related regulations and the Articles of Association.

**Article 23** The Company shall not acquire the shares of the Company, however, except for any of the following circumstances:

- (I) cancellation of shares to reduce the registered capital of the Company;
- (II) merging with other companies holding the shares of the Company;
- (III) the shares are to be used for employee stock ownership plan or equity incentives;
- (IV) a shareholder who objects to the resolution on merger or division of the Company passed by a general meeting of shareholders may request the Company to acquire his/her/its shares;
- (V) the shares are to be used to convert corporate bonds issued by the Company that can be converted to shares;
- (VI) it is necessary for the Company to maintain corporate value and shareholders' interests;
- (VII) other circumstances in which the shares of the Company can be acquired pursuant to the laws, administrative regulations, departmental rules, normative documents and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed.

Except for the circumstances set out above, the Company shall not acquire the shares of the Company.

**Article 24** The Company's acquisition of the shares of the Company can be made by public and centralized transaction, or other methods recognized by laws, administrative regulations, CSRC and the securities regulatory authority of the place where the Company's shares are listed.

Where the Company acquires its own shares due to the circumstances stipulated in item (III), (V) or (VI) of Article 23 hereof, it should be made by public and centralized transaction.

**Article 25** The Company's acquisition of the shares of the Company due to the circumstances stipulated in item (I) or (II) of Article 23 hereof shall be subject to a resolution of the general meeting of shareholders. The Company's acquisition of the shares of the Company due to the circumstances stipulated in item (III), (V) or (VI) of Article 23 hereof may, pursuant to the Articles of Association or the authorization of the general meeting of shareholders, be subject to a resolution of a Board meeting at which more than two-thirds of directors are present.

Under the circumstance stipulated in item (I), the shares of the Company so acquired in accordance with Article 23 shall be canceled within ten days from the date of acquisition; under the circumstances stipulated in either item (II) or (IV) of Article 23, the shares of the Company so acquired shall be transferred or canceled within six months; under the circumstances stipulated in item (III), (V) or (VI), the total shares of the Company held by the Company shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or canceled within three years.

If it is otherwise provided in the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed regarding the relevant matters of the repurchase of the shares, the latter shall prevail.

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

**Article 26** Shares of the Company may be transferred legally. Transfer of all H shares shall be executed with a written instrument of transfer in a usual or common form or any other form accepted by the Board (including the standard transfer form or form of transfer specified by HKEX from time to time); the said instrument of transfer may only be signed by hand, or be stamped with the valid corporate seal (if the transferor or the transferee is a company). If the transferor or the transferee is a recognized clearing house or agent thereof defined in relevant ordinances of Hong Kong laws effective from time to time, the instrument of transfer can be signed by hand or in printed form. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time.

**Article 27** The Company does not accept its own shares as the collateral of pledge.

**Article 28** Shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. Shares issued prior to the public offering of shares by the Company shall not be transferred within one year from the day on which the shares of the Company are listed and traded on the stock exchange.

The directors, supervisors and senior management personnel of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall not transfer more than 25% of the total shares of the same class held by them in the Company per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The shares they held in the Company also cannot be transferred within half a year after such persons have left office.

If it is otherwise provided in the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed regarding the relevant matters of the limitation of H shares transfer, the latter shall prevail.

## **CHAPTER 4 SHAREHOLDERS AND GENERAL MEETINGS OF SHAREHOLDERS**

### **Section 1 Shareholders**

**Article 29** The Company shall make a register of members in accordance with evidentiary documents provided by the securities registration authorities, and such register of members shall be the sufficient evidence substantiating that the shareholders hold the shares of the Company. Shareholders enjoy rights and undertake obligations according to the class and percentage of shares they hold. Holders of the same class shall enjoy the same rights and bear the same obligations.

The Company shall make available a copy of the full register of members at a specified address in Hong Kong for inspection by members, provided that the Company may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

If any shareholder in the register of members or any person requesting to have his/her/its name recorded in the register of members has lost his/her/its shares, the said shareholder or person may apply to the Company to reissue new shares for the said shares. Application for reissue of shares lost by shareholders of unlisted domestic shares shall be processed pursuant to the relevant provisions of the Company Law or other applicable laws and regulations. Application for reissue of shares lost by H shareholders shall be processed pursuant to the laws, rules of the stock exchange or other relevant regulations of the place where the original of the H share register is kept.

In respect of the joint shareholders of any share, only the joint shareholder ranking first in the register of members has the right to receive share certificates for the relevant shares from the Company, receive notices of the Company, and any notice delivered to the aforesaid person shall be deemed to have been delivered to all the joint shareholders of the relevant shares. Any one of joint shareholder may sign a proxy form; provided, however, if more than one joint shareholder is present in person or by proxy, the vote cast by the senior joint shareholder, whether in person or by proxy, shall be accepted as the sole vote for the remaining joint shareholders. In this regard, seniority of shareholders must be determined by the ranking of the joint shareholders in the Company's register of members in relation to the relevant shares.

**Article 30** Where the Company convenes a general meeting of shareholders, distributes dividends, liquidates and participates in other activities requiring the recognition of shareholders' identities, the Board or the convener of the general meeting of shareholders shall decide the record date, the shareholders whose names appear on the register of members upon the close of trading as at the record date are entitled to relevant rights and interests.

**Article 31** The shareholders of the Company shall enjoy the following rights:

- (I) obtaining dividends and any other form of profit distribution based on the number of shares held by them;
- (II) requiring, convening, chairing, attending or appointing a proxy to attend a general meeting of shareholders pursuant to the law and exercising the corresponding rights to speak and vote;
- (III) supervising the Company's operations, proposing recommendations or raising questions;
- (IV) transferring, donating or pledging shares held by them pursuant to laws, administrative regulations and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed and the Articles of Association;
- (V) inspecting the Articles of Association, share register, counterfoil of corporate bonds, meeting minutes of a general meeting of shareholders, resolutions of the Board meetings, resolutions of the meetings of the Supervisory Committee and financial and accounting reports;
- (VI) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;
- (VII) a shareholder who objects to the resolution on merger or division of the Company passed by a general meeting of shareholders may request the Company to acquire his/her/its shares;
- (VIII) any other rights stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association.

**Article 32** If any shareholder proposes to inspect the relevant information mentioned in the preceding Article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares of the Company held by him/her/it, and the Company shall provide the information as required by the said shareholder upon verification of his/her/its identity.

**Article 33** If the content of a resolution passed at the Company's general meeting of shareholders or Board meeting violates laws or administrative regulations, shareholders shall have the right to petition the people's court to invalidate the resolution.

If the procedures for convening, or the method of voting at, a general meeting of shareholders or Board meeting violate laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders shall have the right to petition the people's court to revoke the resolution within 60 days from the date of the adoption of such resolution.

**Article 34** Where the directors and senior management personnel violate the laws, administrative regulations or the Articles of Association in performance of duties to the Company resulting in any loss to the Company, the shareholder(s) severally or jointly holding more than 1% of the shares in the Company for more than 180 consecutive days may request in writing the Supervisory Committee to initiate proceedings in the people's court. Where the Supervisory Committee violates the laws, administrative regulations or the Articles of Association in performance of duties to the Company resulting in any loss to the Company, the aforementioned shareholders may request in writing the Board of Directors to initiate proceedings in the people's court.

Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Supervisory Committee or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the Company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own names for the interest of the Company.

For other parties who infringe the lawful interests of the Company resulting in loss to the Company, the shareholders stipulated in the first paragraph of this article may institute litigation at a people's court in accordance with the provisions of the preceding two paragraphs.

**Article 35** Where any director or senior management personnel violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

**Article 36** The shareholders of the Company shall assume the following obligations:

- (I) complying with laws, administrative regulations and the Articles of Association;
- (II) paying capital contribution as per the shares subscribed for and the method of subscription;
- (III) not withdrawing the investment, except for circumstances stipulated by laws and regulations;

- (IV) not abusing the shareholders' rights to impair the interest of the Company or other shareholders, not abusing the legal person's independent status of the Company and the shareholders' limited liability to impair the interest of creditors of the Company;

Shareholders of the Company shall be liable for making compensation for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights in accordance with law.

Shareholders of the Company who abuse the independent legal person status of the Company and the shareholders' limited liability to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company.

- (V) other obligations for the shareholders prescribed by laws, administrative regulations and the requirements of the Articles of Association.

**Article 37** Shareholders holding 5% or more of the shares with voting right in the Company shall submit a written report to the Company when creating a pledge over its shares on the date thereof.

**Article 38** The controlling shareholder(s) or the de facto controller(s) of the Company shall not impair the interests of the Company by making use of their connected relationship. They shall be liable for making compensation for any loss suffered by the Company arising from their violation of rules.

The controlling shareholder and the de facto controllers of the Company shall bear the fiduciary duty toward the Company and public shareholders. The controlling shareholder shall exercise his or her rights as an investor in strict compliance with relevant laws. It may not use such means as profit distribution, asset restructuring, external investment, capital occupation, loan guarantee, etc., to damage the legitimate rights and interests of the Company and public shareholders, as well as not to make use of its controlling status to damage the interests of the Company and public shareholders.

