

**ARTICLES OF ASSOCIATION (DRAFT)  
OF  
Impression Dahongpao Co., Ltd.**

**(Applicable upon the listing of H Shares)**

## Chapter 1 General Provisions

**Article 1** To safeguard the legitimate rights and interests of Impression Dahongpao Co., Ltd. (hereinafter referred to as the “Company”), its shareholders, employees and creditors, and regulate the organization and activities of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the “Securities Law”), the Measures for the Supervision and Administration of Unlisted Public Companies (《非上市公眾公司監督管理辦法》), the Regulatory Guidelines for Unlisted Companies No. 3 – Essentials of the Articles of Association (《非上市公眾公司監管指引第3號—章程必備條款》), the Governance Rules for Companies Listed on the National Equities Exchange and Quotations (《全國中小企業股份轉讓系統掛牌公司治理規則》), the Enterprise State-owned Asset Law of the People’s Republic of China (《中華人民共和國企業國有資產法》), the Constitution of the Communist Party of China (《中國共產黨黨章》), the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the “Trial Administrative Measures”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”) and other relevant provisions of the People’s Republic of China (hereinafter referred to as the “PRC”).

**Article 2** The Company is a joint stock limited company incorporated in accordance with the Company Law as well as other relevant laws, administrative regulations, departmental rules and normative documents. The Company is a joint stock limited company established by the overall structural reform of Impression Dahongpao Co., Ltd.. It was registered with Nanping Industry and Commerce Administrative Bureau. The unified social credit code is 913507826830976210.

On 29 December 2016, the Company obtained the “Letter regarding Approval of the Quotation of Impression Dahongpao Co., Ltd. on the National Equities Exchange and Quotations” (Gu Zhuan Xi Tong Han [2016] No. 9706) (《關於同意印象大紅袍股份有限公司股票在全國中小企業股份轉讓系統掛牌的函》(股轉系統函 [2016]9706 號)) from the National Equities Exchange and Quotations Co., Ltd. (全國中小企業股份轉讓系統有限責任公司); the Company’s shares has been listed on National Equities Exchange and Quotations (hereinafter referred to as “NEEQ”) since 20 January 2017, with stock name as “Impression Co., Ltd.” (印象股份) and stock code as 870608. Having obtained the approval from The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) and filed with the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Company’s initial public offering of [●] overseas-listed foreign shares (the “H Shares”) were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange on [●].

**Article 3** The registered Chinese name of the Company: 印象大紅袍股份有限公司.

The English name of the Company: Impression Dahongpao Co., Ltd.

**Article 4** Company Address: Inside the Digital Tea Expo Hall, Tea Expo Park, Resort Area, Mount Wuyi City, Fujian Province, PRC.

**Article 5** The registered capital of the Company is RMB[●].

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

**Article 7** The legal representative of the Company is the Chairman, who shall be elected or removed by more than half of all directors of the Board of Directors.

If the Chairman resigns, such resignation shall be deemed to simultaneously constitute resignation from the position of legal representative.

In the event of the legal representative’s resignation, the Company shall appoint a new legal representative within thirty days from the date of such resignation.

The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company. The limitation on the powers and functions of the legal representative under the Articles of Association or by the shareholders' meeting shall not be asserted against a bona fide counterpart. Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall bear civil liability for such damage. The Company may, after bearing such civil liability, seek indemnification from the legal representative at fault in accordance with laws or the Articles of Association.

**Article 8** All the assets of the Company are divided into shares of equal value, and the shareholders are liable for the Company to the extent of their subscribed shares, while the Company is liable for its debts to the extent of all its assets.

**Article 9** The Articles of Association shall, with effect from their effective date, constitute the instrument with binding effect in governing the constitution and activities of the Company, and the rights and obligations between the Company and its shareholders and among shareholders, legally binding on the Company, its shareholders, directors, and senior management.

Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders; shareholders may institute legal proceedings against directors, general manager, and other senior management of the Company; the shareholders may institute legal proceedings against the Company; and the Company may institute legal proceedings against shareholders, directors, general manager and other senior management.

Any dispute between the Company, its shareholders, investors, directors and senior management officers involving the provisions of the Articles of Association shall first be resolved through negotiation; if such dispute cannot be resolved through negotiation, either party may submit the case to a professional mediation institution for securities and futures disputes for mediation or file with the people's court having jurisdiction where the Company is located.

**Article 10** The senior management officers referred to in the Articles of Association represent the general manager, deputy general managers, secretary to the Board of Directors and chief financial officer of the Company and other senior management officers employed by the Board of Directors. The term “General Manager” as stated in the Articles of Association corresponds to the term “Manager” as stated in the Company Law.

**Article 11** The Company shall establish an organization of the Communist Party of China in accordance with the relevant requirements of the Constitution of the Communist Party of China to carry out activities of the Party. The Party organization shall play the core leadership role and core political role, providing direction, managing the overall situation and ensuring implementation. The Company shall also establish the working organs of the Party, which shall be equipped with sufficient staff to deal with Party affairs and provided with funds to operate the Party organization. The Company shall provide the necessary conditions for the activities of the Party organization.

## **Chapter 2 Purposes and Scope of Business**

**Article 12** The business purpose of the Company is to pursue excellence and achieve efficient development

**Article 13** The Company’s scope of business, as duly registered, includes: commercial performances; performance brokerage; venue operation; other cultural and artistic brokerage and agency services; organization of cultural and artistic exchange activities; ticketing agency services; investment activities using own funds; tourism development project planning and consulting; tourism services; scenic area management; non-residential real estate leasing; residential property leasing. (For the items subject to approval in accordance with the laws, upon obtaining such approval from relevant authorities, the business activities for such items are allowed to commence).

## **Chapter 3 Shares**

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

**Article 14** The shares of the Company shall take the form of stock. If the share capital of the Company includes non-voting shares, the words “non-voting” shall be inserted into the names of such shares. Where the share capital includes shares with different voting rights, the words “limited voting rights” or “restricted voting rights” shall be inserted into the name of each class of shares (other than those with the most favorable voting rights).

**Article 15** Shares of the Company shall be issued based on the principles of openness, fairness and justice. Shares of the same class shall rank *pari passu* with each other.

For the same class of shares issued in the same tranche, each share shall be issued under the same conditions and price. Each subscriber, whether an entity or an individual, shall pay the same price for each share for which he/she/it subscribes for.

**Article 16** Stocks issued by the Company shall be denominated in RMB. The term “RMB” referred to herein means Renminbi, the lawful currency of the PRC.

**Article 17** The overseas listed foreign shares (H Shares) publicly offered by the Company are referred to as the “H Shares”.

**Article 18** The Company’s shares listed on NEEQ are centrally deposited at China Securities Depository and Clearing Corporation Limited. The H shares of the Company are held in trust by custodians under the Hong Kong Securities Clearing Company Limited and may also be held by shareholders in their own names.

**Article 19** The total number of Shares upon establishment was 89,670,000 shares, all of which were Renminbi ordinary shares with a par value of RMB1 each. The name of the promoters of the Company, number of Shares subscribed, the percentage of shareholding, contribution method and time are set out as follows:

Name of promoters	Number of Shares		Method of contribution	Time of contribution
	subscribed (0'000)	Percentage of shareholding		
Mount Wuyi Tourism (Group) Co., Ltd. (福建省武夷山 旅遊文化投資 集團有限公司)	3,366	37.54%	Capital contribution by net assets	By 31 August 2015
Fujian Wuyi Tourism Group Co., Ltd. (福建武夷旅遊 集團有限公司)	1,980	22.08%	Capital contribution by net assets	By 31 August 2015
Beijing Impression Landscape Culture and Art Co., Ltd. (北京印象山水 文化藝術有限公司)	1,650	18.40%	Capital contribution by net assets	By 31 August 2015
Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山 旅遊度假產業開發 有限責任公司)	1,254	13.98%	Capital contribution by net assets	By 31 August 2015
Mount Wuyi Landscape Impression Cultural Tourism Investment Partnership (LLP) (武夷山山水印象 文化旅遊投資合夥 企業 (限合夥))	717	8.00%	Monetary	By 20 July 2016
<b>Total</b>	<b>8,967</b>	<b>100%</b>	<b>—</b>	<b>—</b>

**Article 20** The Company has [ ● ] shares in issue, all of which are ordinary shares denominated in Renminbi, with no other classes of shares.

**Article 21** The Company or its subsidiaries (including the affiliates of the Company) shall not provide any assistance to a person who is acquiring or is proposing to acquire shares in the Company by way of gift, advance, guarantee, indemnity or loans or other means, unless where permitted by laws, regulations, departmental rules, or normative documents.

Subject to the provisions of laws, regulations, and securities regulatory rules of the places where the Company's shares are listed, for the benefits of the Company, the Company may, upon a resolution by the shareholders' meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders' meeting, provide financial assistance for others to obtain the shares of the Company or the parent company thereof, provided that the total accumulative amount of the financial assistance shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two-thirds of all the directors.

In the event of any violation against the provisions of the preceding two paragraphs which causes losses to the Company, the responsible directors and senior management shall be liable for compensation.

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

**Article 22** The Company may, based on its business and development needs and in accordance with laws and regulations and the securities regulatory rules of the place(s) where the Company's shares are listed, increase its share capital after being approved by the resolution by the shareholders' meeting in the following manners:

- (1) public offering of Shares;
- (2) non-public offering of Shares;
- (3) bonus issue to existing Shareholders;



- (4) conversion of provident funds into share capital;
- (5) other ways permitted by the laws and administrative regulations and approved by the CSRC.

Subject to the provisions of laws, regulations and the securities regulatory rules of the place where the Company's shares are listed, the Board may, upon the authorization of the shareholders' meeting, decide to issue no more than 50% of the issued shares within three years. However, if non-monetary assets are used as capital contributions, a resolution passed at the shareholders' meeting is required.

If the decision of the Board of Directors to issue shares pursuant to the provisions of the preceding paragraph results in a change in the registered capital of the Company or the number of issued shares, amendments to such matters recorded in the Articles of Association are not required to be voted on by a shareholders' meeting. Where the Board of Directors decides on the issuance of new shares in accordance with the authorization of a shareholders' meeting, the resolution of the Board of Directors shall be passed by more than two-thirds of all directors.

**Article 23** The Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the procedures as provided in the Company Law, the Stock Exchange Listing Rules and other relevant regulations and the Articles of Association. The reduced registered capital of the Company may not be less than the statutory minimum.

**Article 24** The Company shall not purchase its own shares, except under any of the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merger with another company that holds the Shares in the Company;
- (3) using the Shares for the employee share ownership scheme or equity incentive scheme;

- (4) repurchase of the Shares held by the Shareholders as requested by them since they object the resolution for the merger or spinning-off of the Company proposed at a shareholders' meeting;
- (5) using the Shares for conversion of convertible corporate bonds issued by the Company;
- (6) being necessary for the Company to protect its value and its shareholders' interests;
- (7) other circumstances as permitted by laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed.

The Company shall not engage in activities of trading in the Shares of the Company except in the circumstances described above.

**Article 25** The Company's purchase of its own shares may be made by public centralized trading or other methods recognized by laws, administrative regulations, the Stock Exchange Listing Rules, and the requirements of the CSRC and the stock exchange and securities regulatory authorities at the place where the Company's shares are listed.

Such purchase by the Company under circumstances set forth in items (3), (5) and (6), paragraph one, Article 24 hereof shall be made by public centralized trading.

**Article 26** The Company's purchase of its own shares shall be approved by resolution of the shareholders' meeting if it arises from circumstances set forth in items (1) and (2), paragraph one, Article 24 hereof, or may be approved by resolution of the meeting of Board of Directors approved by more than two thirds of attending directors in accordance with the provisions hereof or with the authorization of the shareholders' meeting, if it arises from circumstances set forth in items (3), (5) and (6), paragraph one, Article 24 hereof. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise, subject to the Company Law, the Securities Law, the Trial Administrative Measures and the Guidelines for the Articles of Association of Listed Companies, the provisions thereof shall apply.

After the Company acquires its shares under the circumstances set out in paragraph 1 of Article 24 hereof, in the case of item (1), the shares shall be canceled within ten days from the date of acquisition; in the case of items (2) and (4), the shares shall be transferred or canceled within six months; in the case of items (3), (5) and (6), the shares held in the aggregate by the Company shall not exceed 10% of the total issued shares of the Company, and the shares shall be transferred or canceled within three years. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise, subject to the Company Law, the Securities Law, the Trial Administrative Measures, the Guidelines for the Articles of Association of Listed Companies and other applicable domestic laws and regulations, the provisions thereof shall apply.

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

**Article 27** The shares of the Company may be transferred in accordance with the law. All the H Shares shall be transferred by way of a written instrument of transfer in an ordinary or general format, or any other format acceptable to the Board (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). The written instruments of transfer may be signed only by hand or (where the transferor or transferee is a company) by the Company's seal. If the transferor or transferee is a recognized clearing house (or its agent) as defined in the relevant ordinances in force from time to time in Hong Kong, the written instruments of transfer may be signed by hand or in a machine-printed form. All the instruments of transfer shall be kept at the legal address of the Company or such address as the Board may specify from time to time.

**Article 28** The Company shall not accept its own shares as collateral.

**Article 29** Shares issued by the Company prior to its public offering shall not be transferable within one year as of the date on which the shares are listed and traded in a stock exchange.

The Directors and senior management of the Company shall declare the number of shares held by them and the relevant changes to the Company. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of the same class of shares of the Company held by them. The shares of the Company held by them shall not be transferable within one year from the date of listing and trading of the shares on a stock exchange. The shares of the Company held by them shall not be transferable within six months after their resignation.

**Article 30** For shareholders, Directors and senior management holding more than 5% of the Company's shares, if they have sold the shares of the Company or other securities with an equity nature held by them within six months after purchasing, or if they have purchased such shares or securities again within six months after selling them, the gains obtained therefrom shall be attributed to the Company and be forfeited by the Board of the Company. However, securities companies holding more than 5% of the shares due to the purchase of the remaining shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

The shares or other securities with an equity nature held by Directors, senior management and natural person shareholders as mentioned in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents, children, and those held in the accounts of others.

If the Board of the Company does not comply with the provisions of preceding paragraph, the shareholders shall have the right to request the Board to do so within 30 days.

If the Board of the Company fails to follow the above-mentioned deadline, the shareholders shall have the right to file a lawsuit directly to the People's Court in their own name in the interest of the Company.

If the Board of the Company does not comply with the provisions of paragraph 1 of this article, the responsible Directors shall be jointly and severally liable in accordance with the law.

In addition to the transfer restrictions and requirements as stipulated in the Articles of Association, shareholders or individuals holding the shares or other equity securities of the Company shall also abide by other restrictions and requirements stipulated under the laws and regulations including the Company Law, the Securities Law, the Trial Administration Measures, the Guidelines for the Articles of Association of Listed Companies, the Stock Exchange Listing Rules, the regulatory rules of the CSRC as well as the securities regulatory rules of the place(s) where the Company's shares are listed.