## **Section 2 General Provisions of General Meeting of Shareholders**

**Article 39** The general meeting of shareholders shall be the authority of power of the Company and shall exercise the following functions and powers according to laws:

- (I) to determine the Company's operating principles and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives, and to decide on the remuneration matters of the relevant directors and supervisors;
- (III) to consider and approve the reports of the Board of Directors;
- (IV) to consider and approve the reports of the Supervisory Committee;

- (V) to consider and approve the Company's annual financial budgets and final accounts;
- (VI) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (VII) to pass resolutions on increase or reduction of registered capital of the Company;
- (VIII) to pass resolutions on the issuance of the Company's bond;
- (IX) to pass resolutions on merger, division, dissolution and liquidation or change in corporate form of the Company;
- (X) to amend the Articles of Association;
- (XI) to pass resolutions on the engagement, dismissal, or discontinuation of the appointment of the accounting firm by the Company;
- (XII) to consider and approve the guarantee matters stipulated in Article 40 hereof;
- (XIII) to consider matters regarding the purchase and sale of material assets by the Company within one year for an amount exceeding 30% of the latest audited total assets of the Company;
- (XIV) to consider and approve matters relating to changes in the use of raised funds;
- (XV) to consider equity incentive plans and employee stock ownership plans;
- (XVI) to consider any other matter to be decided on by the general meeting of shareholders as stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association.

The above-mentioned functions and powers of the general meeting of shareholders shall not be delegated through authorization to the Board or any other body or individual.

**Article 40** Without violating the laws and regulations of the PRC and the mandatory provisions of the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, the general meeting of shareholders may authorize or entrust the Board to handle the matters authorized or entrusted thereby. The following external guarantees of the Company shall be submitted to the general meeting of shareholders for consideration after being considered and approved by the Board of Directors:

- (I) a single guarantee in the amount exceeding 10% of the Company's latest audited net assets;
- (II) any guarantee provided by the Company and its holding subsidiaries after the total amount of external guarantees has exceeded 50% of the Company's latest audited net assets;

- (III) any guarantee provided by the Company after the total amount of external guarantees has exceeded 30% of the Company's latest audited total assets;
- (IV) any guarantee provided by the Company within one year in the amount exceeding 30% of the Company's latest audited total assets;
- (V) guarantees provided to guarantee objects with an asset to liabilities ratio exceeding 70%;
- (VI) guarantees provided to the shareholders and the de facto controllers of the Company and their related parties;
- (VII) other guarantee circumstances stipulated in the laws, administrative regulations, rules, other normative documents and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed.

For guarantee matters within the scope of authorization of the Board of Directors, in addition to the approval of more than half of all directors, the approval of over two-thirds of the directors present at the meeting of the Board of Directors shall be required. The guarantee set out in item (IV) above shall be approved by more than two-thirds of voting rights held by shareholders present at the meeting.

When the general meeting of shareholders is considering a proposal to provide guarantee to any shareholder, de facto controller and his/her/its related party(ies), the said shareholder or shareholder(s) controlled by the said de facto controller shall abstain from voting on the said proposal, and the proposal shall be subject to approval by more than half of the voting rights held by other attending shareholders. If a guarantee is provided to a controlling shareholder, de facto controller and his/her/its related party(ies) by the Company, such controlling shareholder, de facto controller and his/her/its related party(ies) shall provide a counter-guarantee.

**Article 41** General meetings of shareholders include annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once a year and be held within 6 months after the end of the previous accounting year.

**Article 42** An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following events:

- (I) when the number of directors is less than the number provided for in the Company Law or 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 paid-up share capital;
- (III) when shareholders who severally or jointly hold more than 10% of the Company's shares request to do so;
- (IV) the Board deems it necessary to convene the meeting;



(V) the Supervisory Committee proposes to convene the meeting;

(VI) other circumstances stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association.

In the case of (III) above, the number of shares held shall be calculated based on shares of the Company held by shareholders at the date on which the shareholders submit the written request.

**Article 43** The place where the Company convenes a general meeting of shareholders shall be the domicile of the Company or other places designated by the convener of the general meeting of shareholders. A venue shall be set for a general meeting of shareholders which shall be held onsite. The Company will also, as appropriate, provide other means (where applicable) for its shareholders to conveniently participate in general meetings of shareholders in accordance with the provisions of laws, administrative regulations, the securities regulatory authority of the place where the Company's shares are listed, the Hong Kong Listing Rules or the Articles of Association. Shareholders participating in general meetings of shareholders by any aforesaid means shall be deemed as having attended the on-site meetings.

The time and venue chosen for the on-site general meeting of shareholders shall be appropriate to facilitate shareholders' participation. After issuing the notice of the general meeting of shareholders, the venue for convening the on-site general meeting of shareholders shall not be altered without justified reasons. If such alteration is required, the convener shall make an announcement and give reasons therefor at least 2 business days prior to the convening date of the on-site meeting.

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

**Article 44** A general meeting of shareholders shall be convened by the Board of Directors or any other convener pursuant to laws.

Independent non-executive directors are entitled to propose to the Board of Directors to convene an extraordinary general meeting, and such proposals shall be made in writing to the Board of Directors. Where independent non-executive directors propose to convene an extraordinary general meeting, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations, departmental rules, normative documents, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, and the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors; if the Board of Directors does not agree to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

**Article 45** The Supervisory Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting, and such proposals shall be made in writing to the Board of Directors. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, and the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors. Any changes to the original proposal in the notice require the consent of the Supervisory Committee.

If the Board of Directors disagrees to convene an extraordinary general meeting or fails to give a response within 10 days after receipt of such proposal, the Board of Directors shall be deemed as unable or refusing to fulfill the obligation to convene the general meeting of shareholders, and the Supervisory Committee may convene and preside over the meeting on its own initiative.

**Article 46** Shareholder(s) severally or jointly holding more than 10% of the shares of the Company is/are entitled to request the Board of Directors to convene an extraordinary general meeting, and such request shall be made in writing to the Board of Directors. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, and the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary general meeting within 10 days upon the receipt of the request.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors. Any changes to the original request in the notice require the consent of relevant shareholder(s).

If the Board of Directors disagrees to convene an extraordinary general meeting or fails to give a response within 10 days after receipt of such request, shareholder(s) severally or jointly holding more than 10% of the shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and such request shall be made in writing to the Supervisory Committee.

If the Supervisory Committee agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days upon receipt of such request. Any changes to the original request in the notice require the consent of relevant shareholder(s).

Where the Supervisory Committee fails to issue a notice of the general meeting of shareholders within the prescribed time limit, it shall be deemed that the Supervisory Committee will not convene and preside over the general meeting of shareholders, and the shareholder(s) severally or jointly holding more than 10% of the shares of the Company for 90 consecutive days or more may convene and preside over the meeting on their own initiative.

**Article 47** Where the Supervisory Committee or shareholders decide(s) to convene a general meeting of shareholders on its/their own initiative, it/they shall notify the Board of Directors in writing.

**Article 48** For a general meeting of shareholders convened by the Supervisory Committee or shareholders on its/their own initiative, the Board of Directors and the secretary to the Board of Directors shall provide cooperation. The Board of Directors shall provide the share register as at the record date. The share register obtained by the convener shall not be used for purposes other than convening of the general meeting of shareholders.

**Article 49** Expenses necessary for a general meeting of shareholders convened by the Supervisory Committee or shareholders on its/their own initiative shall be borne by the Company.

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

**Article 50** The contents of proposals shall fall within the scope of functions and powers of the general meeting of shareholders, have clear subjects for discussion and specific matters to be resolved and comply with relevant requirements of the laws, administrative regulations, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed and the Articles of Association.

**Article 51** When the Company convenes a general meeting of shareholders, the Board of Directors, the Supervisory Committee, and shareholder(s) severally or jointly holding more than 3% of the shares of the Company shall be entitled to put forward proposals to the Company.

The shareholder(s) severally or jointly holding more than 3% of the shares of the Company may raise interim proposals and submit them in writing to the convener 10 days prior to the convening of the general meeting of shareholders. The convener shall, within 2 days after the receipt of such proposals, issue a supplemental notice of the general meeting of shareholders and announce the contents of the interim proposals. If it is otherwise provided in the laws, administrative regulations and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, the latter shall prevail. The convening of the general meeting of shareholders must be postponed if such postponement results from the publication of a supplemental notice thereof, as required by the provisions of the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed.

Except as prescribed in the preceding paragraph, the convener, after issuing the notice and announcement of the general meeting of shareholders, shall neither revise the proposals stated in the notice of general meeting of shareholders nor add new proposals.

For the proposal where the notice of the general meeting of shareholders does not set out or does not meet the provisions of Article 50 hereof, the general meeting of shareholders shall not conduct a vote or make any resolution.

**Article 52** The convener shall inform each shareholder of the annual general meeting in the form of announcement 21 days before the meeting and shall inform each shareholder of the extraordinary general meeting in the form of announcement 15 days or 10 business days (based on a relatively long period of time) before the meeting. If it is otherwise provided in the laws, administrative regulations and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, the latter shall prevail.