## **Chapter 4 Shareholders and Shareholders' Meeting**

### **Section 1 Shareholders**

**Article 31** The Company shall establish a register of shareholders based on the certificates provided by the securities registration authority. The register of shareholders constitutes sufficient evidence of a shareholder's shareholding in the Company, unless there is evidence to the contrary. The register of shareholders shall be administered by the Board of Directors. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. The original register of shareholders for holders of shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong and shall be open for inspection by shareholders. However, the Company may suspend the registration of share transfers in accordance with provisions equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

If applicable laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company's shares are listed have special provisions on the suspension of the registration of changes in the register of shareholders, such provisions shall apply.

If the share certificates of any shareholders registered in the register of shareholders or any persons who request to register their names (title) in the register of shareholders are lost, these shareholders or persons may apply to the Company for replacement share certificates in respect of such shares. In the event that a shareholder of Domestic Shares loses its share certificate(s) and applies for issuing replacement share certificate(s), it shall follow the relevant procedures as stipulated in the Company Law. In the event that a shareholder of Overseas Listed Foreign Shares loses his/her share certificate(s) and applies for issuing replacement share certificate(s), he/she should follow the procedures as required by the laws, regulations of the stock exchange or other related rules in the place where the register of shareholders for such Overseas Listed Foreign Shares is kept.

**Article 32** Whenever the Company convenes a shareholders' meeting, distributes dividends, liquidates or engages in other activities requiring the confirmation of the identity of shareholders, the Board of Directors or the convener for the shareholders' meeting shall confirm the date of record, and the shareholders in record after the share market closes on the date of record shall be the shareholders who may enjoy relevant rights and interests.

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

- (1) to receive dividends and profit distributions in other forms in proportion to the shares they hold;
- (2) to file a petition, convene, hold, attend or send proxies to attend the shareholders' meetings and exercise their corresponding right to speak and vote according to laws (unless individual shareholders are required to waive their voting rights on certain matters in accordance with the relevant requirements of the place where the Company's securities are listed);
- (3) to supervise, present suggestions on or make inquiries about the operations of the Company;
- (4) to transfer, make a gift of or pledge the Company's shares held by them in accordance with laws, administrative regulations and the Articles of Association;
- (5) to consult and copy the Articles of Association, the register of shareholders, minutes of shareholders' meetings, resolutions of the Board meetings as well as financial and accounting reports, and the shareholders who meet the requirements could inspect the Company's accounting records and vouchers;
- (6) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;
- (7) to request the Company to purchase their shares for the shareholders who object to the Company's resolution on merger or split-up made by the shareholders' meetings;
- (8) to enjoy other rights stipulated by laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Company shall, in accordance with the provisions of the Articles of Association, safeguard the rights of shareholders to be informed, participate, vote, and raise questions regarding company affairs.

**Article 34** If a shareholder requests to review the above-mentioned relevant information or request materials, he/she shall provide the Company with written documents certifying the types and number of shares of the Company he/she held, and the Company shall provide such documents as required by the shareholder after verifying the identity of the shareholder.

**Article 35** A resolution of a shareholders' meeting or meeting of the Board of Directors of the Company that violates laws or administrative regulations shall be invalid.

Where the procedures for convening, or the voting method used at, a shareholders' meeting or a meeting of the Board of Directors, violates any law, administrative regulation or the Articles of Association, or where any resolution contains any content violating the Articles of Association, the shareholders may, within 60 days from the date on which the resolution is made, request the People's Court to revoke such resolution. Nonetheless, the aforesaid provision is not applicable to any minor irregularities in the procedures for convening, or the voting method used in, a shareholders' meeting or a meeting of the Board of Directors, which do not materially affect the resolution.

Where the Board of Directors, Shareholders and other stakeholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly commence litigation at the People's Court. Before the People's Court makes a judgement or ruling, such as a cancellation of a resolution, the stakeholders shall execute the resolution of the shareholders' meeting. The Company, its directors and senior management members shall perform their duties diligently to ensure the normal operation of the Company.

Where the People's Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with the requirements of laws, administrative regulations, normative documents as well as the business rules of NEEQ, fully explain the impact of the judgement or ruling on the Company, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect.

A shareholder who has not been notified to attend the shareholders' meeting may petition the People's Court to revoke such resolution within 60 days from the date on which he/she knows or should know that the resolution is made at the shareholders' meeting; if the right of revocation is not exercised within one year from the date on which the resolution is made, the right of revocation shall be extinguished.

**Article 36** A resolution of the shareholders' meeting or of the Board of Directors shall be deemed invalid under any of the following circumstances:

- (1) the resolution was made without convening a shareholders' meeting or a Board meeting;
- (2) the Shareholders' meeting or Board meeting did not vote on the resolution matters;
- (3) the number of attendees or the voting rights held did not meet the requirements stipulated by the Company Law or the Articles of Association;
- (4) the number of voters or votes in favor of the resolution matters did not meet the requirements stipulated by the Company Law or the Articles of Association.

**Article 37** In the event that a violation of laws, administrative regulations or the provisions of the Articles of Association by a director or a senior management in performing his/her duties results in losses to the Company, he/she shall be liable for compensation. In the event that a director or a senior management falls under the aforementioned circumstances, the shareholders that solely or collectively hold not less than 1% shares of the Company for a continuous period of not less than 180 days shall have the right to make a written request to the Audit Committee to institute a legal action in a People's Court. In the event that the Audit Committee falls under the aforementioned circumstances, the aforementioned shareholders shall have the right to make a written request to the Board to institute a legal action in a People's Court.

Where the Audit Committee or the Board of Directors refuses to bring a lawsuit upon receipt of a written request of shareholder described in the preceding paragraph, or fails to bring a lawsuit within 30 days upon receipt of the request, or if, in urgent situation in which failing to bring a lawsuit forthwith will cause irreparable damage to the interests of the Company, the shareholder(s) described in the preceding paragraph may bring a lawsuit before the People's Court directly in his or their own name(s) for the account of the Company.

Where others infringe upon the lawful interest of the Company, giving rise to any loss of the Company, the shareholders described in paragraph one of this Article may bring a lawsuit before the People's Court in accordance with the two preceding paragraphs.



Where the directors, supervisors (if any), senior management of a wholly-owned subsidiary of the Company violate the provisions of laws, administrative regulations or the Articles of Association during the performance of their duties and cause losses to the Company, or if any third parties infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, the shareholders severally or jointly holding 1% or more of the Company's shares for a period of 180 consecutive days or longer, in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law, are entitled to request the supervisory committee/audit committee or the board of the wholly-owned subsidiary to initiate legal proceedings with the People's Court in writing or directly initiate legal proceedings with the People's Court in its own name.

**Article 38** In the event of the violation of laws, administrative regulations or the provisions of the Articles of Association by a director or a senior management, causing damage to the shareholders' interests, the shareholders may institute a legal action with the People's Court.

Where the directors and the senior management cause damage to others in the course of performing their duties, the Company shall be liable for compensation; where the directors or the senior management act with willful or material default, they shall also be liable for compensation.

If a controlling shareholder or actual controller of the Company instructs a director or a senior management member to act in a manner detrimental to the Company or Shareholders' interests, such shareholder/controller shall bear joint and several liability with such director or senior management member.

**Article 39** Shareholders of the Company shall assume the following obligations:

- (1) Complying with the laws, administrative regulations and the Articles of Association;
- (2) Paying subscription moneys for the shares subscribed in accordance with the agreed manner of payment;
- (3) Not to withdraw its share capital except for the circumstances set out in the relevant laws and administrative regulations;

- (4) No abuse of shareholders' rights to damage the interests of the Company or other shareholders; no abuse of the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;
- (5) Other obligations that should be assumed under laws, administrative regulations and the Articles of Association.

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 Company's status as an independent legal person 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.

**Article 40** Where a shareholder holding more than 5% of voting Shares of the Company pledges any Shares in his/her possession, he/she shall report the same to the Company in writing on the day on which he/she pledges his/her shares.

**Article 41** The controlling shareholders, actual controllers, directors, and senior management of the Company shall not use their related relationships or any other means to harm the interests of the Company or the lawful rights and interests of other shareholders. Any violation of the foregoing provision that causes losses to the Company shall be subject to liability for compensation. Controlling shareholders and actual controllers who violate relevant laws, regulations, and the provisions of the Articles of Association, thereby causing losses to the Company and other shareholders, shall bear liability for compensation.

**Article 42** The controlling shareholders and actual controllers of the Company shall have fiduciary duties towards the other shareholders of the Company. The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws. The controlling shareholders shall not infringe the legitimate rights of the Company and other shareholders through profit distribution, asset restructuring, foreign investment, capital appropriation and loan guarantee, and shall not make use of their controlling status to jeopardize the interests of the Company and other shareholders.

**Article 43** The Company shall actively take measures to prevent shareholders and their related parties from occupying or transferring the Company's funds, assets and other resources.

Controlling shareholders, actual controllers and their related parties shall not appropriate company funds in any of the following ways:

- (1) The Company advances wages, benefits, insurance, advertising, and other expenses and expenditures for the controlling shareholders, actual controllers and their related parties;
- (2) The Company repays debts on behalf of the controlling shareholders, actual controllers and their related parties;
- (3) Borrowing funds from the Company, with or without compensation, directly or indirectly, to the controlling shareholders, actual controllers and their related parties;
- (4) Debts arising from the Company's failure to timely repay guarantees provided to controlling shareholders, actual controllers, and their related parties;
- (5) The Company provides funds to the controlling shareholders, actual controllers, and their related parties without receiving any goods or services in return;
- (6) Other forms of fund occupation as determined by laws, normative documents, or the listing rules of the place where the Company's shares are listed.

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

**Article 44** The shareholders' meeting is the highest authority of the Company, and shall exercise the following power in accordance with the law:

- (1) decide the business objectives and investment plans of the Company;
- (2) elect and replace the directors who are not employee representatives, and decide on matters related to the remuneration of directors;

- (3) consider and approve the report of the Board of Directors;
- (4) consider and approve the annual financial budgets and final accounting plans of the Company;
- (5) consider and approve the profit distribution plan and loss recovery plan of the Company;
- (6) resolve on the increase or decrease in registered capital of the Company;
- (7) resolve on the issuance of bonds of the Company;
- (8) resolve on matters such as merger, division, dissolution and liquidation of the Company or alteration on the form of the Company;
- (9) amend the Articles of Association;
- (10) resolve on the appointment and dismissal of accounting firms undertaking the Company's audit business;
- (11) consider the guarantee issues requiring shareholder approval in accordance with the provisions of the Articles of Association;
- (12) consider and approve matters relating to changes in the use of proceeds;
- (13) consider transactions (excluding the provision of guarantees) that meet any of the following criteria:
  - 1. Where the total assets involved in the transaction (taking the higher of book value and appraised value, if both exist) or the transaction amount accounts for more than 50% of the Company's total audited assets in the most recent fiscal year;
  - 2. Where the net assets involved in the transaction or the transaction amount accounts for more than 50% of the absolute value of the Company's audited net assets in the most recent fiscal year and exceeds RMB15 million;

- (14) consider matters concerning the provision of financial assistance to external parties that require approval by the shareholders' meeting in accordance with the provisions of the Articles of Association;
- (15) consider the following related-party transactions:
1. Consider transactions with related parties where the transaction amount (excluding guarantees) exceeds 5% of the Company's most recent audited total assets and exceeds RMB30 million, or transactions exceeding 30% of the Company's most recent audited total assets;
  2. The Company provides guarantees for related parties.
- (16) consider equity incentive plans and employee stock ownership plans;
- (17) delegate the Board of Directors to resolve on the issue of corporate bonds subject to compliance with relevant laws and regulations and the requirements of the securities regulatory rules of the place where the Company's shares are listed;
- (18) consider other matters to be approved at the shareholders' meeting as required by the laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

**Article 45** Where the Company provides a guarantee that meets any of the following circumstances, it shall be submitted to the shareholders' meeting for consideration:

- (1) any guarantee provided after the total amount of external guarantees provided by the Company and its holding subsidiary exceeds 50% of the latest audited net assets of the Company;
- (2) any guarantee exceeding 30% of the Company's latest audited total assets in accordance with the principle of cumulative calculation of the guarantee amount for 12 consecutive months;
- (3) any guarantee to be provided to a party which has an asset-liability ratio of over 70%;

- (4) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;
- (5) any guarantee to be provided to related parties or shareholders, actual controllers and their related party;
- (6) estimated guarantee amount for its holding subsidiaries over the next 12 months;
- (7) other external guarantees that shall be submitted to the shareholders' meeting for consideration as required by laws, normative documents or the listing rules of the place where the shares of the Company are listed.

The external guarantee matters to be considered by the shareholders' meeting must be reviewed and approved by the Board of Directors before they can be submitted to the shareholders' meeting for consideration.

When the shareholders' meeting deliberates on guarantee proposals provided for shareholders, actual controllers, and their related parties, such shareholders or shareholders under the control of the actual controller shall not participate in the vote on that item, and the vote must be passed by more than half of the voting rights held by other shareholders attending the meeting.

**Article 46** The Company shall strictly comply with the approval authority and deliberation procedures stipulated in the Articles of Association when providing guarantees to external parties. The accountability mechanism for violations of approval authority and deliberation procedures shall be executed in accordance with the Management Rules for External Guarantees of the Company and other relevant provisions.

The Company may waive the requirement for guarantees provided to its wholly-owned subsidiary, or guarantees provided to its holding subsidiary where other shareholders of such subsidiary provide guarantees in the same proportion of their rights and interests, provided that such waivers do not prejudice the interests of the Company, unless otherwise stipulated in the Articles of Association.

**Article 47** The following external financial assistance provided by the Company shall be considered and approved by the shareholders' meeting:

- (1) the latest gearing ratio of the party receiving assistance exceeded 70%;
- (2) the amount of single financial assistance or the accumulated amount of financial assistance within 12 consecutive months exceeded 10% of the latest audited net assets of the Company;
- (3) any other circumstance so specified by the laws, regulations or the Articles of Association.

The Company shall not provide funds or other financial assistance to related parties including directors, senior management, controlling shareholders, actual controllers and enterprises under their control.

If the recipient of the financial assistance is a subsidiary within the scope of the consolidated financial statements, it may be exempted from the deliberation procedures of the Board of Directors and shareholders' meeting, unless otherwise specified or unless it would harm the legitimate rights and interests of shareholders.

If outstanding financial assistance provided to external parties has not been recovered upon its due date, the listed company shall not continue to provide or increase financial assistance to the same recipient.

**Article 48** Shareholders' meetings are classified as annual shareholders' meetings and extraordinary shareholders' meetings. An annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous accounting year.

**Article 49** Under any of the following circumstances, the Company shall hold an extraordinary shareholders' meeting within two months from the date of occurrence:

- (1) When the number of directors is less than the number stipulated by the Company Law or two-thirds of the number stipulated by the Articles of Association;
- (2) When the Company's unrecovered losses reach one-third of the total share capital;

- (3) When shareholders who individually or jointly hold 10% or more of the Company's shares request it;
- (4) When the Board of Directors deems it necessary;
- (5) When the Audit Committee proposes to convene;
- (6) Other circumstances stipulated by laws, administrative regulations, departmental rules, or the Articles of Association.

If the extraordinary shareholders' meeting is convened in response to the provisions of the securities regulatory rules of the place where the Company's shares are listed, the actual date of the extraordinary shareholders' meeting may be adjusted in accordance with the provisions of the relevant rules of the stock exchange where the Company's shares are listed (if applicable).

**Article 50** The venue for the shareholders' meeting of the Company shall be the domicile of the Company or such other place as may be determined by the Board of Directors.

The shareholders' meeting shall be conducted in the form of a physical meeting at the designated venue for meeting. The time and place of the on-site meeting shall be selected to facilitate the participation of shareholders. The Company shall ensure that shareholders' meetings are conducted lawfully and effectively. The Board of the Company may, according to the specific circumstances and in accordance with the provisions of laws, administrative regulations, the securities regulatory authority of the place where the Company's shares are listed, the Stock Exchange Listing Rules or the Articles of Association, where applicable, adopt other voting methods to facilitate the shareholders' participation in the shareholders' meeting. Shareholders who attend the shareholders' meeting in the above-mentioned manner shall be deemed to be present at the meeting.

A shareholder may attend the shareholders' meeting in person or appoint a proxy to attend and vote on his/her behalf.



**Article 51** When convening an annual shareholders' meeting or a shareholders' meeting that provides online voting, the Company shall retain a lawyer to issue a legal opinion and make an announcement on the following matters:

- (1) whether the convening of the meeting and the procedures for convening the meeting are in compliance with the laws, administrative regulations and the Articles of Association;
- (2) whether the qualifications of the officers present at the meeting, and of the convener are lawful and valid;
- (3) whether the voting procedures at the meeting and the voting results are lawful and valid;
- (4) other legal opinions to be presented on other relevant matters at the request of the Company.

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

**Article 52** The shareholders' meeting shall be convened by the Board of Directors, unless otherwise provided by the laws or the Articles of Association.

**Article 53** Subject to the consent of more than half of all independent non-executive directors, the independent non-executive directors (same as the independent director referred to under the Governance Rules for Companies Listed on the National Equities Exchange and Quotations (《全國中小企業股份轉讓系統掛牌公司治理規則》)) have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. In respect of such a proposal from the independent non-executive directors to convene an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide a written reply of its consent or dissent to the convening of the extraordinary shareholders' meeting within ten days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice to convene the shareholders' meeting within five days after the board resolution is made; if the Board of Directors disagrees to convene the extraordinary shareholders' meeting, it shall state the reasons and make an announcement therefor.

**Article 54** The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within ten days after receiving the proposal.

If the Board of Directors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice to convene the extraordinary shareholders' meeting within five days after the board resolution is made. Any amendments to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene the extraordinary shareholders' meeting, or fails to provide a written reply within ten days upon receipt of the proposal, the Board of Directors shall be deemed to be unable or to have failed to perform its duty to convene the extraordinary shareholders' meeting, in which case the Audit Committee may convene and preside over such meeting on its own.

**Article 55** If the Board of Directors is unable or fails to fulfill the obligation of convening the shareholders' meetings, the Audit Committee shall convene and preside over such meetings in a timely manner. If the Audit Committee does not convene or preside over such meetings, the shareholders individually or jointly holding 10% or more of the shares of the Company for over ninety consecutive days may convene and preside over such meetings on their own initiative. Where shareholders individually or in aggregate holding 10% or more of the Company's shares request to convene an extraordinary shareholders' meeting, the Board of Directors and the Audit Committee shall, within ten days after receipt of such request, decide whether to convene the extraordinary shareholders' meeting and reply to the shareholders in writing. Where the laws, administrative regulations, and the relevant rules of the securities regulatory authorities in the places where the shares of the Company are listed provided otherwise, the provisions shall prevail.

**Article 56** If the Audit Committee or shareholder(s) decide(s) to convene the shareholders' meeting by itself/themselves, it/they shall issue a written notice to the Board. Where shareholders convene a shareholders' meeting themselves, the proportion of shares held by the convening shareholders shall not be less than 10% from the date of convening the meeting until the announcement of the resolution.

**Article 57** Where a shareholders' meeting is convened by the Audit Committee or by shareholders themselves, written notice shall be given to the Board of Directors and a notice convening the shareholders' meeting shall be issued. Concurrently, such convening shall be filed with the securities regulatory authority at the Company's place of registration and the stock exchange where the Company's shares are listed, in accordance with applicable regulations. The Board of Directors and the secretary to the Board of Directors shall coordinate accordingly. The Board of Directors will provide the register of shareholders as of the record date. The register of shareholders provided to the convener shall not be used for purposes other than convening the shareholders' meeting. The Audit Committee or the convening shareholder shall, upon issuing the notice of the shareholders' meeting and the announcement of the shareholders' meeting resolution, submit relevant supporting documentation to the securities regulatory authority at the Company's place of registration and the stock exchange where the Company's shares are listed, in accordance with applicable regulations.

**Article 58** All necessary expenses incurred by the Audit Committee or the shareholders to convene the shareholders' meeting shall be assumed by the Company.

#### **Section 4 Proposals and Notices of Shareholders' Meeting**

**Article 59** The contents of a proposal shall be within the scope of the duties and powers of the shareholders' meeting, have definite themes and specific matters for resolutions, as well as be in compliance with the laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, and the relevant requirements set forth in the Articles of Association. The proposal shall be submitted in writing or delivered to the convener.

**Article 60** When the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee and shareholders who individually or together hold 1% or more of the shares of the Company are entitled to put forward a proposal to the Company.

The shareholders who individually or collectively hold more than 1% of the Company's shares may raise a temporary proposal and submit it to the convener in writing ten days before the shareholders' meeting is held. The temporary proposal shall have a clear agenda and specific resolutions. The convener shall, within two days after the receipt of the proposal, issue a supplementary notice to announce the content of the temporary proposal and submit such temporary proposal to the shareholders' meeting for consideration, except where the temporary proposal violates the provisions of laws, administrative regulations or the Articles of Association, or is not within the scope of authority of the shareholders' meeting.

Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals set out in the notice of shareholders' meeting or add any new proposals subsequent to the announcement on the notice of the shareholders' meeting.

For the publication of the supplementary notice of the shareholders' meeting, if there are special provisions under the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail, provided that the Company Law, the Securities Law, the Trial Administrative Measures, the Guidelines for Articles of Association of Listed Companies and other applicable domestic laws and regulations are not violated. If the shareholders' meeting shall be postponed due to the issuance of a supplementary notice of the shareholders' meeting in accordance with the securities regulatory rules of the place where the Company's shares are listed, the convening of the shareholders' meeting shall be postponed pursuant to the provisions of the securities regulatory rules of the place where the Company's shares are listed.

The shareholders' meeting shall not vote or pass resolutions on proposals not listed in the notice of the shareholders' meeting or not in conformity with the requirements of the Articles of Association.

**Article 61** The convener shall notify all shareholders by written meeting notice twenty-one days before the date of convening the annual shareholders' meeting and fifteen days before the date of convening the extraordinary shareholders' meeting. Unless all shareholders agree, the notice for such a meeting may be exempt from the notice period or notice system requirements.

**Article 62** The notice of any shareholders' meeting shall specify, among others:

- (1) time, place and duration of the meeting;
- (2) matters and proposals submitted to the meeting for consideration;
- (3) date of record for determining the shareholders' entitlement to attend the shareholders' meeting;
- (4) indicating that all ordinary shareholders (including preference shareholders with restored voting rights) are entitled to attend shareholders' meeting and may entrust proxies in writing to attend and participate in voting at the meeting, and that the proxy need not be a shareholder of the Company;
- (5) name and telephone number of the regular contact person for the meeting;
- (6) time and process of voting online or by other means;
- (7) other matters as stipulated by laws, regulations, and normative documents.

Each notice or supplementary notice of shareholders' meeting shall sufficiently and completely disclose the specific contents of all proposals. If the matters to be discussed at the shareholders' meeting require the opinions of the independent non-executive directors, the opinions and the reasons of such independent non-executive directors shall be also disclosed simultaneously in such notice or supplementary notice of shareholders' meeting.

The interval between the equity registration date and the date of the meeting shall not exceed 7 trading days, and shall be no later than the time of disclosure of the notice of the shareholders' meeting. Once the equity registration date is fixed, it may not be changed.

**Article 63** If the shareholders' meeting is to discuss the election of directors, the notice shall fully disclose detailed information about each candidate, including at least the following:

- (1) Educational background, work experience, concurrent positions, and other personal information;
- (2) Whether there is any relationship with the Company, its controlling shareholders, or actual controllers;
- (3) The number of shares held in the Company;
- (4) Whether there are penalties imposed by CSRC and other relevant authorities and punishments imposed by the stock exchanges;
- (5) Information on newly appointed, re-elected or re-designated directors as required to be disclosed by the securities regulatory rules of the place where the Company's shares are listed.

Except for the election of directors by cumulative voting, each candidate for director shall be put forward by a single proposal.

**Article 64** After the notice of the shareholders' meeting is given, the shareholders' meeting shall not be postponed or cancelled without justifiable reasons, and the proposals specified in the notice of the shareholders' meeting shall not be cancelled. In the event of an adjournment or cancellation, the convener shall make an announcement at least two working days prior to the originally scheduled date and explain the reasons. Where a shareholders' meeting is adjourned, the date of the adjourned meeting shall be stated in the announcement. Where securities regulatory rules of the place where the Company's shares are listed contain specific provisions regarding procedures for postponing or canceling shareholders' meetings, such rules shall prevail provided they do not conflict with the Company Law, the Securities Law, the Trial Administrative Measures, the Guidelines for Articles of Association of Listed Companies and other applicable domestic laws and regulations.

## **Section 5 Conducting the Shareholders' Meetings**

**Article 65** The Board of Directors of the Company and other conveners will take all necessary measures to ensure that the shareholders' meeting is conducted in an orderly manner. For conducts which interrupts the shareholders' meeting, provoke troubles, and infringe the legitimate rights of the shareholders, the Company will take measures to stop the conduct and will report such to the relevant authorities in a timely manner for their investigation.

**Article 66** All shareholders in the register as at the date of registration of shareholdings or their proxies shall be entitled to attend the shareholders' meeting, and to exercise their voting rights at the meeting pursuant to the relevant laws, regulations, the Stock Exchange Listing Rules and the Articles of Association.

Shareholders may attend the shareholders' meeting in person or appoint a proxy (who need not be a shareholder of the Company) to attend and vote on their behalf, provided that such appointment complies with the securities regulatory rules of the place where the Company's shares are listed. If a shareholder is a recognized clearing house as defined in the relevant ordinances enacted from time to time in Hong Kong (or its proxy), such shareholder may authorize the corporate representative(s) or one or more persons as it thinks fit to act as its representative(s) at any shareholders' meeting. Where a shareholder entrusts a proxy to attend the shareholders' meeting, he/she shall clarify the matters, powers and terms of the proxy.

**Article 67** Where the natural person shareholder attends in person the shareholders' meeting, he/she shall present his/her identification card or other valid document of identification and shareholding certificates. When authorizing another person to attend on their behalf, the proxy shall present their own valid identification documents, the principal's valid identification documents, the shareholder authorization letter, and the principal's shareholding certificates.

Corporate shareholders shall be represented at the meeting by their legal representative or a proxy authorized by the legal representative. If the legal representative attends the meeting, he/she shall present his/her personal ID card and valid proof of his/her qualification as the legal representative and shareholding certificates; if a proxy attends the meeting, the proxy shall present his/her own personal ID card, a written proxy form lawfully issued by the legal representative of the corporate shareholder entity and the principal's shareholding certificates.

A non-corporate shareholder shall entrust the person in charge of the organization or the agent entrusted by the person in charge to attend the shareholders' meetings (which shall be deemed to represent the non-corporate shareholder in person). The person in charge of the organization attending the shareholders' meeting shall produce his/her identity card and valid proof showing his or her capacities as the person in charge and shareholding certificates; the proxy attending the shareholders' meeting shall produce his/her identity card and a power of attorney in writing duly issued by the person in charge of the organization according to law and the principal's shareholding certificates.

If a shareholder is a recognized clearing house (hereinafter referred to as "recognized clearing house") defined from time to time in the relevant clauses of Hong Kong laws or the securities regulatory rules of the place where the Company's shares are listed or the proxy of the clearing house, such shareholder may appoint one or more person(s) as it thinks fit to act as its representative(s) at any shareholders' meeting or creditors' meeting. However, if more than one proxy is appointed, the instruments of proxy shall specify the number and class of shares that each proxy represents. Such duly-authorized persons may exercise rights (including the right to speak and vote) on behalf of the recognized clearing house (or its agent) without presenting share certificates, notarized authorizations, and/or further evidence to substantiate their formal authorization, as if such persons were individual shareholders of the Company.



**Article 68** The power of attorney issued by a shareholder authorizing another person to attend the shareholders' meeting shall state the following information:

- (1) The name of the proxy;
- (2) Whether the proxy has voting power;
- (3) The respective instructions on voting for, against or abstain on each matter to be considered on the agenda of the shareholders' meeting;
- (4) The issuance date and the validity period of the power of attorney;
- (5) The signature (or the seal) of the principal.

If the principal is a corporate or non-corporate entity shareholder, the corporate or non-corporate entity seal shall be affixed.

**Article 69** The proxy form shall contain a statement regarding whether the proxy can vote as he/she thinks fit in the absence of specific instructions from the appointing shareholder.

**Article 70** Proxy forms shall be deposited at the address of the Company or other places specified in the notice of the meeting twenty-four hours before the relevant meeting for voting according to the proxy form, or twenty-four hours before the designated time of voting.

Where the proxy form for proxy voting is signed by a person authorized by the principal to do so, the letter of authorization for such signing or other authorizing documents shall be notarized. The notarized letter of authorization or other authorizing documents, along with the proxy form, shall be kept at the Company's registered address or another location specified in the notice convening the meeting.

Where the principal is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the shareholders' meetings of the Company as the representative of such legal person.

Where the principal is an unincorporated organization, its representative shall be the person authorized by the organization's responsible officer or decision-making body to attend the shareholders' meeting of the Company.

**Article 71** The register of the persons attending the meeting shall be prepared by the Company. The register shall set out the names of the persons attending the meeting (or names of the entity they are from), their ID card numbers, numbers of shares held or representing voting rights and names of the proxies (or names of the entity they are from).

**Article 72** The convener shall verify the qualification of the shareholders according to the register of shareholders provided by the securities registration and clearing institution, and register the name of each shareholder and the number of shares with voting rights they hold.