When the Company calculates the starting date, the date of the meeting shall be excluded, but the date of the announcement set out in the convening notice of the meeting shall be included.

**Article 53** The notice of the general meeting of shareholders shall be in writing and include the following contents:

- (I) the time, venue, and duration of the meeting;
- (II) the matters and proposals to be discussed at the meeting;
- (III) a prominent statement stating that all shareholders are entitled to attend the general meeting of shareholders and appoint a proxy by written to attend and vote on his/her behalf, and such proxy need not be a shareholder of the Company;
- (IV) the record date of shareholders entitled to attend the general meeting of shareholders;
- (V) the name and phone number of the contact person in connection with the meeting;
- (VI) the voting time and voting procedures online or by other means.

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

**Article 54** If the election of directors or supervisors is proposed to be discussed at the general meeting of shareholders, the notice of such meeting shall adequately disclose the detailed information of the candidates for directors or supervisors, which shall at least include the following contents:

- (I) personal particulars, including educational background, work experience and part-time jobs, etc.;
- (II) whether one has any connected relationships with the Company or its controlling shareholders and de facto controllers;
- (III) the number of shares held in the Company;
- (IV) whether one has been punished by the CSRC and other relevant authorities or been reprimanded by any 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 55** After issuing the notice of a general meeting of shareholders, the general meeting of shareholders shall not be delayed or cancelled without justified reasons, and proposals stated in the notice of the general meeting of shareholders shall not be cancelled. Once delay or cancellation occurs, the convener shall make an announcement and give reasons therefor at least 2 business days prior to the original convening date.

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

**Article 56** The Company's Board of Directors and other conveners shall take necessary measures to ensure the normal order of the general meeting of shareholders. For any acts that interfere with the general meeting of shareholders, provoke troubles, and infringe upon the legitimate rights and interests of shareholders, the Company's Board of Directors and other conveners shall take measures to stop and report the same to relevant departments for investigation and punishment in a timely manner.

**Article 57** All shareholders in the register as at the record date or their proxies shall have the right to attend the general meeting of shareholders and exercise voting rights pursuant to relevant laws, regulations, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, and the Articles of Association.

Shareholders may attend the general meeting of shareholders in person or appoint one or more persons as their proxy/proxies to attend the meeting and exercise their voting rights on their behalf, and such proxy/proxies need not be a shareholder of the Company.

**Article 58** Individual shareholders attending the meeting in person shall present their personal identity cards or other valid documents or certificates for identification and stock account card; proxies attending the meeting shall present their valid personal identity cards and the authorization letters from the shareholders.

Legal person shareholders shall be represented by their legal representatives or proxies entrusted by their legal representatives to attend the meeting. Legal representatives attending the meeting shall present their personal identity cards and valid documents that can prove their identities as the legal representatives. Proxies authorized to attend the meeting shall present their personal identity cards and the written authorization letters legally issued by the legal representatives of legal person shareholders (except in case of a recognized clearing house or agent thereof).

Where a shareholder is an unincorporated organization, the person in charge of the organization or a proxy authorized by the person in charge shall attend the meeting. Such person in charge of the organization attending the meeting shall present his/her personal identity card and valid document that can prove his/her identity as the person in charge. Such proxy authorized to attend the meeting shall present his/her personal identity card and the written authorization letter legally issued by the person in charge of the organization (except in case of a recognized clearing house or agent thereof).

Where the shareholder is a recognized clearing house (or agent thereof) as defined in the relevant ordinances made in Hong Kong from time to time, the said shareholder may authorize its company representative or one or more persons as he/she/it deems appropriate to act on his/her/its behalf at any general meeting of shareholders; however, if more than one person obtains such authorization, the power of attorney or letter of authorization shall specify the numbers and classes of shares involved by each of such persons authorized, and shall be signed by an authorized officer of the recognized clearing house. The persons thus authorized may act on behalf of the recognized clearing house (or agent thereof) to attend the meeting (without presenting his/her share certificate, notarized authorization and/or further evidence to prove that he/she is duly authorized) and exercise the same legitimate rights as other shareholders enjoyed, including the rights to speak and vote, as if the said persons were individual shareholders of the Company.

**Article 59** The authorization letter issued by shareholders to authorize others to attend the general meeting of shareholders shall contain the following contents:

- (I) the name of the proxy;
- (II) whether or not he/she is entitled to vote;
- (III) separate instructions to vote for, against, or abstain from voting in respect of each of the matters on the agenda to be considered at the general meeting of shareholders;
- (IV) date of issue and validity period of the authorization letter;
- (V) signature (or seal) of the appointing shareholder. Where the appointing shareholder is a legal person, such authorization letter shall be affixed with the legal person's official seal; where the appointing shareholder is an unincorporated organization, such authorization letter shall be affixed with the official seal of such unincorporated organization.

**Article 60** The power of attorney shall contain a statement that if the proxy may vote as he/she deems fit in the absence of the shareholder's instruction.

**Article 61** Where the voting proxy power of attorney is signed by a person authorized by the appointing shareholder, the power of attorney or other authorization instruments authorized to be signed shall be notarized. The notarized power of attorney or other authorization instruments, together with the voting proxy power of attorney, shall be lodged at the domicile of the Company or other places as specified in the notice of the meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolutions of its board of directors or other decision-making body shall be entitled to attend the general meeting of shareholders of the Company as a representative of the appointing shareholder.

Where the appointing shareholder is an unincorporated organization, the person in charge of the organization or the person authorized by the resolutions of its decision-making body shall be entitled to attend the general meeting of shareholders of the Company as a representative of the appointing shareholder.

**Article 62** The Company shall be responsible for preparing the meeting's register which shall include, among other things, the name of attendee (or institution), the ID number, the domicile, the number of shares with voting rights held or represented by the attendee, and the name of the principal (or institution).

**Article 63** The convener shall join the verification of the legality of shareholders' qualifications based on the share register provided by the securities registration and settlement institution, and register the names of the shareholders and the number of voting shares they hold. The registration of the meeting shall be terminated prior to the announcement by the presider of the meeting of the number of shareholders and proxies attending the meeting and the total number of their voting shares.

**Article 64** When a general meeting of shareholders is held, all the directors, supervisors and secretary to the Board of Directors of the Company shall attend the meeting, and the general manager and other senior management personnel shall also be present at the meeting.

**Article 65** A general meeting of shareholders shall be chaired by the chairman of the Board of Directors. In the event that the chairman of the Board of Directors is unable to or fails to perform his/her duties, a director jointly elected by more than half of the directors shall chair the meeting.

A general meeting of shareholders convened by the Supervisory Committee on its own initiative shall be chaired by the chairman of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is unable to or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall chair the meeting.

A general meeting of shareholders convened by shareholders on their own initiative shall be presided over by the representative nominated by the convener.

If the presider of the general meeting of shareholders breaches the procedural rules, which makes it unable to proceed with the general meeting of shareholders, subject to the consent of more than half of shareholders with voting rights attending the general meeting of shareholders, the general meeting of shareholders may nominate a person to act as the presider of the meeting and such meeting may continue.

**Article 66** The Company shall formulate the rules of procedure for general meetings of shareholders, which shall specify the convening and voting procedures for the general meeting of shareholders, including the notice, registration, consideration of the proposals, voting, vote counting, announcement of voting results, the formation of meeting resolution, meeting minutes and their signing and announcement, etc., as well as the principles for authorization by the general meeting of shareholders to the Board of Directors (the authorization shall be specific and in detail). The rules of procedure for general meetings of shareholders shall serve as an appendix to the Articles of Association, and shall be formulated by the Board and approved at the general meeting of shareholders.

**Article 67** At the annual general meeting, the Board of Directors and the Supervisory Committee shall report their work in the previous year to the general meeting of shareholders. Every independent non-executive director shall also make his/her work reports.

**Article 68** Except for the matters relating to the Company's business secrets that cannot be disclosed at the general meeting of shareholders, directors, supervisors and senior management personnel shall make explanations and clarifications in relation to the inquiries and recommendations made by the shareholders at the general meeting of shareholders.

**Article 69** The presider of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting as well as the total number of their voting shares, which shall be the number of shareholders and proxies attending the meeting and the total number of their voting shares as indicated in the meeting's register.

**Article 70** The general meeting of shareholders shall have meeting minutes, which shall be in the charge of the secretary to the Board of Directors.

The meeting minutes shall contain the following contents:

- (I) the time, venue and agenda of the meeting, and the name of the convener;
- (II) the name of the presider of the meeting and the directors, supervisors, general manager and other senior management personnel attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of shares of the Company, including the number of the shareholders of unlisted domestic shares (including proxies) and the H shareholders (including proxies) attending the general meeting of shareholders, the total number of voting shares held by them and the proportion of these shares to the total number of shares of the Company, respectively;
- (IV) the deliberation process of each proposal, summaries of the speeches and the voting results (including the voting results of the shareholders of unlisted domestic shares and the H shareholders on each proposal);
- (V) details of the inquiries or recommendations of the shareholders, and the corresponding responses or explanations;
- (VI) the names of the counter and the scrutineer;
- (VII) other contents that should be recorded in the meeting minutes as provided in the Articles of Association.