The meeting registration shall be terminated by the time the meeting presider announces the number of shareholders and proxies present in person at the meeting as well as the total number of shares with voting rights they hold.

**Article 73** When a shareholders' meeting is convened, all the directors and the secretary to the Board of Directors of the Company shall attend the meeting, and the general manager and other senior management shall be present at such meeting as non-voting attendees, except in cases where they are unable to attend or be present at the meeting as non-voting attendees for objective reasons. Subject to the compliance with the securities regulatory rules of the places where the Company's shares are listed, the above-mentioned persons may attend or be present at the meeting as non-voting attendees through the Internet, video, telephone or other means with equivalent effect.

**Article 74** The shareholders' meeting shall be chaired by the Chairman of the Board. In the event that the Chairman of the Board is unable to or fails to perform his/her duties, a director jointly elected by a majority of the directors shall chair the meeting.

The shareholders' meeting convened by the Audit Committee on its own initiative shall be chaired by the chairperson of the Audit Committee. In the event that the chairperson of the Audit Committee is unable to or fails to perform his/her duties, a member of the Audit Committee jointly elected by a majority of the members of the Audit Committee shall chair the meeting.

The shareholders' meeting convened by shareholders on their own initiative shall be chaired by the representative nominated by the convener.

When convening the shareholders' meeting, if the chairman of the meeting breaches the procedural rules causing the shareholders' meeting to be unable to proceed, with the consent of more than half of the shareholders with voting rights attending the shareholders' meeting at present, the shareholders' meeting may nominate a person to act as the chairman of the meeting to continue convening such meeting.

**Article 75** The Company shall formulate the rules of procedures for shareholders' meetings, stipulating in detail the procedures for holding a shareholders' meeting and voting thereat, which shall include, among others, the notice, registration, consideration of proposals, voting, vote counting, announcement of voting results, formulation of resolutions of the meeting, minutes and their signing, and announcements, as well as the principles of authorization from the shareholders' meeting to the Board of Directors. The content of authorization shall be clear and specific.

The rules of procedures for shareholders' meetings shall be prepared by the Board of Directors and approved at a shareholders' meeting as an annex to the Articles of Association.

**Article 76** At the annual shareholders' meeting, the Board of Directors shall report to the shareholders' meeting on its work in the past year. Each independent non-executive director shall also report his/her work.

**Article 77** The Directors and senior management members shall give elaborations and explanations to the queries raised and suggestions made by the Shareholders at the shareholders' meetings, except for those related to the trade secrets of the Company that cannot be disclosed at the shareholders' meetings.

**Article 78** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them, which shall be subject to registration for the meeting.

**Article 79** Minutes shall be maintained for shareholders' meetings and shall be kept by the secretary to the Board of Directors. The minutes shall record the following:

- (1) the date and venue of, and the agenda for the meeting, as well as the name or title of its convener;
- (2) the name of the chairman of the meeting as well as the names of the directors, the general and other senior management members attending or present at the meeting as non-voting attendees;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and their proportion to the total number of shares of the Company;
- (4) the consideration process, the main points of speeches for and the voting results of each proposal;
- (5) the queries, comments or suggestions from the Shareholders and the corresponding responses or explanations;
- (6) the names of vote counters, and scrutineers;
- (7) other matters which shall be recorded in the minutes as required by the Articles of Association.

**Article 80** The convener shall guarantee the authenticity, accuracy and completeness of the content of the minutes of the meeting. The directors, secretary to the Board of Directors, the convener or their representative, and the chairman of the meeting attending the meeting shall sign on the minutes.

The minutes of the meeting shall be kept together with the attendance register of shareholders present in person, the powers of attorney for shareholders attending by proxy, and the valid voting records cast via online or other means, and shall be preserved for a period of not less than 10 years.

**Article 81** The convener shall ensure that the shareholders' meeting is held continuously until a final resolution is reached. If the shareholders' meeting is suspended or unable to reach a resolution due to force majeure or other special circumstances, necessary measures shall be taken to resume the meeting as soon as possible or to terminate the meeting directly, and timely announcement and/or reporting shall be made in accordance with applicable laws, administrative regulations, departmental rules, normative documents, or the securities regulatory rules of the stock exchange on which the Company's shares are listed.

## **Section 6 Voting and Resolutions at Shareholders' Meeting**

**Article 82** Resolutions of the shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution made by the shareholders' meeting shall be passed by more than half of the votes held by the shareholders (including proxies of shareholders) attending the shareholders' meeting.

A special resolution made by the shareholders' meeting shall be passed by a two-thirds majority of the votes held by the shareholders (including proxies of shareholders) attending the shareholders' meeting.

**Article 83** The following matters shall be approved by the shareholders' meeting by way of an ordinary resolution:

- (1) the Company's business policies and investment plans;
- (2) the work report of the Board of Directors;
- (3) the profit distribution plan and loss-recovery plan proposed by the Board of Directors;
- (4) the appointment and removal of members of the Board of Directors, and their remuneration and methods of payment;
- (5) the Company's annual budget plan and final accounts plan;
- (6) the Company's annual report;

- (7) any other matters not otherwise required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be passed by a special resolution.

**Article 84** The following matters shall be approved by the shareholders' meeting by way of a special resolution:

- (1) Increase or decrease of the Company's registered capital;
- (2) Division, spin-off, merger, dissolution or liquidation of the Company, or change of the Company's corporate form;
- (3) Amendments to the Articles of Association;
- (4) Any purchase or disposal of material assets by the Company, or provision of guarantees to others, within one year where the transaction amount exceeds 30% of the Company's latest audited total assets;
- (5) Equity incentive plans;
- (6) Application for delisting of the Company's shares or withdrawal of such delisting application;
- (7) Public offering and listing of shares or private placement of shares;
- (8) Changes to arrangements involving differential voting rights;
- (9) Other matters required by laws, administrative regulations, securities regulatory rules of the place on which the Company's shares are listed, or the Articles of Association, which may have a significant impact on the Company according to an ordinary resolution of the shareholders' meeting, to be adopted by way of a special resolution.

**Article 85** Shareholders (including proxies) shall exercise their voting rights in respect of the number of voting shares they represent, with each share carrying one vote, unless otherwise required by laws, administrative regulations, departmental rules, normative documents, or the securities regulatory rules of the place on which the Company's shares are listed. When casting votes, shareholders (including proxies) holding two or more votes are not required to cast all of their votes in favour, against, or abstain.

Where applicable laws, administrative regulations, departmental rules, normative documents, or the securities regulatory rules of the place on which the Company's shares are listed require that, when considering material matters affecting the interests of minority investors at the shareholder's meeting, the votes of minority investors shall be counted separately, and such requirement shall be complied with. The results of such separate vote counting shall be disclosed in a timely manner in accordance with applicable laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place on which the Company's shares are listed (if required).

Shares of the Company held by the Company itself shall carry no voting rights and shall not be counted in the total number of voting shares represented at a shareholders' meeting. A subsidiary controlled by the Company shall not acquire shares of the Company. If shares are held due to special circumstances, such circumstances shall be eliminated in accordance with the law within one year. Before such circumstances are eliminated, the relevant subsidiary shall not exercise the voting rights attached to the shares it holds, and such shares shall not be counted in the total number of voting shares represented at a shareholders' meeting.

The Board of Directors, independent non-executive directors, shareholders holding 1% or more of the voting shares, or investor protection institutions established pursuant to laws, administrative regulations, or the requirements of the CSRC may publicly solicit voting rights from shareholders. Any solicitation of voting rights shall fully disclose to the solicited persons the specific voting intentions and other relevant information. It is prohibited to solicit voting rights for consideration or in a disguised form of consideration. Except as required by law, the Company shall not impose any minimum shareholding requirement for the solicitation of voting rights.

In accordance with applicable laws, administrative regulations, departmental rules, normative documents, and the Stock Exchange Listing Rules, where any shareholder is prohibited from exercising voting rights in respect of certain shares, or is required to abstain from voting on any resolution, or is restricted to voting only for or only against a resolution, any vote cast by such shareholders (or their proxies) in violation of such requirements or restrictions shall not be counted in the voting results.

**Article 86** When the shareholders' meeting considers matters relating to related transactions (including connected transactions as defined under the Stock Exchange Listing Rules), related shareholders (including shareholders with a material interest in the transaction) shall abstain from voting, and the voting shares they represent shall not be counted in the total number of valid votes. The announcement of the shareholders' meeting resolution shall fully disclose the voting results of the non-related shareholders.

Where matters considered at the shareholders' meeting involve related transactions, related shareholders may voluntarily apply for abstention, and other shareholders of the Company as well as the Board of Directors may request that the related shareholders abstain. Such applications shall be submitted in writing before the shareholders' meeting is convened, and the Board of Directors shall have the obligation to notify the relevant shareholders immediately. The relevant shareholders may raise objections to such applications; if no objection is raised before the vote, the shareholder requested to abstain shall abstain. If an objection is raised, the Audit Committee may be requested to make a decision on the application.

**Article 87** When the shareholders' meeting considers matters relating to related transactions, the procedures for abstention and voting by related shareholders shall be as follows:

- (1) If a resolution to be considered at the shareholders' meeting involves a related party relationship with a shareholder, such shareholder shall disclose its related relationship to the Board of Directors prior to the convening of the shareholders' meeting and shall expressly state that he/she will abstain from voting;
- (2) When the shareholders' meeting considers matters relating to related party transactions, the chairman of the meeting shall announce the shareholders having such related party relationships and shall explain and clarify the nature of the related party relationship between the related shareholders and the related transaction;



- (3) The chairman of the meeting shall announce the abstention of the related shareholders, and the non-related shareholders shall consider and vote on the related transaction matter;
- (4) For voting on related transaction matters at the shareholders' meeting, an ordinary resolution shall be valid only if it is approved by a majority of the valid voting rights held by the non-related shareholders (including proxies) attending the meeting, excluding the related shareholders; and a special resolution shall be valid only if it is approved by not less than two-thirds of the valid voting rights held by the non-related shareholders (including proxies) attending the meeting, excluding the related shareholders.

If related shareholders fail to disclose or evade related relationships in accordance with the above procedures, the resolution on the related issue shall be invalid and require re-approval.

**Article 88** Unless the Company is in a crisis or under any other special circumstances, without the approval of a shareholders' meeting by a special resolution, the Company shall not enter into a contract with any person other than a director, the general manager or any other senior management under which the person takes charge of all or any major business of the Company.

**Article 89** The names of the candidates for directors shall be put forward for voting at the shareholders' meeting by way of a proposal. When the shareholders' meeting votes on the election of directors, the cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolution of the shareholders' meeting. Before votes are cast on the candidates for directors at the shareholders' meeting by adopting the cumulative voting system, the chairman of the shareholders' meeting shall definitely inform the shareholders present that the cumulative voting method shall be adopted for the election of directors, and the secretary of the Board of Directors shall specify and explain the cumulative voting method, ballot filling method and other specific operations. The Board of Directors shall announce resumes and basic conditions of the director candidates to the shareholders.

The cumulative voting system referred to in the preceding paragraph means that when directors are being elected during a shareholders' meeting, each share shall carry the same number of voting rights as the number of directors to be elected, and the voting rights held by shareholders may be used collectively. That is, each valid voting share held by the shareholders shall represent the same number of votes as the total number of the directors to be elected at the shareholders' meeting, and the votes held by a shareholder are equal to the number of shares he/she holds multiplied by the total number of the directors to be elected. A shareholder may vote for one candidate for directors with all his/her voting rights, or may exercise their voting rights separately and vote for several candidates for directors. The elected candidates shall be determined based on the final number of votes cast for the candidates.

The term of office of directors elected through the cumulative voting mechanism shall not be staggered, i.e., the term of office of directors re-elected due to a vacancy during a term shall be for the remainder of the current term, and they shall not serve for any other term.

The term "directors" as referred in this Article includes independent non-executive directors.

Cumulative voting system shall be adopted for a company in which a single shareholder and its parties acting in concert are interested in 30% or above of the total shares of the company.

**Article 90** The methods and procedures for the nomination of candidates to directors are as follows:

- (1) The candidate for shareholder representative director shall be nominated and recommended in writing to the Board of Directors by the shareholders who individually or jointly hold more than 1% of the shares, and the relevant shareholders shall submit the resumes and basic information of the candidates of director nominated and recommended by them to the Board of Directors which shall be submitted to the shareholders' meeting for election after the qualification review by the Board of Directors;

- (2) The employee representative of the Board of Directors shall be elected by the Company's employees through employee representatives meetings, employee meetings or through other forms of democratic election.

Candidates for directors shall make written commitments as required by the Company, including but not limited to agreeing to accept the nomination, undertaking that the personal information submitted by them is true and complete, and warranting that they will earnestly perform their duties after being elected.

At the shareholders' meeting for the election of directors, the presider of the meeting shall explain the specific content and voting rules of the cumulative voting system to the shareholders, and inform them of the voting rights of each share in the election of directors.

When implementing the cumulative voting system, the voting shareholders must indicate all the directors they elect on one ballot, and indicate the number of voting rights they use behind each director they elect. If the total number of voting rights used by the shareholder on the ballot exceeds the total number of voting rights legally owned by such shareholder, the ballot will be invalid.

When counting the votes, the total number of voting rights obtained by each candidate for director shall be counted to determine the election of directors.

**Article 91** Save under the cumulative voting system, the shareholders' meeting shall resolve on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the shareholders' meeting is terminated or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' meeting.

**Article 92** No amendment shall be made to a proposal when it is considered at a shareholders' meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the shareholders' meeting.

**Article 93** The same voting right can only be exercised in only one form: on-site, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 94** The voting at the shareholders' meeting will be taken by way of registered poll.

**Article 95** Before proposals are voted on at the shareholders' meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. If the matters under consideration are of interest to shareholders, the said shareholder and proxy thereof shall not participate in vote counting and scrutinizing.

When proposals are voted on at the shareholders' meeting, attorney, if any, shareholders' representatives shall be jointly responsible for vote counting and scrutinizing and shall announce the voting results on the spot, and the voting results of the resolutions shall be recorded in the meeting minutes.

Shareholders of the Company or proxies thereof voting over the network or by other means shall have the right to check their voting results via the corresponding voting system.

**Article 96** The on-site meeting of shareholders' meeting shall end no earlier than the meeting held online or otherwise and the presider of the meeting shall announce the vote and the result of each proposal and, based on the result of the vote, whether the proposal is adopted or not.

Until the official announcement of the voting results, the Company, the vote counters, the scrutineers, the substantial shareholders, the network service provider and other parties involved in the on-site, online and other voting methods at the shareholders' meeting shall be subject to an obligation of confidentiality.

**Article 97** Shareholders attending a shareholders' meeting, other than those shall abstain from voting, should express one of the following opinions on the proposal put to vote: for, against or abstention, except where a securities registration and settlement institution, acting as the nominal holder of shares under the mechanism for interconnection of transactions in stock markets of the Mainland and Hong Kong, or a recognized clearing house as defined in the relevant ordinance from time to time in force under the laws of Hong Kong or its proxy, acting as the nominal holder, and the filing is made in accordance with the intention of the actual holder of shares.