**Article 71** The convener shall ensure that the contents of the meeting minutes are true, accurate and complete. The directors, supervisors and the secretary to the Board of Directors attending the meeting, the convener or representative thereof, and the presider of the meeting shall sign the meeting minutes. The meeting minutes shall be kept for a term of 10 years together with the book of signatures of the shareholders attending the meeting, the power of attorney of the attending proxies, and the valid information on voting through other methods.

**Article 72** The convener shall ensure that the general meeting of shareholders is held continuously until final resolutions have been reached. In the event that the general meeting of shareholders is suspended or the shareholders fail to reach any resolution due to force majeure or for other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or directly terminate the meeting, and the relevant announcement shall be made in a timely manner in accordance with the laws, administrative regulations and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed.

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

**Article 73** Resolutions of a general meeting of shareholders shall be classified as ordinary resolutions and special resolutions.

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

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

**Article 74** The following matters shall be approved by ordinary resolutions at a general meeting of shareholders:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and dismissal of members of the Board of Directors and the Supervisory Committee, and their remunerations and the method of payment;
- (IV) the annual financial budgets and final accounts of the Company;
- (V) the annual report of the Company;
- (VI) other matters other than those which are required by laws, administrative regulations, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association to be approved by a special resolution.

**Article 75** The following matters shall be approved by special resolutions at a general meeting of shareholders:

- (I) the increase or decrease in registered capital of the Company;
- (II) the division, split, merger, dissolution and liquidation of the Company;
- (III) the amendment to the Articles of Association;
- (IV) the amount of purchase or disposal of material assets or providing guarantee within one year, which exceeds 30% of the latest audited total assets of the Company;
- (V) any equity incentive plans;
- (VI) any matters required by laws, administrative regulations, the regulatory rules of HKEX and the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association; any matters considered to have a substantial impact on the Company and to require approval by a special resolution by the general meeting of shareholders in an ordinary resolution;

**Article 76** Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights represented by them, and each share shall have one vote.

In voting, shareholders (including proxies) entitled to two or more votes need not cast all their votes in favor of or against.

No voting rights shall attach to the shares held by the Company, and such shares shall not be counted among the total number of voting shares present at a general meeting of shareholders.

**Article 77** The connected/related shareholders shall not participate in voting, with its number of shares with voting rights represented by them not to be counted in the total number of valid votes, when the general meeting of shareholders is reviewing the relevant connected/related transaction if required by applicable laws, regulation, normative documents or the Hong Kong Listing Rules; the announcement of the resolution of the general meeting of shareholders shall fully disclose the votes of the non-connected/non-related shareholders.

The related shareholders shall abstain from voting on relevant matters voluntarily. If the related shareholders do not abstain voluntarily, any other shareholder who is aware of the fact has the right to request them to abstain therefrom.

When the matters on related transactions are considered at the general meeting of shareholders, the presider of the meeting shall announce the list of the related shareholders, state whether or not they will participate in the voting, and announce the total number of voting shares of the non-related parties attending the meeting and the proportion of these shares to the total shares of the Company before the voting.

Where any shareholder is, under the applicable laws, regulations, normative documents and the Hong Kong Listing Rules, required to abstain from voting rights on any particular resolution or restricted to vote only for or only against any particular resolution, any votes cast by such shareholders or proxies thereof in violation of such requirement or restriction shall not be counted.

**Article 78** The Company shall provide convenience for shareholders to attend the general meeting of shareholders by various means and ways, provided that the general meeting of shareholders is held legally and validly.

**Article 79** Unless the Company is in a crisis or any special circumstance, the Company shall not enter into any contract with anyone other than the directors, general manager and other senior management personnel to have all or significant part of the Company's business in the care of such person, unless otherwise approved by the general meeting of shareholders with a special resolution.

**Article 80** The list of candidates for directors or supervisors shall be submitted by way of proposal to the general meeting of shareholders for consideration. An accumulative voting system may be adopted when the general meeting of shareholders votes on the election of directors and supervisors pursuant to the provisions of the Articles of Association or a resolution of the general meeting of shareholders.

The accumulative voting system described in the preceding paragraph refers to that, when the general meeting of shareholders elects directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively. The Board of Directors shall announce to the shareholders the resumes and basic information of the candidates for directors and supervisors.

**Article 81** Except for the cumulative voting system, the general meeting of shareholders will vote on all proposals one by one. If there are different proposals on the same matter, the voting will be carried out in the order in which the proposals were submitted. Except for the suspension of the general meeting of shareholders or the inability to make resolutions due to special reasons such as force majeure, the general meeting of shareholders will not set aside or refrain from voting on proposals.

**Article 82** No amendments shall be made to a proposal when it is considered at a general meeting of shareholders, otherwise, the relevant amendments shall be deemed as a new proposal and shall not be voted on at the general meeting of shareholders.

**Article 83** The same voting right can only be exercised in one form: onsite or otherwise. Where the same voting right is exercised more than once, the result of the first vote shall prevail.

**Article 84** The general meeting of shareholders shall adopt voting by open ballot.

**Article 85** Before voting on a proposal at the general meeting of shareholders, two (2) shareholder representatives shall be elected to participate in counting and scrutinizing of votes. Where any shareholder is connected with/related to any matter considered, the said shareholder and proxy thereof shall not participate in the counting and scrutinizing of votes.

When proposals are voted on at the general meeting of shareholders, the shareholder representatives and the supervisor representatives shall be jointly responsible for the counting and scrutinizing of the votes and shall announce the voting results on the spot, of which the voting results shall be recorded in the meeting minutes.

**Article 86** Shareholders attending the general meeting of shareholders shall present one of the following views on the proposals submitted for voting: for, against or abstention.

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

**Article 87** If the presider of the meeting has any doubt about the results of any resolutions submitted for voting, he/she may have the votes counted. If the presider of the meeting has not counted the votes, any shareholder or the proxy attending the meeting who objects to the results announced by the presider of the meeting may request counting shortly after the announcement of the voting results, and the meeting presider shall have the votes counted immediately.

**Article 88** Resolutions of the general meeting of shareholders shall be announced in due time in accordance with the requirements of the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of their voting shares and the proportion to the total number of voting shares of the Company, the voting method, the voting results for every proposal and details of each passed resolution.

**Article 89** Where a proposal has not been passed or the resolutions of the preceding general meeting of shareholders have been changed at the current general meeting of shareholders, special mention shall be made in the announcement of the resolutions of the general meeting of shareholders.

**Article 90** Where a proposal on election of directors or supervisors is passed at the general meeting of shareholders, the directors or supervisors elected shall take office on the date when the resolution on election of such directors or supervisors is passed at the general meeting of shareholders.

Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves is passed at the general meeting of shareholders, the Company shall implement the specific scheme within 2 months after the conclusion of the general meeting of shareholders.

# CHAPTER 5 BOARD OF DIRECTORS

## Section 1 Directors

**Article 91** A director of the Company shall be a natural person. Any person involved in any of the following circumstances shall not serve as a director of the Company:

- (I) devoid of or with restricted civil conduct ability;
- (II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime;
- (III) within three years after insolvency and liquidation of such company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;
- (IV) within three years after such company or enterprise where the person acted as legal representative is revoked of business license and ordered to shut down for violating law on which the person is held accountable;
- (V) liable to large amount of unliquidated mature debts;
- (VI) being prohibited from participating in securities market by the CSRC and such period has not elapsed;
- (VII) any other circumstances stipulated in the laws, administrative regulations, departmental rules or the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed.

If the election or appointment of a director violates this article, such election, appointment or engagement shall be invalid. If any of the circumstances described in this article occurs during the term of office of a director, the Company shall dismiss the duties of such director.

**Article 92** Directors shall be elected or replaced at the general meeting of shareholders and may be removed before the expiration of the term of office at the general meeting of shareholders. Subject to compliance with the relevant provisions of laws and administrative regulations, the general meeting of shareholders may remove any director whose tenure has not expired by ordinary resolutions (without prejudice to any claim which might be put forward in accordance with any contract). The term of office of a director shall be three years, and he/she may serve consecutive terms if re-elected upon the expiration of his/her term of office.

The tenure of a director shall start from the date on which the said director assumes office to the expiration of the current Board. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiration of his/her term of office.

Without violating the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy on the Board of Directors, such appointed director shall hold office until the first annual general meeting after his or her appointment and the said director shall be qualified for re-election and renewal thereat.

The general manager or any other senior management personnel may hold the position of director concurrently, provided that the total number of directors who hold the position of general manager or any other senior management personnel concurrently and directors who are employee representatives shall not exceed half of the total number of directors of the Company.

**Article 93** Directors shall comply with laws, administrative regulations and the Articles of Association, and carry out the following duties of loyalty to the Company:

- (I) not to abuse their authority in accepting bribes or other unlawful income or misappropriate the Company's property;
- (II) not to embezzle the Company's funds;
- (III) not to deposit the Company's assets or funds into accounts under their own names or the names of other individuals;
- (IV) not to loan the Company's funds to others or provide guarantees in favor of others supported by the Company's property in violation of the Articles of Association or without approval of the general meeting of shareholders or the Board of Directors;
- (V) not to enter into contracts or transactions with the Company in violation of the Articles of Association or without approval of the general meeting of shareholders;
- (VI) not to use their position to procure business opportunities for themselves or others that should have otherwise been available to the Company or operate businesses similar to that of the Company for their own benefit or on behalf of others without approval of the general meeting of shareholders;
- (VII) not to accept commissions from transactions between others and the Company for their own benefit;
- (VIII) not to disclose confidential information of the Company without authorization;
- (IX) not to impair the interests of the Company by making use of their connected relationship;
- (X) other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed and the Articles of Association.

Income generated by directors in violation of this article shall be returned to the Company. Directors shall be liable for making compensation for any loss suffered by the Company arising therefrom.

**Article 94** Directors shall comply with laws, administrative regulations and the Articles of Association, and have the following duties of diligence towards the Company:

- (I) to exercise the rights vested by the Company prudently, conscientiously and diligently to ensure that the commercial acts of the Company comply with laws, administrative regulations and the requirements under various economic policies of the PRC and the commercial activities shall not go beyond the business scope stipulated in the business license;
- (II) to treat all shareholders equally;
- (III) to understand the status of the Company's business operation and management in a timely manner;
- (IV) to sign written confirmation opinions on the regular reports of the Company and to ensure the information disclosed by the Company is true, accurate and complete;
- (V) to truthfully furnish with relevant facts and information to the Supervisory Committee without obstructing the exercise of functions and powers by the Supervisory Committee or supervisors;
- (VI) to fulfill any other duties of diligence stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed and the Articles of Association.

**Article 95** If any director fails to attend Board meetings, either in person or by authorizing another director on behalf of him/her, for two consecutive times, such director shall be deemed incapable of performing his/her duties, and the Board of Directors shall propose at the general meeting of shareholders for replacement.

**Article 96** A director may resign before the expiration of his/her term of office, provided that a written resignation report in respect of his/her resignation shall be submitted to the Board and the Board will disclose the relevant information within 2 days.

In the event that the resignation of any director results in the number of members of the Board of Directors of the Company to be less than the statutory minimum requirement, or the resignation of any independent non-executive director results in the number of independent non-executive directors to be less than one-third of the number of the members of the Board of Directors or absence of accounting professional in the independent non-executive directors, the said director shall continue to perform his/her duties as a director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected director takes office.

Save for the circumstances stated in the preceding paragraph, the resignation of a director shall become effective upon receipt of the resignation report by the Board of Directors.

**Article 97** If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board of Directors, and his/her duties of loyalty to the Company and shareholders shall not be necessarily discharged upon expiration of his/her term of office, and shall remain valid within 12 months after the resignation takes effect or the term of office expires. The duration of other duties shall be determined based on the fair principle, taking into account factors such as the nature, importance, time of impact of the relevant matters and relationship with such director.

**Article 98** No director shall act on behalf of the Company or the Board of Directors in his/her 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/her personal capacity, which 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/her stance and capacity in advance.

**Article 99** Where a director violates the laws, administrative regulations, departmental rules or the Articles of Association in performance of duties to the Company and results in any loss to the Company, such director shall be liable for making compensation.

**Article 100** The independent non-executive directors shall be subject to the relevant provisions of the laws, administrative regulations and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed. At least one independent non-executive director of the Company shall be an accounting professional. Independent non-executive directors shall perform their duties honestly and faithfully, protect the Company's interests and in particular, prevent encroachment of the lawful rights and interests of public shareholders, so as to ensure the sufficient representation of the interests of all shareholders.

## **Section 2 Board of Directors**

**Article 101** The Company shall set up a Board of Directors which shall be accountable to the general meeting of shareholders.

**Article 102** The Board of Directors consists of eight directors, four of which are independent non-executive directors. The number of independent non-executive directors shall be not less than one-third of the total number of the Board of Directors.

**Article 103** The Board of Directors shall exercise the following functions and powers:

- (I) convening the general meeting of shareholders and submitting work reports to the general meeting of shareholders;
- (II) implementing resolutions of the general meeting of shareholders;
- (III) deciding on the business plans and investment plans of the Company;



- (IV) formulating the Company's annual financial budgets and final accounts;
- (V) formulating the Company's profit distribution plans and loss recovery plans;
- (VI) formulating the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities, and listing plan;
- (VII) drafting plans for the Company's major acquisition, purchase of the Company's shares or merger, division, dissolution, and change in the corporate form of the Company under circumstances as stipulated in items (I) and (II) of Article 23 hereof;
- (VIII) determining, within the scope of the authorization granted by the general meeting of shareholders, the Company's external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, related transactions and external donation, etc.;
- (IX) resolving on the establishment of the Company's internal management bodies;
- (X) determining the appointment or dismissal of the general manager of the Company, the secretary to the Board of Directors of the Company and other senior management personnel, and determining their emoluments, rewards and penalties; determining the appointment or dismissal of senior management personnel including deputy general manager and person in charge of finance of the Company based on the nominations of the general manager, and determining their emoluments, rewards and penalties;
- (XI) formulating the Company's basic management rules;
- (XII) formulating plans for amendment of the Articles of Association;
- (XIII) managing information disclosure by the Company;
- (XIV) proposing the engagement or change of the accounting firms auditing for the Company to the general meeting of shareholders;
- (XV) listening to work reports submitted by the general manager of the Company and reviewing his/her work;
- (XVI) passing resolutions concerning the acquisition of the Company's shares under the circumstances as stipulated in item (III) of Article 23 hereof;
- (XVII) other functions and powers conferred by laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association and granted by the general meeting of shareholders.

The Board of Directors of the Company shall establish special committees, including the audit committee, the nomination committee, and the remuneration and evaluation committee, and the strategy committee as necessary. The special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. The proposals of the committees shall be submitted to the Board of Directors for approval. All members of the special committees shall be directors, among which audit committee shall only be non-executive directors and consist of at least three members. The majority of its members shall be independent non-executive directors, at least one of whom shall be an independent non-executive director with the appropriate professional qualifications as provided for in the Hong Kong Listing Rules or the appropriate accounting or relevant financial management expertise, and its convener, or chairman, shall be an independent non-executive director. The majority of the members of the remuneration and evaluation committee must be independent non-executive directors and its convener, or chairman, must be an independent non-executive director. The convener, or chairman, of the nomination committee must be the chairman of the Board or an independent non-executive director, and the majority of the members also must be independent non-executive directors. In accordance with its requirements, the Board may also set up other committees and reshuffle existing committees. The Board of Directors is responsible for formulating the rules of the special committees to regulate their operation.

Matters exceeding the scope of the authority of the general meeting of shareholders shall be submitted to the general meeting of shareholders for consideration.

**Article 104** The Board of Directors of the Company shall make explanations to the general meeting of shareholders in relation to the non-standard audit opinions issued by the certified public accountants on the Company's financial reports.

**Article 105** The Board of Directors shall formulate the rules of procedure for meetings of the Board of Directors to ensure that the Board will implement resolutions of the general meeting of shareholders, enhance its work efficiency and make scientific decisions.

The rules of procedure for meetings of the Board of Directors serves as an appendix to the Articles of Association, and shall be formulated by the Board of Directors and approved at the general meeting of shareholders.

**Article 106** The Board of Directors shall determine the authority relating to external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, related transactions and external donation, etc., and shall establish stringent examination and decision-making procedures; a significant investment project shall be arranged for a review by relevant specialists or professionals, and submitted to the general meeting of shareholders for approval. If it is otherwise provided in laws, administrative regulations, rules, other normative documents and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, such provisions shall prevail.

**Article 107** Unless the Board of Directors has the right to approve other external guarantees other than those that shall be approved by the general meeting of shareholders as stipulated in Article 40 hereof. If the laws, administrative regulations, rules, other normative documents and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed require submission to the general meeting of shareholders for consideration, such provisions shall prevail.

When the Board of Directors decides on external guarantee, it shall be consented by more than two-thirds of the directors present at the Board meeting or be approved by the general meeting of shareholders. Without approval of the Board of Directors or the general meeting of shareholders with approval authority, the Company shall not provide external guarantees.

**Article 108** The Board of Directors shall appoint a chairman, who shall be elected by more than half of all the directors of the Board of Directors.

**Article 109** The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over the general meeting of shareholders and 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 nominate candidates for the general manager and the secretary to the Board of Directors of the Company;
- (IV) other functions and powers conferred by the Board of Directors.

**Article 110** Where the chairman is unable to or fails to perform his/her duties, a director elected by more than half of the directors shall perform his/her duties.

**Article 111** Regular meetings of the Board of Directors shall be convened at least four times a year, about one meeting each quarter, and convened by the chairman. Written notice of meeting shall be given to all directors and supervisors 14 days before the meeting.

**Article 112** Interim Board meetings may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the Supervisory Committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the Board meeting.

**Article 113** Notice of interim Board meetings convened by the Board of Directors shall be sent by personal delivery, fax, express delivery or other electronic means of communication in writing. If the notice is not delivered by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made. In the case of an emergency where an interim 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, which is limited to 5 days before the convening of the interim Board meeting.