Votes that are incomplete, misfiled, illegible, or not cast shall be deemed to be abstentions by the voter and shall be counted as “abstentions” in respect of the number of shares held by such voter.

**Article 98** If the presider of the meeting has any doubt as to the result of a resolution which has been put to vote at the shareholders’ meeting, he/she may have the votes counted. If the presider has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the result, demand that the votes be counted and the presider shall have the votes counted immediately.

**Article 99** Resolutions of the shareholders’ meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every proposal and the details of each of the resolutions passed.

**Article 100** Where a proposal has not been passed or the resolutions of the preceding shareholders’ meeting have been changed at the current shareholders’ meeting, special mention shall be made in the announcement of the resolutions of the shareholders’ meeting.

**Article 101** Where a proposal on election of directors is passed at the shareholders’ meeting, the directors elected shall take office on the date determined for taking office by the relevant election resolution. Where the relevant election proposal does not specify the date of taking office by the new directors, the newly elected directors shall take office on the date when the relevant election proposal is passed at the shareholders’ meeting.

**Article 102** Where a proposal on cash dividends, bonus shares or increase of equity capital by way of transfer from capital reserves is passed at a shareholders’ meeting, subject to the laws and regulations as well as the securities regulatory rules of the place where the Company’s shares are listed, the Company shall implement the specific scheme within two months after conclusion of the shareholders’ meeting.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 103** The directors of the Company shall be natural persons. A person who falls under any of the following circumstances shall not serve as a director of the Company:

- (1) a person who has no civil capacity or has limited civil capacity;
- (2) a person who has been sentenced to punishment because of corruption, bribery, infringement of property, misappropriation of property or sabotaging the order of socialist market economy; or who has been deprived of his political rights on committing an offence, where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation, and less than two years have elapsed since the date of the completion of the probation review if a suspended sentence is announced;
- (3) a person who served as a director, the factory chief, or the manager of a company or enterprise bankrupt or liquidated, and was held personally liable for the bankruptcy, and is within three years of the date of completion of the bankruptcy or liquidation of such company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and ordered for closure due to a violation of law and he is personally liable for that, where less than three years has elapsed since the date of the revocation of the business licence and the closure ordered;
- (5) a person who is listed as a defaulter by a people's court since he is personally liable for a substantial loan which is due for payment but remains unpaid;
- (6) a person who has been banned from entering the securities market or determined as an ineligible person by the CSRC or any of its delegated agencies and the ban has not expired;
- (7) a person who is banned from doing so as prescribed by laws, administrative regulations, departmental regulations, or securities regulatory rules of the place where the Company's shares are listed.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or employment shall be null and void. The Company shall dismiss a director from office if the circumstances under this Article arise during his or her term of office

**Article 104** Directors shall be elected or replaced at shareholders' meetings and shall each serve a term of three years. A director may seek re-election upon expiry of the said term.

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

The shareholders' meeting may remove any director by an ordinary resolution before the end of his or her term of office, with effect from the date of such resolution made (without prejudice to any claim for damages that such director may have under any contract). If a director is dismissed before the expiration of his term of office without just cause, the director may demand compensation from the Company.

Directors may hold a concurrent post as general manager or other senior management of the Company, provided that the total number of directors who are serving concurrently as general manager or other senior management, together with the employee representative director, shall not be more than one-half of the total number of directors of the Company.

**Article 105** Directors shall comply with laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Directors shall faithfully perform their obligations to the Company and should take measures to avoid any conflict between their own interests and the interests of the Company, and should not use their powers to gain an improper advantage.

Directors owe a duty of diligence to the Company and shall exercise the reasonable care normally expected of a manager in the best interests of the Company in the performance of their duties.

**Article 106** Directors shall comply with laws, administrative regulations, and the Articles of Association, with the following duties of loyalty to the Company:

- (1) directors shall not encroach upon the Company's property or misappropriate the Company's funds;
- (2) directors shall not deposit company assets into accounts held in their own names or in the name of any other individual;
- (3) directors shall not abuse their authority by receiving any bribe or other illegal income;
- (4) directors shall not abuse their positions to seize business opportunities for themselves or for other persons which belong to the Company, unless such business opportunities have been reported to and approved by the shareholders' meeting by resolution, or the Company may not utilize such business opportunities in accordance with the provisions of laws, regulations or the Articles of Association;
- (5) directors shall not to operate for their own benefit or managing on behalf of others businesses similar to those of the Company without report to and approval by the shareholders' meeting by resolution;
- (6) directors shall not accept commissions for transactions conducted by others with the Company as their own;
- (7) directors shall not disclose Company secrets without authorization;
- (8) not to infringe upon the interests of the Company by taking the advantage of their connected relationship with the Company;
- (9) directors shall have other duties of loyalty specified by laws, regulations, departmental regulations, and the Articles of Association.

Any income derived by directors in violation of the provisions of this Article shall belong to the Company. Directors shall be liable for indemnifying the Company against any loss incurred.



**Article 107** Directors who directly or indirectly enter into contracts or conduct transactions with the Company, shall report to the Board of Directors or the shareholders' meeting on matters relating to the entering into of contracts or the conduct of transactions, which shall be approved by a resolution of the Board of Directors or the shareholders' meeting in accordance with the provisions of laws, regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The provisions of the preceding paragraph shall apply to the entry into contracts or transactions with the Company by close relatives of directors, companies directly or indirectly controlled by the directors or their close relatives, and connected persons with whom the directors have other affiliations.

**Article 108** Directors shall not use the convenience of his/her office to secure for himself/herself or others business opportunities that belong to the Company, except for any of the following situations:

- (1) after reporting to the Board of Directors or shareholders' meeting and being approved through a resolution of Board of Directors or shareholders' meeting in accordance with the provisions of the Articles of Association;
- (2) where the Company cannot take such business opportunities in accordance with the provisions of laws, administrative regulations, or the Articles of Association.

**Article 109** Subject to laws, regulations, and securities regulatory rules of the place where the Company's shares are listed, directors shall not operate businesses, either self-owned or owned by others, similar to those of the Company they serve, without reporting to the Board of Directors or the shareholders' meeting and obtaining approval in accordance with the Articles of Association through resolutions of the Board of Directors or the shareholders' meeting.

**Article 110** Any income derived by directors in violation of the provisions from Article 104 to Article 107 shall belong to the Company.

**Article 111** If any director fails to attend board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the Board of Directors shall propose removal of such director to the shareholders' meeting. Subject to the securities regulatory rules of the place where the Company's shares are listed, any director attending the board meeting by internet, video, telephone or other equivalent means, shall also be deemed to be present in person thereat.

**Article 112** A director may resign prior to the expiry of his/her term of office. A resigning director shall submit a written resignation report to the Company. The Board of Directors shall disclose the relevant information within 2 days.

If the members of the Board of Directors fall below the quorum as a result of any resignation, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental regulations and the Articles of Association until a new director is elected. The Board of Directors shall convene an extraordinary shareholders' meeting as soon as practicable to elect a new director to fill the vacancy arising from the resignation of the resigning director. The term of office of the by-election directors shall be limited to the remaining period of the previous directors. Provided that there is no violation of the laws, regulations and securities regulatory rules of the place where the Company's shares are listed, if the Board of Directors appoints any new director to fill any casual vacancy of the Board of Directors or to increase the number of members on the Board of Directors, the term of office of the newly appointed director shall expire on the first shareholders' meeting after the appointment. Such director shall be eligible for re-election at that meeting. If it is otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, such rules shall prevail in the premise of not violating the provisions of the Company Law, the Securities Law, the Trial Administrative Measures, the Guidelines for the Articles of Association of Listed Companies and other applicable domestic laws and regulations.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Company.

**Article 113** A director shall complete all of the handover procedures with the Board of Directors once his/her resignation becomes effective or his/her term of office expires. The fiduciary duties to the Company and the shareholders are not necessarily released upon resignation or expiry of his/her term of office, but shall remain effective for a term of twelve months.

The director's obligation to maintain the confidentiality of the Company's trade secrets shall survive the end of his/her term, until such secrets become public information. The duration of other duties shall be determined based on the principle of fairness, depending on the length of time between the occurrence of the event and his/her resignation, and the circumstances and conditions under which his/her relationship with the Company terminates.

**Article 114** Save as specified in the Articles of Association or as legally authorized by the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her personal name. If a director acts in his/her own name but a third party may reasonably think that the said director is acting on behalf of the Company or the Board of Directors, the said director shall make a prior statement of his/her standpoint and capacity.

**Article 115** A director who violates any laws, administrative regulations, departmental regulations or the Articles of Association in performing his duties shall be liable for indemnification to any loss so caused to the Company. A director who leaves his office without authorization before the end of his/her term of office shall be liable for any loss suffered by the Company as a result of his departure.

## **Section 2 Independent Non-executive Directors**

**Article 116** The Company establishes an independent non-executive director system. Independent non-executive directors refer to those defined as such under the Stock Exchange Listing Rules and as independent directors under the Governance Rules for Companies Listed on the National Equities Exchange and Quotations (《全國中小企業股份轉讓系統掛牌公司治理規則》). At least one-third of the Board members shall be independent non-executive directors. There shall be at least three independent non-executive directors, among whom at least one shall be a financial or accounting professional as defined under the Stock Exchange Listing Rules, and at least one independent non-executive director shall reside in Hong Kong on a regular basis. Independent non-executive directors shall perform their duties in accordance with the laws, administrative regulations, departmental regulations, and relevant regulations of the CSRC and the stock exchange where the Company's shares are listed.

Independent non-executive directors shall faithfully fulfill their obligations in accordance with the requirements of laws and regulations, safeguard the interests of the Company, and pay particular attention to protecting the lawful rights and interests of minority shareholders from being damaged. The rights and obligations, duties and performance procedures of the independent non-executive directors shall be specified in the corresponding systems formulated by the Company.

In the event that any independent non-executive director becomes non-compliant with the qualifications, independence requirements, or other conditions that make it inappropriate for him/her to act as an independent non-executive director as stipulated by the Stock Exchange Listing Rules, resulting in the number of independent non-executive directors of the Company falling below the number required by the Articles of Association, the Company shall promptly notify the Hong Kong Stock Exchange and shall state the relevant details and reasons in the form of an announcement. The Company shall, in accordance with the regulations, make up the number of independent non-executive directors within three months after its failure to comply with the relevant requirements to meet the requirements of the Stock Exchange Listing Rules.

**Article 117** Candidates for independent non-executive directors may be nominated by the Board of Directors, the audit committee, shareholders individually or jointly holding not less than 1% of the Company's shares, and shall be elected by the shareholders' meetings of shareholders. The term of office of each independent non-executive director shall be the same as that of the other directors of the Company, and upon expiration of his/her term of office, he/she may be reelected, but his/her consecutive term of office shall not exceed six years. In case that an independent non-executive director fails to attend the Board meetings in person for 3 times in succession, the Board of Directors may file an application with the shareholders' meeting for replacement. Independent non-executive directors shall not be removed without cause before the expiration of their term of office, except for the circumstances mentioned above and except in the case that they are prohibited from acting as directors as provided for in the Articles of Association and the Company Law.

**Article 118** Independent non-executive directors shall attend the meetings of the Board as scheduled, understand the production and operation of the Company, conduct active investigations to obtain the background and information required for decision-making. Independent non-executive directors shall submit a duty report to the annual shareholders' meeting of the Company, stating performance of duties of all independent directors.

**Article 119** In addition to the powers conferred upon directors by the Company Law and other relevant laws and regulations, independent non-executive directors shall also possess the following special powers:

- (1) major related party transaction shall be submitted to the Board for discussion upon approval by the independent non-executive directors; before making any judgments, the independent non-executive directors can engage an intermediary institution for issuance of an independent financial advisor report as a basis of their judgments.
- (2) to propose to the Board the appointment or dismissal of accounting firms;
- (3) to propose to the Board the convening of extraordinary shareholders' meeting;
- (4) to propose the convening of board meetings;
- (5) to independently engage external audit firms, consulting firms, and other intermediary agencies to conduct audits, provide consultations, or perform verifications on specific company matters.
- (6) to solicit opinions from minority shareholders, propose profit distribution plans, and submit such plans directly to the Board of Directors for consideration;
- (7) to solicit voting rights publicly from shareholders prior to a shareholders' meeting, provided that no compensation or compensation in disguise shall be paid for such solicitation.

The exercise of the aforementioned powers by independent non-executive directors shall require the consent of more than half of the independent non-executive directors. The expenses incurred in exercising the powers under item (5) above shall be borne by the Company.

**Article 120** The Company shall provide appropriate allowances to independent non-executive directors. The allowance standards shall be determined by the Board of Directors through a proposal, approved by the shareholders' meeting, and disclosed in the Company's annual report. Except for the aforementioned allowances, independent non-executive directors shall not receive additional remuneration or undisclosed benefits from the Company, its major shareholders, or any interested institutions or individuals.

### **Section 3 Board of Directors**

**Article 121** The Company shall have a Board of Directors which shall be accountable to the shareholders' meeting.

**Article 122** The Board of Directors shall consist of 8 directors, including 3 independent non-executive directors. The members of the Board of Directors shall be elected by the shareholders' meeting in accordance with the law.

**Article 123** The Board of Directors shall exercise the following powers:

- (1) to summon shareholders' meetings and report its work to the shareholders' meetings;
- (2) to implement the resolutions of the shareholders' meeting;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and loss recovery plans;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, the issue of bonds or other securities and listing plans;
- (7) to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution, liquidation and change of corporate form of the Company;
- (8) to decide on the Company's external investment, acquisition of assets, disposal of assets, pledge of assets, entrusted wealth management, financing, external guarantees, connected transactions and other matters within the scope authorised by the shareholders' meeting;
- (9) to decide on the establishment of the Company's internal management structure;

- (10) to decide on the appointment or dismissal of the Company's general manager and secretary to the Board of Directors and decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's deputy general managers, chief financial officer and other senior management based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;
- (11) to formulate the basic management system of the Company;
- (12) to disclose regular reports and interim reports in accordance with the law;
- (13) to propose to the shareholders' meeting the appointment or replacement of the accounting firm that audits the Company;
- (14) to listen to the work report of the general manager of the Company and inspect the work of the general manager;
- (15) to discuss and assess whether the Company's corporate governance mechanism provides appropriate protection and equal rights to all shareholders, and whether the Company's corporate governance structure is reasonable and effective;
- (16) to formulate proposals for any amendment to the Articles of Association;
- (17) other functions and powers conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The restrictions on the powers of the Board of Directors under the Articles of Association shall not be used against any bona fide counterparty.

Matters beyond the scope authorised by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

**Article 124** The Board of Directors of the Company shall discuss and assess whether the Company's corporate governance mechanism provides appropriate protection and equal rights to all shareholders, and whether the Company's corporate governance structure is reasonable and effective.