**Article 114** A notice on the Board meeting shall include the following contents:

- (I) the date and venue of the meeting;
- (II) the duration of the meeting;
- (III) reasons and issues for discussion;
- (IV) the date when the notice is given.

**Article 115** Meeting of the Board of Directors shall be held only if more than one half of the directors are present. Resolutions of the Board of Directors shall be passed by more than one half of all directors. The Board of Directors will vote on a one-person-one-vote basis.

**Article 116** If any director is connected/related with the enterprises that are involved in the matters to be resolved at the Board meetings, such director shall not exercise his/her voting rights for such matters, nor shall he/she exercise voting rights on behalf of other directors. Such Board meetings may only be held in the presence of more than one-half of the non-connected/non-related directors, and the resolutions made at such Board meetings shall be passed by more than one-half of the non-connected/non-related directors. If the number of non-connected/non-related directors present at such meetings is less than three, the matter shall be submitted to the general meeting of shareholders for consideration.

**Article 117** The manner of voting of the resolution of the Board of Directors shall be open ballot. The Board meeting may be convened by means of written materials, video conference, telephone conference, fax or through the communication devices with which all the directors can communicate under the premise of safeguarding the full expression of the opinions of the directors, and shall be signed by the attending directors, but the resolutions and records of the Board of Directors shall be signed afterwards.

**Article 118** Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he/she may issue a written power of attorney to authorize another director to attend the meeting on behalf thereof, and the power of attorney shall specify the name of the proxy, the matters to be handled in proxy, the scope of authorization and validity period, and shall bear the signature or seal of the principal. The director attending the meeting on behalf of another director shall exercise the rights of director within the scope of authorization. If a director fails to attend a Board meeting and does not appoint a proxy to attend on his/her behalf, such director shall be deemed to have waived his/her right to vote at such meeting.

**Article 119** The Board of Directors shall file resolutions of the meeting as meeting minutes, which shall be signed by the attending directors. Any attending director shall be entitled to have an explanatory note made in the meeting minutes regarding his/her speech at the meeting.

The Board meeting minutes are kept as the Company's archives for a period of 10 years.

**Article 120** The Board meeting minutes shall include the following contents:

- (I) the date, venue and convener's name of the meeting;
- (II) the names of the directors attending the meeting and names of the directors (proxies) appointed by others to attend the meeting of the Board of Directors;
- (III) the agenda of the meeting;
- (IV) the main points of the speeches of the directors;
- (V) the methods and results of the voting for each resolution matter (the voting results shall contain the number of votes for or against the resolution or abstention).

## **CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL**

**Article 121** The Company shall have one general manager and one deputy general manager to be appointed or dismissed by the Board of Directors.

The Company's general manager, deputy general manager, person in charge of finance and the secretary to the Board of Directors shall be the Company's senior management personnel.

**Article 122** The circumstances under which a person is not qualified to serve as a director, as stipulated in Article 91 hereof, shall also apply to the senior management personnel.

The provisions regarding the duties of loyalty of directors under Article 93 and the duties of diligence of directors under items (IV), (V) and (VI) of Article 94 hereof, shall also apply to the senior management personnel.

**Article 123** Any person holding an administrative position other than directors and supervisors in the Company's controlling shareholders shall not serve as the senior management personnel of the Company.

The senior management personnel of the Company shall only receive remuneration in the Company and shall not be paid by the controlling shareholders on behalf of the Company.

**Article 124** The term of office of the general manager shall be three years, and he/she may serve consecutive terms upon re-appointment.

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

- (I) presiding over the production and operation management of the Company, organizing the implementation of the resolutions of the Board of Directors, and reporting to the Board of Directors on his/her work;

- (II) organizing the implementation of the Company's annual business plans and investment plans;
- (III) formulating plans for the establishment of the Company's internal management bodies;
- (IV) formulating basic management rules of the Company;
- (V) formulating the Company's specific rules and regulations;
- (VI) proposing appointment or dismissal of the Company's deputy general manager and person in charge of finance to the Board of Directors;
- (VII) determining the appointment or dismissal of management personnel (other than those required to be appointed or dismissed by the Board of Directors);
- (VIII) other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors.

**Article 126** The Company shall formulate working rules for the general manager and submit them to the Board of Directors for approval and implementation.

**Article 127** The working rules for the general manager shall include the following contents:

- (I) the conditions, procedures and participants of the meeting of the general manager;
- (II) the respective specific responsibilities and division of labor of the general manager and other senior management personnel;
- (III) use of the Company's funds and assets, scope of authorization to enter into material contracts, and reporting system to the Board of Directors and the Supervisory Committee;
- (IV) other matters which the Board of Directors deems necessary.

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

**Article 129** The deputy general manager shall assist the general manager to perform his/her duties, take charge of the work according to the division of labor, be responsible to the general manager, and be entrusted by the general manager to be responsible for other aspects of work or special tasks.

In the event that the general manager is unable to or fails to perform his/her duties, the director, deputy general manager or other senior management personnel designated by the Board of Directors shall exercise the functions and powers on his/her behalf.

**Article 130** The Company shall have the secretary to the Board of Directors who shall be responsible for the matters relating to preparations for general meeting of shareholders and Board meetings, keeping of documentation and managing shareholders' data, and handling information disclosure of the Company.

The secretary to the Board of Directors shall comply with laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed and the Articles of Association.

**Article 131** Where the general manager and other senior management personnel violate the laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association in the performance of duties to the Company and results in any loss to the Company, they shall be liable for making compensation.

**Article 132** Senior management personnel of the Company shall perform their duties honestly, and protect the best interests of the Company and all the shareholders. Senior management personnel of the Company shall be liable for compensation in accordance with the laws for any damage caused to the interests of the Company and public shareholders as a result of their failure to perform duties honestly or violation of their fiduciary duties.

## **CHAPTER 7 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 133** The circumstances disqualifying a person from serving as a director set out in Article 91 hereof shall also apply to the supervisors.

Any directors, general manager and other senior management personnel shall not act concurrently as supervisors.

**Article 134** Supervisors shall comply with laws, administrative regulations and the provisions of the Articles of Association, and carry out their duties of loyalty and diligence to the Company. They are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Company's property.

**Article 135** The term of office of a supervisor shall be three years, and he/she may serve consecutive terms if re-elected upon the expiration of his/her term of office.

**Article 136** A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiration of his/her term of office or if the resignation of supervisors before his/her tenure ends results in the number of supervisors being less than the quorum.

**Article 137** Supervisors may be present at Board meetings and make inquiries or recommendations in respect of the resolutions of the Board of Directors.

**Article 138** The supervisors shall not impair the interests of the Company by making use of their connected/related relationship, and shall be liable for making compensation if they cause the Company to sustain a loss.

**Article 139** Where the supervisors violate the laws, administrative regulations, departmental rules or the Articles of Association in performance of duties to the Company and results in any loss to the Company, such supervisors shall be liable for making compensation.

## **Section 2 Supervisory Committee**

**Article 140** The Company has established a Supervisory Committee. The Supervisory Committee shall comprise three supervisors and shall have one chairman of the Supervisory Committee. The chairman of the Supervisory Committee shall be elected by more than half of the supervisors. The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings; where the chairman of the Supervisory Committee is unable to or fails to perform the duty thereof, more than half of the supervisors may jointly elect a supervisor to convene and preside over Supervisory Committee meetings.

The Supervisory Committee shall include shareholder representatives and an appropriate percentage of employee representatives, and the ratio of employee representatives shall not be less than one-third. Employee representatives of the Supervisory Committee shall be democratically elected by the Company's employees at the employee representative assembly, general employee meeting or otherwise.

**Article 141** The Supervisory Committee shall exercise the following functions and powers:

- (I) reviewing and giving written comments to regular reports of the Company prepared by the Board of Directors;
- (II) inspecting the financial position of the Company;
- (III) supervising performance of duties of the Company by directors and senior management personnel, and proposing the termination of appointment of directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the general meeting of shareholders;
- (IV) requiring the directors and senior management personnel to restore damages they have caused to the interests of the Company;
- (V) proposing the convening of the extraordinary general meeting, and to convene and preside over the general meeting of shareholders when the Board of Directors fails to perform the duty of convening and presiding over the general meeting of shareholders under the Company Law;



- (VI) making proposals to the general meeting of shareholders;
- (VII) bringing actions against directors and senior management personnel pursuant to the relevant provisions of the Company Law;
- (VIII) conducting investigation when noticed unusual operation condition of the Company, and if necessary, engaging professional organs such as accounting firm and law firm for assistance, fee of which shall be undertaken by the Company;
- (IX) other functions and powers conferred by laws, administrative regulations, departmental rules, the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association or granted by the general meeting of shareholders.

**Article 142** Meetings of the Supervisory Committee shall be convened at least every six months. Supervisors may propose the convening of extraordinary meetings of the Supervisory Committee.

Resolutions of the Supervisory Committee shall be passed by more than half of the supervisors.

**Article 143** The Supervisory Committee shall formulate the rules of procedure for meetings of the Supervisory Committee, specifying the discussion methods and voting procedures of the Supervisory Committee, so as to ensure the work efficiency and scientific decision making of the Supervisory Committee. The rules of procedure for meetings of the Supervisory Committee shall serve as an appendix to the Articles of Association, and shall be formulated by the Supervisory Committee and approved at the general meeting of shareholders.

**Article 144** The Supervisory Committee shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the supervisors attending the meeting shall sign the minutes.

Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The meeting minutes of the Supervisory Committee shall be kept as the Company's archives for a period of 10 years.

**Article 145** A notice of meeting on a regular meeting convened by the Supervisory Committee shall be served in writing to all supervisors 10 days before the meeting.

**Article 146** A notice on the meeting of the Supervisory Committee shall include the following contents:

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

# CHAPTER 8 FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

## Section 1 Financial Accounting System

**Article 147** The Company shall formulate its financial accounting system pursuant to the provisions of laws, administrative regulations, departmental rules and the relevant State authorities.

**Article 148** The Company shall publish its financial report under the international accounting standards or the accounting standards of the overseas place where the Company's shares are listed twice each financial year, including the interim financial report within 3 months after the end of the first six months of each financial year and the annual financial report within 4 months after the end of each financial year. If it is otherwise provided in the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, the latter shall prevail.

The Company's interim financial report and annual financial report shall be prepared pursuant to the relevant provisions of laws, administrative regulations and rules, and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed.

**Article 149** The Company shall have no accounting books other than the statutory books. The Company's assets shall not be deposited in any account opened under the name of an individual.

**Article 150** When distributing the profit after tax for a year, the Company shall set aside 10% of its profit for the Company's statutory common reserve fund. The Company shall no longer be required to make allocations to its statutory common reserve fund once the aggregate amount of such reserve reaches at least 50% of its registered capital.

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

After making the allocation from its profit after tax to its statutory common reserve fund, the Company may also, subject to a resolution of the general meeting of shareholders, make an allocation from its profit after tax to the discretionary common reserve fund.

After the Company has made up its losses and made allocations to its common reserve fund, the remaining profit after tax shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

Where the general meeting of shareholders violates the provisions of the preceding paragraph in distributing profits to shareholders prior to the Company's making up for the losses and withdrawing statutory common reserve fund, the shareholders shall return the profits which are distributed in violation of the provisions to the Company.

The shares of the Company held by the Company are not entitled to profit distribution.

**Article 151** The common reserve fund of a company shall be applied to make up the Company's losses, expand its production and operations or convert it into an increase in its registered capital. The capital reserve fund, however, shall not be used to make up the Company's losses.

Upon the transfer of the statutory common reserve fund into share capital, the balance of the fund shall not be less than 25% of the registered capital of the Company before such transfer.

**Article 152** After the profit distribution plan is adopted at the general meeting of shareholders of the Company, the Board of Directors of the Company shall finish distributing dividends (or shares) within 2 months after conclusion of the general meeting of shareholders.

The Company shall appoint one or more receiving agents for holders of H shares in Hong Kong. Such receiving agent(s) shall, on behalf of such shareholders, receive any dividends distributed by the Company over H shares and other monies payable, and keep such dividends and monies for future payment to such shareholders.

The receiving agent(s) appointed by the Company shall comply with the requirements of the laws and stock exchange at the place where the Company's shares are listed.

## **Section 2 Internal Audit**

**Article 153** The Company shall implement internal audit system and employ full-time audit personnel to carry out internal audit and supervision on the Company's financial revenue and expenditure and economic activities.

**Article 154** The internal audit system of the Company and the duties of such auditing personnel shall be implemented upon approval from the Board of Directors. The officer in charge of audit shall be held accountable and report to the Board of Directors.

## **Section 3 Engagement of Accounting Firm**

**Article 155** The Company shall appoint an independent accounting firm that complies with the provisions of the Securities Law to audit its accounting statements, verify its net assets and provide other relevant advisory services, and the term of appointment of the accounting firm is 1 year and can be renewed.

**Article 156** The appointment of the accounting firm of the Company shall be determined by the general meeting of shareholders, and the Board shall not appoint an accounting firm before the decision of the general meeting of shareholders.

**Article 157** The Company shall undertake to provide true and complete accounting documents, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or concealing or misrepresentation of information.

**Article 158** The audit fees of the accounting firm shall be determined by the general meeting of shareholders.

**Article 159** If the Company proposes to dismiss the accounting firm or not to renew the engagement thereof, it shall notify the accounting firm 10 days in advance, and the accounting firm shall be allowed to state its opinions at the general meeting of shareholders of the Company where voting is conducted on dismissal of the accounting firm.

If the accounting firm resigns, it shall make clear to the general meeting of shareholders whether there is any impropriety on the part of the Company.

## **CHAPTER 9 NOTICES AND ANNOUNCEMENTS**

**Article 160** A notice of the Company shall be sent by the following means, subject to laws, regulations, rules and relevant regulations of the stock exchange where the Company's shares are listed:

- (I) by announcement;
- (II) by personal delivery;
- (III) by express delivery;
- (IV) by e-mail;
- (V) by fax;
- (VI) by posting on the websites designated by the Company and HKEX, subject to the laws, administrative regulations and the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed;
- (VII) other forms stipulated or approved by laws, administrative regulations or other normative documents, the securities regulatory authority of the place where the Company's shares are listed, or the Articles of Association.

Where the notice sent to H shareholders by the Company is sent by way of an announcement, the Company shall submit through HKEX-EPS a ready-to-publish electronic copy of the document to HKEX on the same day for publication on HKEX's website as required under the local listing rules, or publish an announcement in newspapers (including advertisements published in newspapers) as required under the local listing rules. The announcement shall also be published on the Company's website at the same time. In addition, unless otherwise provided in the Articles of Association, the notice shall be delivered to each of the registered addresses as set forth in the H share register by personal delivery or prepaid mail, so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

The H shareholders of the Company may obtain in written form (by electronic means or by post) the corporate communications that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. The H shareholders may, in a reasonable period, also notify the Company in writing in advance to alter the means of receiving the aforesaid information and the language version thereof according to proper procedures.

Shareholders or directors who wish to prove that notices, documents, information or written statements have been served on the Company shall provide evidence showing the same has been served to the correct address by ordinary means or by prepaid mail within the specified period of time.

Notwithstanding the preceding paragraphs which specify providing and/or sending written corporate communications to shareholders, as for the means by which the Company provides and/or sends corporate communications to shareholders according to the Listing Rules of HKEX, if the Company has obtained the shareholders' prior written consent or implied consent according to the relevant laws and regulations and the Listing Rules of HKEX as amended from time to time, the Company may send or provide corporate communications to its shareholders by electronic means or via publication on the website of the Company. Corporate communications include but are not limited to circulars, annual reports, interim reports, quarterly reports, notices of general meeting of shareholders, and other types of corporate communications as specified in the Listing Rules of HKEX.

**Article 161** Subject to the provisions of the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, notices given by the Company by way of announcement shall be deemed to have been received by all persons concerned upon such announcement.

**Article 162** Notices of meetings of general meeting of shareholders convened by the Company shall be given by way of announcement, or delivered by personal or express delivery, or sent by fax, e-mail or other ways in accordance with the names (or the names of entities) and addresses set out in the register of members. If it is specifically provided in the regulatory rules of the securities regulatory authority of the place where the Company's shares are listed, the latter shall prevail.

**Article 163** Notices of meetings of the Board of Directors convened by the Company shall be delivered by personal or express delivery, or sent by fax, e-mail, telephone, text message or other ways.

**Article 164** Notices of meetings of the Supervisory Committee convened by the Company shall be delivered by personal or express delivery, or sent by fax, e-mail, telephone, text message or other ways.

**Article 165** If the notice of the Company is sent by personal, the recipient shall sign (or stamp) on the receipt of service and the signing date shall be the date of service; if the notice of the Company is sent by express delivery, the fifth business day after the date of delivery to the delivering party shall be the date of service; if the notice of the Company is sent by email, the second business day after the email reaches the recipient's information system shall be the date of service; if the notice of the Company is sent by fax, the second business day after the fax reaches the recipient's information system shall be the date of service; if the notice of the Company is made by announcement, the first publishing date of the announcement shall be the date of service.

**Article 166** 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.

**Article 167** The Company shall issue announcements and disclose information to the shareholders of unlisted domestic shares in newspapers and websites for information disclosure specified by the laws, administrative regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the H shareholders in accordance with the Articles of Association, then relevant announcements shall, at the same time, be published in the manner prescribed 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 HKEX shall be prepared in English or accompanied by a signed and certified English translation.

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

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

**Article 168** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Merger by absorption means the absorption by one company of other company or companies, in which case the absorbed company or companies shall be dissolved. Merger by new establishment means the merger of two or more companies to form a new company, in which case all parties to the merger shall be dissolved.