**Article 125** The Board of Directors of the Company shall establish special committees such as strategy, audit, nomination and remuneration committees. The special committees are 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, and their proposals shall be submitted to the Board of Directors for consideration and decision. The members of such special committees comprise only directors. Independent non-executive directors shall account for the majority in each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and serve as the convener. At least one independent non-executive director of the Audit Committee shall be an accounting professional. The Board of Directors is responsible for formulating the working procedures of the special committees and regulating the operation of the special committees.

**Article 126** The Board of Directors of the Company shall give explanations at the shareholders' meeting on the non-standard audit opinions issued by certified public accountants on the Company's financial report.

**Article 127** The Board of Directors shall formulate the rules of procedures for the Board of Directors to ensure its implementation of the resolutions passed at the shareholders' meeting, to enhance efficiency and to ensure scientific decision-making. The Rules of Procedures for the Board of Directors shall be formulated by the Board of Directors and approved by the shareholders' meeting as an annex to the Articles of Association.

The Company shall formulate an investor relations management system, which shall specify the content and methods of investor relations management. The investor relations management system shall be approved and implemented by the Board of Directors.



**Article 128** The decision-making authority of the Company on material investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions, debt financing and other matters is as follows:

(I) Decision-making authority for material investment, acquisition and disposal of assets of the Company:

1. Material investment, acquisition and disposal of assets of the Company that meet the following criteria shall be decided by the Board of Directors:

- (1) the total assets involved (whatever is higher shall be taken where both book value and appraised value exist) or the transaction amount accounts for more than 10% of the Company's latest audited total assets;
- (2) the net assets involved in the transaction or the transaction amount accounts for more than 10% of the absolute value of the Company's audited net assets for the latest accounting year and exceeds RMB10 million;
- (3) transactions (including connected transactions) that are required to be approved by the Board of Directors under the securities regulatory rules of the place where the Company's shares are listed (including the Stock Exchange Listing Rules).

In case the figure involved in the above index calculation is negative, the absolute value thereof shall be taken for calculation.

2. Material investment, acquisition and disposal of assets of the Company that meet the following criteria shall be decided by the shareholders' meeting:

- (1) the total assets involved in the transaction (whatever is higher shall be taken where both book value and appraised value exist) or the transaction amount accounts for more than 50% of the Company's latest audited total assets for the latest accounting year;

- (2) the net assets involved in the transaction or the transaction amount accounts for more than 50% of the absolute value of the Company's audited net assets for the latest accounting year and exceeds RMB15 million; other material investments that must be approved by the shareholders' meeting in accordance with relevant regulations;
- (3) transactions (including connected transactions) that are required to be approved by the shareholders' meeting under the securities regulatory rules of the place where the Company's shares are listed (including the Stock Exchange Listing Rules).

In case the figure involved in the above index calculation is negative, the absolute value thereof shall be taken for calculation.

- 3. Material investment, acquisition and disposal of assets other than those mentioned in items 1 and 2 above shall be decided by the general manager's office meeting and reported to the Board of Directors for record.

(II) Decision-making authority for mortgage and pledge of assets:

The mortgage and pledge of assets with a single amount of less than 10% of the Company's latest audited net assets or a cumulative amount of less than 30% of the Company's latest audited total assets shall be decided by the Board of Directors, while other mortgage and pledge of assets shall be decided by the shareholders' meeting. If the securities regulatory rules of the place where the Company's shares are listed (including the Stock Exchange Listing Rules) provide otherwise, such provisions shall prevail.

(III) Decision-making authority for external guarantees:

External guarantee matters other than the external guarantees to be submitted to the shareholders' meeting for consideration and approval as stipulated in the Articles of Association shall be decided by the Board of Directors. If the securities regulatory rules of the place where the Company's shares are listed (including the Stock Exchange Listing Rules) provide otherwise, such provisions shall prevail.

(IV) Decision-making authority for entrusted wealth management:

The authority of the Board of Directors to decide on entrusted wealth management shall not exceed 30% of the Company's latest audited net assets in the consolidated financial statements on an annual cumulative basis. If the securities regulatory rules of the place where the Company's shares are listed (including the Stock Exchange Listing Rules) provide otherwise, such provisions shall prevail.

(V) Decision-making authority for connected transactions:

The following connected transactions (excluding guarantees) shall be decided by the Board of Directors:

1. Connected transactions with a connected natural person with a transaction amount of more than RMB500,000;
2. Transactions with a connected legal person with a transaction amount accounting for more than 0.5% of the Company's total assets in the latest audited or recently published interim report, the Company's latest audited revenue or the Company's market value, and exceeding RMB3 million;
3. Connected transactions that are required to be approved by the Board of Directors under the securities regulatory rules of the place where the Company's shares are listed (including the Stock Exchange Listing Rules).

Matters that must be submitted to the shareholders' meeting for consideration in accordance with the relevant laws, regulations, rules, normative documents and the Articles of Association shall be submitted to the shareholders' meeting for consideration, and shall not be subject to the provisions of the preceding paragraph.

The Board of Directors shall establish a strict approval and decision-making procedure. Matters beyond the decision-making authority of the Board of Directors must be approved by the shareholders' meeting. Material investment projects shall be reviewed by relevant experts and professionals.

**Article 129** The Board of Directors shall have a chairman. The chairman shall be elected by the Board of Directors with approval of more than half of all directors.

**Article 130** The chairman of the Board of Directors shall perform the following duties and powers:

- (1) to preside over the shareholders' meetings, and to convene and preside over board meetings;
- (2) to supervise and monitor the implementation of resolutions of board meetings;
- (3) other duties and powers as authorised by the Board of Directors.

**Article 131** If the chairman is unable or fails to perform his/her duties, a director shall be elected jointly by more than half of all directors to perform such duties.

**Article 132** The Board of Directors shall hold at least four regular meetings each year. Board meetings shall be convened by the chairman and written notice of the meeting shall be served on all directors 14 days before the date of the meeting.

**Article 133** An extraordinary board meeting may be held upon requisition by either the shareholders representing more than 1/10 of voting rights, one-third or more of the directors, more than 1/2 of the independent non-executive directors, the Audit Committee, when the chairman deems it necessary, or when proposed by the general manager. The chairman shall convene and preside over a board meeting within 10 days after receipt of the proposal.

**Article 134** The notice of the board meeting shall be delivered by hand, mail, e-mail, fax or other means specified in the Articles of Association.

Time limit for notice of the board meeting: 14 days prior to the convening of a regular meeting and five days prior to the convening of an extraordinary meeting. The first meeting of each session of the Board of Directors may be notified to all directors on the date of the meeting.

Where it is necessary to convene an extraordinary meeting of the Board of Directors as soon as possible, with the unanimous consent of all directors, the notification method and time limit of the extraordinary meeting of the Board of Directors shall not be subject to the preceding two paragraphs, but the convener shall make an explanation at the meeting and record it in the minutes of the meeting. Notice shall be deemed to have been given to a director who has attended a meeting and has not objected to the receipt of notice of the meeting before or at the time of the meeting.

**Article 135** The notice of a board meeting shall specify:

- (1) the date and venue of the meeting;
- (2) the duration of the meeting;
- (3) the reason and proposals;
- (4) the date on which the notice is sent;
- (5) other contents specified in the securities regulatory rules of the place where the Company's shares are listed.

**Article 136** Board meetings shall be attended by more than half of the directors. Resolutions made by the Board of Directors shall be approved by more than half of all directors.

Resolutions of the Board of Directors shall be voted on as per "one person, one vote" system.

**Article 137** If any director has connection with the matters to be resolved at the board meeting, he/she shall abstain from voting, and the director shall promptly report the matter to the Board of Directors in writing. A director with connection shall not exercise his/her voting rights on the resolution, nor shall he/she exercise the voting rights on behalf of other directors. The board meeting may be held if more than half of the non-connected directors are present, and the resolutions considered at the board meeting must be passed by more than half of the non-connected directors. If the number of the non-connected directors present at the board meeting is less than three, the matter shall be submitted to the shareholders' meeting for deliberation.

**Article 138** The resolution of the Board of Directors shall be voted by open ballot or by a show of hands.

On the premise that the directors can fully express their opinions, the extraordinary meeting of the Board of Directors may be conducted by means of communication and resolutions may be made, and the resolutions shall be signed by the directors attending the meeting, but the resolutions and minutes of the Board of Directors shall be signed afterwards.

**Article 139** Directors shall attend board meetings in person. Where a director is unable to attend a meeting for any reason, he/she may by a written power of attorney appoint another director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and the period of validity, which shall be signed or officially sealed by the principal. A director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authorization. Where a director is unable to attend a board meeting and has not appointed a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

**Article 140** The Board of Directors shall cause resolutions to be made and recorded in writing for decisions made in relation to matters considered at the meetings, and the directors attending the meeting shall sign on such written resolutions and be responsible for the resolutions of the Board of Directors.

If any resolution of the Board of Directors violates laws, administrative regulations or the Articles of Association or resolutions of the shareholders' meeting and causes serious losses to the Company, the directors participating in such resolution shall be liable for compensation to the Company; provided that any director who can prove that he/she expressed objection to such resolution, which was recorded in the minutes of the meeting, may be exempted from such liability.

**Article 141** The resolutions of the Board of Directors shall include the following contents:

- (1) the time and manner of dispatch of the meeting notice; the date, venue, manner and convener's name of the meeting;

- (2) the number of directors expected to attend the meeting, the number of directors actually present and the number of authorized proxies;
- (3) an explanation of the relevant procedures of the meeting and the legality and validity of the resolutions of the meeting;
- (4) an explanation of the contents (or titles) of the proposals considered at the meeting and voted on;
- (5) if there are proposals to be submitted to the shareholders' meeting of the Company for consideration, each proposal shall be explained separately;
- (6) other matters that shall be explained and recorded in the resolutions.

**Article 142** The Board of Directors shall cause minutes to be kept for decisions made in relation to matters considered at the meetings. The minutes of board meetings shall be true, accurate and complete, and the directors attending the meeting shall sign on the minutes.

Minutes of board meetings shall be kept as the Company's files for a period of at least 10 years.

**Article 143** The minutes of the board meeting shall include the following contents:

- (1) the date, venue and convener's name of the meeting;
- (2) the names of directors present at the meeting and directors (proxies) present at such meeting on behalf of other directors;
- (3) the agenda of the meeting;
- (4) the summary of points raised by directors;
- (5) the manner and result of voting on each matter resolved (and the voting results shall set out the number of affirmative, negative and abstention votes);
- (6) other matters that the directors present at the meeting deem necessary to be recorded.

## **Section 4 Secretary of the Board of Directors**

**Article 144** The secretary of the Board shall be established by the Board. The secretary of the Board shall be a senior management officer and shall report to the Board of Directors.

**Article 145** The Board shall be the responsible body for the Company's information disclosure. The secretary of the Board shall be the responsible person for information disclosure and shall be responsible for information disclosure matters.

**Article 146** The secretary to the Board shall have the requisite professional knowledge and experience and shall be appointed by the Board, and shall possess the following criteria:

- (1) He or she shall be of good character, faithful and honest;
- (2) He or she shall be familiar with laws, administrative regulations, rules and other normative documents, and have the operation and management capacity required to perform his or her duties;

The provisions herein in relation to the conditions prohibiting a person from acting as a director of the Company shall be applicable to the secretary of the Board.

**Article 147** The major duties of the secretary of the Board are:

- (1) To prepare and deliver reports and documents issued by the Board of Directors and shareholders' meeting as required by competent authorities of the state;
- (2) To organize meetings of the Board of Directors and shareholders' meeting, be responsible for taking minutes and keeping documents and records of the meetings;
- (3) To be responsible for the information disclosure of the Company and ensure the disclosure of the information of the Company timely, accurate, legitimate, true and complete;
- (4) To be responsible for managing the Company's investor relations, refining working mechanisms for communication, reception and service between the Company and investors;



- (5) To ensure that individuals who are entitled to obtain relevant records and documents may access to them in time;
- (6) Other duties as prescribed in the Articles of Association.

The Board and managerial personnel shall provide active support for the work of the secretary of the Board. No organisation or individual shall interfere with the work of the Board Secretary.

**Article 148** Directors or other senior management members of the Company may concurrently hold the post of the secretary of the Board. The certified accountant(s) of the certified public accountants' firm and solicitors from the law firm appointed by the Company shall not concurrently hold the post of the secretary to the Board.

**Article 149** The secretary of the Board shall be nominated by the chairman of the Board, and shall be appointed or removed by the Board. In the event that a director serves concurrently as the secretary of the Board, and the matter concerned shall be conducted by the director and the secretary of the Board of Directors separately, such person serving concurrently as director and secretary of the Board shall not conduct such matter with double identities.

During any vacancy in the position of Information Disclosure Officer, the Company shall designate a director or senior management personnel to act in that capacity, and shall appoint a permanent Information Disclosure Officer within three months. Prior to such designation, the Chairman shall act as Information Disclosure Officer.

## **Chapter 6 Special Committees of the Board**

**Article 150** The Board of the Company shall establish an Audit Committee which shall exercise the functions and powers stipulated for the board of supervisors under the Company Law.

**Article 151** The Audit Committee consists of three Directors, all of whom shall be Directors not serving as senior management members of the Company. Among the members shall include 2 independent Directors, and the convener shall be an independent director who is an accounting professional.

**Article 152** The Audit Committee shall be responsible for the review of the Company's financial information and disclosure thereof, supervision and evaluation of internal and external audit and internal control. The following matters shall, upon consent by more than half of all the members of the Audit Committee, be tabled at a Board meeting for deliberation:

- (1) Disclosure of financial information in financial accounting reports and periodic reports, internal control evaluation report (if any);
- (2) Appointment or dismissal of accounting firm which undertakes audit engagement of the Company;
- (3) Appointment or dismissal of financial controller of listed company;
- (4) Change in accounting policies or accounting estimates or correction of material accounting error for a reason other than change in accounting standards; and
- (5) Other matters stipulated by laws and regulations, departmental rules, normative documents, the business rules of the National Equities Exchange and Quotations, and the Articles of Association of the Company.

**Article 153** The Audit Committee shall hold regular meetings at least once every six months. When the chairman deems it necessary or is proposed by two or more members, the Audit Committee shall convene an extraordinary meeting. An Audit Committee meeting shall be held only if more than two-thirds of its members are present.

Resolutions of the Audit Committee shall be adopted by more than half of the members of the Audit Committee.

Voting on resolutions of the Audit Committee shall be conducted on a one-member-one-vote basis.

Meeting minutes shall be prepared for resolutions of the Audit Committee in accordance with regulations, and members of the Audit Committee who attend the meeting shall sign the meeting minutes.

**Article 154** The Board shall establish a Strategy Committee with three members, including one independent director.

**Article 155** The primary duties of the Strategy Committee include are:

- (1) To study and make recommendations on the medium and long-term development strategies of the Company;
- (2) To review and provide recommendations on major investment and financing plans that require Board approval as stipulated in the Articles of Association;
- (3) To study and provide recommendations on major capital operations and asset management projects requiring Board approval as stipulated in the Articles of Association;
- (4) To study and propose recommendations on other major matters affecting the Company's development;
- (5) To inspect the implementation of the above matters;
- (6) To handle other matters authorized by the Board.

**Article 156** Meetings of the Strategy Committee shall be convened by the Chairperson as necessary, with all members notified at least two days prior to the meeting. Meetings shall be chaired by the Chairperson, who may delegate chairmanship to another member in case of absence. Meetings may be conducted via telecommunication.

Resolutions of the Strategy Committee shall be adopted by a majority vote of the members of the Audit Committee.

Voting on resolutions of the Strategy Committee shall be conducted on a one-member-one-vote basis.

Minutes of the Strategic Committee meeting shall be prepared in accordance with regulations, and members present at the meeting shall sign the minutes.

## **Chapter 7 General Manager and Other Senior Management Personnel**

**Article 157** The Company shall have one general manager, who shall be appointed or removed by the Board.

The Company may appoint several deputy general managers as required by business needs, who shall be appointed or dismissed by the Board.

The general manager, deputy general managers, Chief Financial Officer, and the secretary of the Board shall be the senior management personnel of the Company.

**Article 158** The provisions of the Articles of Association regarding circumstances under which a person may not serve as a director shall also apply to senior management personnel.

The provisions of the Articles of Association regarding the duties of loyalty and diligence of directors shall also apply to senior management personnel.

**Article 159** Personnel holding administrative positions other than director or supervisor at the controlling shareholder's entity shall not serve as senior management personnel of the Company.

Senior management personnel shall receive compensation solely from the Company and shall not be paid by the controlling shareholder.

**Article 160** The term of office for the general manager shall be three years per term. The general manager may be reappointed for consecutive terms.

**Article 161** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (1) To be in charge of the production, operation and management of the Company, arrange for the implementation of the resolutions of the Board, and report to the Board;
- (2) To arrange for the implementation of the Company's annual business plans and investment plans;
- (3) To propose plans for establishment of the Company's internal management organization;
- (4) To formulate the Company's basic management system;
- (5) To formulate the specific rules and regulations of the Company;
- (6) To propose to the Board appointment or dismissal of deputy general managers and chief finance officer of the Company by the Board;
- (7) To decide to appoint or dismiss the management officers other than those required to be employed or dismissed by the Board of Directors;
- (8) to exercise other functions and powers conferred by the Articles of Association or the Board.

The general manager shall attend the board meeting.

**Article 162** The Company shall formulate the working rules of the general manager, which shall be implemented after the approval of the Board.

**Article 163** The working rules of the general manager include the following:

- (1) conditions, procedures and attendees of the general manager meeting;
- (2) the specific duties and division of labor of the general manager and other senior management;
- (3) the use of the Company's funds and assets, the authority to sign material contracts, and the reporting system to the Board;
- (4) other matters as deemed necessary by the Board.

**Article 164** The general manager and other senior management personnel may submit their resignations before the expiration of their terms.

The specific procedures and methods for the resignation of senior management personnel shall be stipulated in the employment contracts between the senior management personnel and the Company.

**Article 165** The deputy general manager and chief financial officer shall be nominated by the general manager and appointed by the Board. The deputy general manager and chief financial officer shall assist the general manager in his duties, exercising their authority in accordance with the division of responsibilities stipulated in the working rules of the general manager and matters delegated by the general manager.

**Article 166** The Company shall appoint a Board Secretary. The secretary of the Board shall be responsible for preparing shareholders' meeting and Board meetings, safeguarding documents, managing shareholder information, and handling information disclosure matters. The secretary of the Board shall comply with relevant laws, administrative regulations, departmental rules, and the provisions of the Articles of Association.

**Article 167** Senior management personnel who violate laws, administrative regulations, departmental rules, or the provisions of the Articles of Association while performing their duties and thereby cause losses to the Company shall bear liability for compensation.

**Article 168** Senior management personnel shall faithfully perform their duties and safeguard the best interests of the company and all shareholders. Where senior management personnel fail to faithfully perform their duties or breach their fiduciary duties, thereby causing damage to the interests of the company and public shareholders, they shall bear liability for compensation in accordance with the law.

## **CHAPTER VIII FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, AND AUDITING**

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

**Article 169** The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, and the provisions of relevant national departments.

**Article 170** The Board shall submit to shareholders at each annual shareholders' meeting the financial reports required to be prepared by the Company under relevant laws, administrative regulations, the Stock Exchange Listing Rules, and normative documents issued by local governments and competent authorities.

**Article 171** The Company shall not maintain separate accounting books beyond those required by law. The Company's assets shall not be stored in accounts opened in any individual's name.

**Article 172** When distributing its annual after-tax profits, the Company shall set aside 10% of such profits as statutory reserves. Where the accumulated amount of statutory reserves reaches 50% or more of the Company's registered capital, no further contributions shall be required.

Where the Company's statutory reserve is insufficient to offset losses from prior years, the losses shall be offset using the current year's profits before making the statutory reserve extraction as prescribed in the preceding paragraph.

After extracting the statutory reserve from after-tax profits, the Company may, upon resolution by the shareholders' meeting, extract a discretionary reserve from the remaining after-tax profits.

After offsetting losses and setting aside reserves, the remaining post-tax profits shall be distributed among shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

Where the Company distributes profits to shareholders in violation of the Company Law, shareholders shall return the unlawfully distributed profits to the Company. Where such distribution causes losses to the Company, the shareholders and the directors and senior management personnel responsible shall bear liability for compensation.

Shares held by the Company in itself shall not participate in profit distribution.

**Article 173** The Company's reserves shall be used to offset losses, expand production and operations, or be converted to increase the Company's capital.

When using reserves to offset losses, discretionary reserves and statutory reserves shall be used first. If the losses cannot be fully offset, capital reserves may be used in accordance with regulations.

When converting statutory reserves into capital, the retained amount of such reserves shall not be less than 25% of the Company's registered capital prior to the conversion.

**Article 174** After the shareholders' meeting resolves on the profit distribution plan, or after the Board formulates a specific plan based on the interim dividend conditions and upper limits approved by the annual shareholders' meeting for the following year, the Board shall complete the distribution of dividends (or shares) within six months after the shareholders' meeting.



**Article 175** The Company may distribute dividends in the form of cash or shares (or both), as follows:

- (1) Principles of profit distribution: each share of the Company shall be entitled to the same dividends, and the shareholders shall receive dividends and other profit distributions in proportion to their respective shareholding. The Company adopts a positive policy as regards profit distribution, strives to provide reasonable returns on investment to the investors, and maintains the consistency and stability. The Company may distribute profits in the form of cash or stock, provided that the profits shall be distributed to the limit of aggregate profits distributable, and to the extent that the ability of the Company to continue as a going concern shall not be impaired. The Board, the Audit Committee and the shareholders' meeting of the Company shall give full consideration to the opinions of the independent non-executive directors and the public investors in deciding and demonstrating its profit distribution policy.
- (2) Forms of profit distribution: the Company may distribute the dividends in the form of cash, stock or a combination of cash and stock, and shall give preference to the distribution of profits in the form of cash to the extent that the Company meets the conditions for distribution of cash dividends. The cash dividend policy targets residual dividends. Under favorable conditions, the Company may conduct interim profit distributions. Cash dividends and other payments to shareholders of domestic unlisted shares shall be paid in RMB. Cash dividends and other payments to shareholders of H share shall be denominated and declared in Renminbi, and paid in foreign currency or Renminbi. Foreign currency required for cash dividends and other payments to shareholders of H share shall be handled in accordance with relevant national foreign exchange regulations.
- (3) Specific conditions and proportion for cash dividends: the Company may consider distributing cash dividends when it achieves profitability in the current fiscal year and has distributable profits after legally offsetting losses and setting aside statutory reserves and surplus reserves.

- (4) Specific conditions for the Company to issue share dividends: When the Company's operations are sound, and the Board deems that the scale of the Company's share capital is commensurate with its operational scale and industry reputation, and that issuing share dividends is beneficial to the overall interests of all shareholders, the Company may propose a share dividend distribution plan provided that the conditions for cash dividends mentioned above are met.

**Article 176** Procedures for reviewing the Company's profit distribution plan:

- (1) The Company's profit distribution plan shall be drafted by the management and submitted to the Board for deliberation. The Board shall conduct thorough discussions on the reasonableness of the profit distribution plan, form a specific resolution, and submit it to the shareholders' meeting for review. When the shareholders' meeting reviews the profit distribution plan, the Company may communicate and exchange views with minority shareholders via telephone, fax, or email to hear their opinions and requests;
- (2) Decision-making procedures for adjusting or altering the profit distribution policy stipulated in the Articles of Association: Where the Company deems it necessary to adjust its profit distribution policy based on production and operational conditions, investment planning, long-term development needs, and external business environment, such adjustments shall be made with the protection of shareholder rights as the starting point. The adjusted profit distribution policy shall not violate relevant laws and regulations. The Board of Directors shall conduct thorough discussions on the reasonableness of adjusting or changing the profit distribution plan, form a special resolution, and submit it to the shareholders' meeting for review. When being considered at the shareholders' meeting, it shall be passed by shareholders holding more than two-thirds of the voting rights of all shareholders attending the shareholders' meeting.

**Article 177** The Company shall appoint a paying agent for shareholders holding H shares. The paying agent shall collect dividends and other amounts payable by the Company in respect of H shares on behalf of the relevant shareholders.

The collection agent appointed by the Company shall comply with the requirements of the laws of the place where the Company's shares are listed or the relevant provisions of the stock exchange.

## **Section 2 Internal Audit**

**Article 178** The Company shall implement an internal audit system, appoint full-time audit personnel, and conduct internal audit supervision over the Company's financial receipts and expenditures and economic activities.

**Article 179** The Company's internal audit system and the duties of its audit personnel shall be implemented after approval by the Board. The head of audit shall be accountable to the Board and report on their work.

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

**Article 180** The Company shall engage an accounting firm that complies with the Securities Law to conduct auditing of accounting statements, verification of net assets and other relevant consulting services. The engagement term is one year and subject to renewal. The term "accounting firm" in the Articles of Association shall have the same meaning as "auditor" in the Stock Exchange Listing Rules.

**Article 181** The appointment of the accounting firm shall be determined by the shareholders' meeting, and the Board of Directors shall not appoint the accounting firm prior to the decision of the shareholders' meeting.

**Article 182** The Company undertakes to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the accounting firm engaged, and shall not refuse, conceal or misrepresent.

**Article 183** The audit fees for the accounting firm shall be determined by the shareholders' meeting.

**Article 184** When the Company dismisses or ceases to re-appoint the accounting firm, it shall notify the accounting firm at least 30 days in advance. When the shareholders' meeting of the Company votes on the dismissal of the accounting firm, the accounting firm is allowed to state its opinion.

If the accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there is any impropriety in the Company.

## **Chapter IX Investor Relations Management**

**Article 185** The secretary to the Board of Directors shall be responsible for the Company's investor relations management. Based on a comprehensive and in-depth understanding of the Company's operations, management, business conditions, and development strategies, the secretary shall be responsible for planning, arranging, and organizing various investor relations management activities.

**Article 186** The scope of investor relations management includes, while adhering to the principles of public information disclosure, timely disclosing relevant information that affects investors' decision-making. The main contents include:

- (1) The Company's development strategy, including its development direction, development plans, competitive strategy, and operational policies;
- (2) The Company's periodic and interim reports;
- (3) Operational and management information that the Company may disclose in accordance with the law, including production and operational status, financial condition, research and development of new products or technologies, business performance, and dividend distribution. If the Company commissions analysts or other independent institutions to publish analysis reports on its investment value, the report must prominently state "This report is prepared at the Company's commission" upon publication;

- (4) Significant matters that the Company may disclose in accordance with the law, including major investments and their changes, asset restructuring, acquisitions and mergers, external cooperation, external guarantees, major contracts, related-party transactions, major litigation or arbitration, management changes, and changes in substantial shareholders;
- (5) Corporate culture development;
- (6) Other relevant information about the Company.

**Article 187.** The Company shall actively establish and improve investor relations management systems, and proactively strengthen communication and interaction with shareholders, particularly public shareholders, through various channels.

Disputes or claims arising from the rights and obligations stipulated in the Articles of Association and relevant laws and administrative regulations between the Company, shareholders, directors, and senior management concerning the Company's affairs shall first be resolved through negotiation. If negotiation fails, the parties concerned shall submit such disputes or claims to the people's court with jurisdiction over the Company's domicile.

If the Company applies for the delisting of shares on the NEEQ, it shall fully consider the legitimate interests of shareholders and establish investor protection mechanisms related to the delisting matters. The Company shall include specific provisions in the Articles of Association regarding investor protection in the event of delisting. In case where the Company voluntarily delists, the Company shall formulate reasonable investor protection measures by way of providing cash options and repurchase arrangements, etc. by controlling shareholders and actual controllers and relevant entities to safeguard the interests of other shareholders. If the Company is forcibly delisted, it shall proactively negotiate solutions with other shareholders and make specific arrangement for protecting shareholders' interests in the event of voluntary and forcible delisting.

**Article 188** The Company's chairman shall be the primary responsible person for investor relations management affairs, and the secretary to the Board of Directors of the Company shall be specifically responsible for the investor relations management work of the Company.

The Company's communication channels with investors include, but are not limited to:

- (1) Announcements, including periodic reports and interim reports;
- (2) shareholders' meetings;
- (3) The Company's website;
- (4) Analyst conferences and results briefings;
- (5) one-on-one communications;
- (6) Mailed materials;
- (7) Telephone inquiries;
- (8) Advertisements, flyers, or other promotional materials;
- (9) Media interviews and coverage;
- (10) On-site visits.

## **Chapter 10 Notices and Announcements**

### **Section 1 Notices**

**Article 189** Subject to compliance with laws, regulations, rules, and relevant provisions of the stock exchange, the Company may issue notices in the following forms:

- (1) By hand;
- (2) By mail;
- (3) By fax or email;
- (4) By way of an announcement;
- (5) Other forms agreed upon in advance by the Company or the person to be notified, or recognized by the person to be notified after receiving the notice;
- (6) Other forms approved by the relevant regulatory authorities of the place where the Company's shares are listed or as provided in the Articles of Association.

Unless otherwise provided in the Articles of Association, notices for convening shareholders' meetings or Board meetings may be issued by one or more of the above methods.

**Article 190** Notices, data, or written statements issued by the Company to H-share shareholders shall be delivered by any one of the following methods:

- (1) By publication on the website designated by the securities regulatory authority or stock exchange of the place where the Company's shares are listed, subject to compliance with applicable laws, administrative regulations, and the Stock Exchange Listing Rules;
- (2) By issuance in accordance with other requirements of the Stock Exchange Listing Rules.