**Article 169** In case of a merger of the Company, the merging parties shall enter into a merger agreement and prepare a balance sheet and a property inventory. The Company shall notify its creditors within 10 days from the date of the resolution on the merger and shall publish an announcement in newspapers within 30 days. The creditors may require the Company to repay its debts or provide corresponding guarantees for such debts within 30 days after the receipt of the notice, or within 45 days after the announcement if the creditors haven't received the notice. The resolution on merger or division of the Company shall be contained in a special document and uploaded to the website of HKEX and the Company's website for inspection by the shareholders in accordance with the provisions of the Hong Kong Listing Rules. For H shareholders, the aforementioned documents shall also be delivered by mail or through methods permitted by the securities regulatory authority of the place where the Company's shares are listed.

**Article 170** In case of a merger of the Company, the claims and debts of the merging parties shall be assumed by the surviving or the new company after the merger.

**Article 171** In case of a division of the Company, the Company's property shall be divided up accordingly.

In case of a division of the Company, a balance sheet and a property inventory shall be prepared. The Company shall notify its creditors within 10 days from the date of the resolution on division and shall publish an announcement in newspapers within 30 days.

**Article 172** The debts of the Company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the Company with creditors in respect of the settlement of debts prior to division.

**Article 173** When reducing its registered capital, the Company must prepare a balance sheet and a property inventory.

The Company shall notify its creditors within 10 days from the date of the resolution on the registered capital reduction and shall publish an announcement in newspapers within 30 days. The creditors shall have the right to require the Company to repay its debts or provide corresponding guarantees for such debts within 30 days after the receipt of the notice, or within 45 days after the announcement if the creditors haven't received the notice.

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

**Article 174** Where the merger or division of the Company involves changes in its registered particulars, such changes shall be registered with the company registration authority according to the laws. Where the Company is dissolved, it shall cancel its registration according to the laws. Where a new company is established, its establishment shall be registered according to the laws.

**Article 175** If the Company increases or reduces registered capital, it shall complete the registration for changes with the company registration authority according to the laws.

## **Section 2 Dissolution and Liquidation**

**Article 176** The Company dissolves for the following reasons:

- (I) dissolved matters stipulated in the Articles of Association;
- (II) the general meeting of shareholders has resolved on dissolution of the Company;
- (III) merger or division of the Company entails dissolution;
- (IV) the business license of the Company is revoked or the Company is ordered to close down or to be dissolved in accordance with the laws;

- (V) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through other channel, the Company is dissolved by a people's court in response to the request of the shareholders holding more than 10% of the voting rights of all shareholders of the Company.

**Article 177** Where the Company is dissolved under the circumstances set forth in item (I) of Article 176 hereof, it may carry on its existence by amending the Articles of Association.

The amendments to the Articles of Association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a general meeting of shareholders.

**Article 178** Where the Company is dissolved under the circumstances set forth in items (I), (II), (IV) or (V) of Article 176 hereof, it should establish a liquidation committee to start liquidation within 15 days of the date on which the dissolution matters occur. The liquidation committee shall comprise members determined by the directors or the general meeting of shareholders. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

**Article 179** The liquidation committee shall exercise the following functions and powers during the liquidation:

- (I) to inform creditors by notice or announcement;
- (II) to verify the Company's property and to prepare a balance sheet and a property inventory;
- (III) to deal with any outstanding business of the Company in relation to the liquidation of the Company;
- (IV) to pay all outstanding taxes and the taxes arising during the liquidation process;
- (V) to settle claims and debts;
- (VI) to handle the Company's remaining property after its debts have been paid off;
- (VII) to represent the Company in civil lawsuits.

**Article 180** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.



During the period of the claim, the creditor shall explain all matters relevant to the creditor's rights he/she has claimed and provide evidential documents. The liquidation committee shall register the creditor's rights.

In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 181** Upon liquidation of the Company's property and preparation of the balance sheet and property inventory, the liquidation committee shall draw up a liquidation plan and submit this plan to a general meeting of shareholders or a people's court for endorsement.

The Company's property shall be used respectively for payment of liquidation expenses, employees' wages, social security expenditures, statutory compensations, tax in arrears and the Company's debts; the residual property thereafter shall be distributed in accordance with the shareholding percentages of the shareholders.

During the liquidation, the Company shall continue to exist, but may not engage in any business activities unrelated to the liquidation.

The Company's property shall not be distributed to shareholders before making repayment pursuant to the provisions of the preceding paragraph.

**Article 182** Upon liquidation of the Company's property and preparation of the balance sheet and property inventory, if the liquidation committee becomes aware that the Company does not have sufficient property to pay off its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws.

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

**Article 183** Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit it to the general meeting of shareholders or a people's court for confirmation and the company registration authority to cancel the Company's registration, and an announcement of its termination shall be published.

**Article 184** Members of the liquidation committee shall discharge their duties in good faith and perform their obligation of liquidation in compliance with laws.

Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Company's property.

Members of the liquidation committee shall be liable to indemnify the Company or its creditors in respect of any loss arising from their willful or material default.

**Article 185** Where the Company is declared bankrupt according to laws, bankruptcy liquidation shall be processed in accordance with the relevant laws on corporate bankruptcy.

# CHAPTER 11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 186** Under any of the following circumstances, the Company shall amend the Articles of Association:

- (I) anything, as contained in the Articles of Association, is inconsistent with the amended laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed after the Company Law or the relevant laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed are revised;
- (II) the Company's situation has changed and is inconsistent with that set forth under the Articles of Association;
- (III) the general meeting of shareholders has decided on making amendments to the Articles of Association.

**Article 187** Where any amendment to the Articles of Association resolved by the general meeting of shareholders is subject to review and approval of competent authorities, the amendment shall be submitted to the competent authorities for approval; where company registration matters are involved, change registration formalities shall be filed pursuant to the law.

**Article 188** The Board shall amend the Articles of Association as per the resolution passed at the general meeting of shareholders to amend the same and the review and approval opinions of the relevant competent authorities.

**Article 189** Where the amendments to the Articles of Association involve matters requiring disclosure by laws and regulations, the amendments shall be announced in accordance with the regulations.

## CHAPTER 12 SUPPLEMENTARY PROVISIONS

**Article 190** Definitions:

- (I) "Controlling shareholders" refers to the shareholders who meet one of the following conditions:
  1. a person who when acting alone or in concert with others may elect not less than half of the directors;
  2. a person who when acting alone or in concert with others may exercise more than 30% of the voting rights of the Company or may control the exercise of more than 30% of the voting rights of the Company;
  3. a person who when acting alone or in concert with others holds more than 30% of the outstanding shares of the Company;

4. a person who when acting alone or in concert with others is in de facto control of the Company in other manners.

“Act in concert” in the Articles of Association refers to an act or a fact that some investors, through agreements or other arrangements, act together with other investors to increase the quantity of voting rights of shares they hold in the Company at their disposal.

- (II) De facto controller refers to the person who is not a shareholder of the Company but can effectively control the acts of the Company through an investment relationship, agreement or other arrangement.
- (III) Related party relationship refers to the relationship between the controlling shareholders, de facto controller, directors, supervisors, senior management personnel of the Company and the enterprises under their direct or indirect control, and any other relationship that may lead to the transfer of interests of the Company. However, the related party relationship between state-controlled enterprises is not solely because they are under the common control of the State.
- (IV) The terms, such as “connected”, “connected transaction” and “connected relationship”, mentioned in the Articles of Association, shall have the meaning as defined in the Hong Kong Listing Rules.
- (V) In the Articles of Association, the meaning of the term “accounting firm” is the same as that of “auditor” under the Hong Kong Listing Rules.

**Article 191** The Board may formulate rules of articles of association in accordance with the Articles of Association. The rules shall not conflict with the Articles of Association.

**Article 192** Matters not addressed in the Articles of Association shall be executed in accordance with the relevant provisions of relevant laws, administrative regulations, normative documents of the PRC and the regulatory rules of the securities regulatory authority of the place where the Company’s shares are listed (including but not limited to the Hong Kong Listing Rules and the Hong Kong Securities and Futures Ordinance, etc.). In the event of any inconsistency between the Articles of Association and the relevant provisions of relevant laws, administrative regulations, normative documents and the regulatory rules of the securities regulatory authority of the place where the Company’s shares are listed, the relevant provisions of relevant laws, administrative regulations, normative documents and the regulatory rules of the securities regulatory authority of the place where the Company’s shares are listed shall prevail.

**Article 193** The Articles of Association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the Chinese version of the Articles of Association latest registered and filed by the Suzhou Administrative Examination and Approval Bureau shall prevail.

**Article 194** References to “above”, “within” and “below” herein shall include the actual figures, while references to “other than”, “less than” and “more than” shall exclude the actual figures. The relevant audited data referred to in the Articles of Association are the data of combined statements.

**Article 195** The interpretation of the Articles of Association shall be vested with the Board of Directors of the Company.

**Article 196** Appendixes to the Articles of Association include rules of procedure for general meetings of shareholders, rules of procedure for meetings of the Board of Directors and rules of procedure for meetings of the Supervisory Committee.

**Article 197** Subject to consideration and approval at the general meeting of shareholders of the Company, the Articles of Association shall take effect and be implemented from the date on which the Company completes the initial public offering of H shares and lists on HKEX. The original articles of association of the Company shall automatically become null and void on the date the Articles of Association enters into effect.

**BaTeLab Co., Ltd.**