**Article 191** Subject to compliance with laws, administrative regulations, the listing rules of the stock exchange of the place where the Company's shares are listed, and the Articles of Association, any notice issued by the Company by way of public announcement shall, upon its publication, be deemed to have been received by all relevant persons.

**Article 192** Where a notice is delivered by hand, the recipient shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the delivery date; where a notice is sent by mail, the delivery date shall be the third business day after such notice is delivered to the post office; where a notice is sent out by fax or email, the date of sending shall be the delivery date; where a notice is sent out by public announcement, the date of the first publication of the announcement shall be the delivery date.

**Article 193** Where, as a result of accidental omission, a notice of meeting is not given to a person who is entitled to receive such notice or where such person has not received the notice, the meeting or any resolution adopted at the meeting shall not be invalidated as a result.

**Article 194** Where relevant corporate documents must be in English accompanied by a Chinese version and be served by delivery, post, distribution, sending, announcement or other means according to the requirements of the relevant regulations of the securities regulatory authority of the place where the Company's shares are listed, in respect of shareholders who under proper arrangements of the Company confirm to receive such information only in English or Chinese version, to the extent of and according to the applicable laws and regulations, the Company may send such documents in English or Chinese version to relevant shareholders as they so wish.



## **Section 2 Announcements**

**Article 195** The Company shall issue announcements and make information disclosures to the shareholders holding shares listed and traded on the National Equities Exchange and Quotations System on information disclosure newspapers and websites designated by laws, administrative regulations, or relevant domestic regulatory authorities.

The Company discloses its periodic and interim reports in accordance with the Securities Law, the Administrative Measures for Non-listed Public Companies, the Regulatory Guidelines for Unlisted Companies No. 1 – Information Disclosure (《全國中小企業股份轉讓系統業務規則(試行)》), the Business Rules of the National Equities Exchange and Quotations (Trial) (《全國中小企業股份轉讓系統業務規則(試行)》), the Information Disclosure Rules for Listed Companies on the National Equities Exchange and Quotations (《全國中小企業股份轉讓系統掛牌公司信息披露規則》), and the securities regulatory rules of the place where the Company's shares are listed.

If announcements are to be issued to H shareholders in accordance with the Articles of Association, such announcements shall also be published on the designated newspapers, websites and/or the Company's website as may be prescribed by the Stock Exchange Listing Rules.

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

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

**Article 196** The merger action taken by the Company may be merger by absorption or merger by new establishment.

An absorption merger is when one company absorbs other companies, and the absorbed companies are dissolved. A new establishment merger is when two or more companies merge to establish a new company, and the merging parties are dissolved.

**Article 197** When the Company merges with a company in which it holds more than ninety percent of that company's shares, approval from the shareholders' meetings of the merged company is not required, but it should notify other shareholders, who have the right to require the Company to purchase their equity or shares at a reasonable price.

If the payment made by the Company for a merger does not exceed ten percent of its net assets, approval from the shareholders' meetings may not be required.

If the Company merges in accordance with the provisions of the preceding two paragraphs without the approval of the shareholders' meetings, it should be approved by the Board of Directors.

**Article 198** In a company merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an assets list. The Company shall notify its creditors within 10 days from the date of passing the merger resolution and make a public announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days.

Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the public announcement if they have not received the notice, require the Company to settle its debts or provide corresponding guarantees.

**Article 199** When the Company merges, the claims and debts of the merging parties shall be assumed by the surviving company or the newly established company after the merger.

**Article 200** Where the Company proceeds into a division, its assets shall be divided accordingly.

Upon the Company's division, a balance sheet and an assets list shall be prepared. The Company shall notify its creditors within 10 days from the date of passing the resolution for division, and publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days.

**Article 201** The debts incurred by the Company before its division shall be jointly and severally assumed by the companies established after the division. However, this shall not apply where the Company and its creditors have otherwise agreed in a written agreement on the settlement of debts before the division.

**Article 202** When the Company needs to reduce its registered capital, it must prepare a balance sheet and an assets list. The Company shall notify its creditors within 10 days from the date of passing the resolution for reducing its registered capital at the shareholders' meeting, and publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days. Creditors shall have the right to request the Company to settle its debts or provide corresponding guarantees within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received.

When reducing its registered capital, the Company shall reduce the capital contribution or shares proportionally according to the shareholders' capital contributions or shareholdings, unless otherwise provided by law or the Articles of Association.

The Company's registered capital after the reduction shall not be less than the statutory minimum.

**Article 203** Upon the merger or division of the Company, if there are changes in its registration particulars, it shall apply for modification registration with the company registration authority in accordance with the law; if the Company is dissolved, declared bankrupt, or otherwise terminated for statutory reasons, it shall apply for deregistration with the company registration authority in accordance with the law; if a new company is established, it shall apply for company establishment registration in accordance with the law.

When the Company increases or reduces its registered capital, it shall apply for modification registration with the company registration authority in accordance with the law.

## **Section 2   Dissolution and Liquidation**

**Article 204**   The Company shall be dissolved for any of the following reasons:

- (1)   Expiration of the business term specified in the Articles of Association or occurrence of other dissolution events specified in the Articles of Association;
- (2)   Resolution of dissolution by the shareholders' meeting;
- (3)   Dissolution required due to merger or division of the Company;
- (4)   Revocation of business license, order to cease operations, or dissolution pursuant to law;
- (5)   Where the Company faces severe operational difficulties, its continued existence would cause significant loss to shareholders' interests, and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the voting rights may petition the people's court to dissolve the Company.

Where the Company encounters any of the dissolution grounds specified in the preceding paragraph, it shall disclose such grounds through the National Enterprise Credit Information Publicity System within ten days.

**Article 205**   Where the Company falls under the circumstances specified in Article 204(1) or (2) of the Articles of Association and has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or by resolution of the shareholders' meeting.

Amendments to the Articles of Association or resolutions of the shareholders' meeting under the preceding paragraph shall be adopted by a vote of more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

**Article 206** Where the Company is dissolved pursuant to Article 204(1), (2), (4), or (5) of the Articles of Association, it shall undergo liquidation. The directors shall be the liquidators of the Company and shall form a liquidation committee to conduct liquidation within fifteen days from the date the grounds for dissolution arise.

The liquidation group shall consist of directors, unless otherwise provided in the Articles of Association or unless the shareholders' meeting resolves to elect other persons. Where the persons responsible for liquidation fail to perform their liquidation duties in a timely manner and cause losses to the Company or creditors, they shall bear liability for compensation.

**Article 207** Where the Company is required to undergo liquidation pursuant to paragraph 1 of Article 206, but fails to establish a liquidation group within the prescribed timeframe or fails to conduct liquidation after establishing such a team, interested parties may apply to the people's court to designate relevant persons to form a liquidation group for the purpose of liquidation.

Where the Company is dissolved pursuant to Article 204(4) of the Articles of Association, the department that revokes the business license, orders closure, or makes the revocation decision, or the company registration authority, may apply to the people's court to designate relevant personnel to form a liquidation group to conduct liquidation.

**Article 208** During the liquidation period, the liquidation group shall exercise the following powers:

- (1) to liquidate the Company's assets and prepare a balance sheet and an inventory of assets;
- (2) notify and announce to creditors;
- (3) handle any unresolved business of the Company related to the liquidation;
- (4) settle outstanding taxes and taxes incurred during the liquidation process;

- (5) settle claims and liabilities;
- (6) distribute the Company's remaining assets after settling all debts;
- (7) representing the Company in civil litigation activities.

**Article 209** The liquidation group shall notify creditors within 10 days of its establishment and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall file their claims with the liquidation group within 30 days of receiving the notification, or within 45 days of the announcement if they did not receive the notification.

When filing claims, creditors shall state the relevant details of the claim and provide supporting documentation. The liquidation group shall register the claims.

During the claim filing period, the liquidation group shall not make any payments to creditors.

**Article 210** After liquidating the Company's assets and preparing the balance sheet and property inventory, the liquidation group shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

Any residual assets remaining after payment of liquidation expenses, employee wages, social insurance contributions, statutory compensation, outstanding taxes, and company debts shall be distributed among shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but may not engage in business activities unrelated to liquidation.

Company assets shall not be distributed to shareholders until the obligations specified in the preceding paragraph have been satisfied.

**Article 211** If, after liquidating the Company's assets and preparing the balance sheet and property inventory, the liquidation group finds that the Company's assets are insufficient to settle its debts, it shall apply to the people's court for a declaration of bankruptcy in accordance with the law.

After the Company is declared bankrupt by a people's court ruling, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

**Article 212** Upon completion of the Company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and file it with the company registration authority to apply for cancellation of the company's registration.

**Article 213** Members of the liquidation group shall perform their liquidation duties with a duty of loyalty and diligence.

Members of the liquidation group who neglect their liquidation duties and cause losses to the Company shall bear liability for compensation; if they cause losses to creditors through willful misconduct or gross negligence, they shall bear liability for compensation.

**Article 214** Where the Company has incurred no debts during its existence or has fully discharged all debts, it may, upon the consent of all shareholders, apply for cancellation of its registration through a simplified procedure in accordance with the provisions.

The cancellation of company registration through the simplified procedure shall be announced through the National Enterprise Credit Information Publicity System, with the announcement period not less than twenty days. Upon expiration of the announcement period without objection, the Company may apply to the company registration authority for cancellation of its registration within twenty days.

Where the Company cancels its registration through the simplified procedure and the shareholders make false commitments regarding the matters specified in paragraph 1 of this Article, they shall bear joint and several liability for the debts incurred prior to the cancellation of registration.

**Article 215** When the Company is lawfully declared bankruptcy, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

## **Chapter XII Party Organization of the Company**

**Article 216** The Company shall establish a Party branch of the Communist Party of China within Impression Dahongpao Co., Ltd..

**Article 217** The Party organization of the Company shall have one secretary. The secretary of the Party organization shall be the Chairman or the general manager. If the Chairman or general manager of the Company is not a member of the Communist Party of China, a full-time secretary shall be appointed. Members of the Party organization committee who meet the qualification requirements for positions in the Company may assume a position in the Board of Directors or the management team through legal procedures. Party members among the members of the Board of Directors or the management team who meet the requirements may be a member of the Party organization of the Company in accordance with relevant regulations and procedures.

The number of positions for the Party branch secretary and committee members shall be established in accordance with the approval of the superior organization and shall be elected and appointed in accordance with the relevant provisions of the Constitution of the Communist Party of China.

**Article 218** The Company's Party organization shall perform its duties in accordance with the Constitution of the Communist Party of China and other internal regulations within the Party:

- (1) ensuring the implementation of the Party and state's policies and guidelines, as well as the decisions and deployments of the Party Central Committee, the State Council, and each higher-level Party committee and governments within the Company;
- (2) combining the principle of Party management of cadres with the Board of Directors' lawful selection of managers and the lawful exercise of personnel power by managers. The Company's Party organization should deliberate on candidates nominated by the Board of Directors or the general manager and offer opinions and suggestions, or recommend candidates to the Board of Directors or the general manager; jointly with the Board of Directors, it shall assess prospective candidates and collectively offer opinions and suggestions. It shall fulfill the duty of Party management of talents and implement the strategy of strengthening the enterprise through talents.



- (3) research and deliberate on matters concerning the Company's reform, development, and stability; major operational management issues; and significant matters affecting employees' vital interests, and provide opinions and suggestions;
- (4) fulfill primary responsibility for promoting integrity and discipline within the Company, and lead and support the Company's disciplinary inspection committee members in performing their duties of oversight, enforcement, and accountability;
- (5) strengthen the construction of primary-level Party organizations and the Party member team within the enterprise, emphasize daily education, supervision, and management, fully leverage the role of Party branches as strongholds and the vanguard and exemplary role of Party members, and unite and lead cadres and employees to actively engage in the Company's reform and development endeavors;
- (6) lead the Company's ideological and political work, spiritual civilization development, united front work, corporate culture development, and mass organization work;
- (7) study other matters that should be decided by the Company's Party organization.

**Article 219** The primary procedures for the Company's Party organization to participate in decision-making:

- (1) Party organization deliberation first. The Company Party organization convenes meetings to discuss and study major issues proposed for decision by the Board of Directors or management, offering opinions and suggestions, and compiling minutes. If the Party organization finds that proposed decisions by the Board of Directors or management violate the Party's policies or national laws and regulations, or may harm the interests of the state, society, the public, the Company, or employees, it shall propose to revoke or postpone the decision. If the Party organization identifies other major issues requiring decision-making of the Board of Directors or management, it may submit them to the Board of Directors or management;

- (2) Pre-meeting communication. Party organization committee members who are part of the Board of Directors or management, especially those serving as the Chairman or general manager, shall communicate the relevant opinions and suggestions of the Company's Party organization to other Board or management members before the agenda items are formally submitted to the Board of Directors or general manager's office meeting;
- (3) Presentation at meetings. Party organization committee members serving on the Board of Directors or management shall fully articulate the opinions and suggestions researched by the Company's Party organization during decision-making sessions of the Board of Directors or management and shall promptly report the outcomes of such decisions to the Company's Party organization.

### **Chapter XIII Amendment of the Articles of Association**

**Article 220** The Company shall amend its Articles of Association under any of the following circumstances:

- (1) Where provisions in the Articles of Association conflict with amendments to the Company Law or relevant laws and administrative regulations;
- (2) Changes in the Company's circumstances render it inconsistent with the recorded provisions in the Articles of Association;
- (3) The shareholders' meeting decides to amend the Articles of Association.

**Article 221** Where amendments to the Articles of Association approved by shareholders' meeting require approval from the competent authority, such amendments shall be submitted to the competent authority for approval. Where such amendments involve matters requiring company registration, change of registration shall be processed in accordance with the law.

**Article 222** The Board of Directors shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting to amend the Articles of Association and the approval opinions of the relevant competent authority.

**Article 223** Where amendments to the Articles of Association constitute information required to be disclosed under laws or regulations, such information shall be announced in accordance with the relevant provisions.

## **Chapter XIV Supplementary Provisions**

### **Article 224 Definitions**

- (1) Controlling shareholder refers to a shareholder whose shareholding represents more than 50% of the Company's total share capital; or a shareholder whose shareholding proportion is less than 50% but whose voting rights are sufficient to exert significant influence over resolutions of the shareholders' meeting.
- (2) Actual controller refers to a person who, through investment relationships, agreements, or other arrangements, is able to exercise actual control over the Company's actions.
- (3) Related party relationship refers to the relationship between the Company's controlling shareholder, actual controller, directors, senior management and enterprises directly or indirectly controlled by them, as well as other relationships that may result in the transfer of corporate interests. However, state-controlled enterprises shall not be deemed related solely because they are both state-controlled.

**Article 225** The Board of Directors may formulate by-laws in accordance with the provisions of the Articles of Association. The by-laws shall not conflict with the provisions of the Articles of Association.

**Article 226** The Articles of Association are written in Chinese. In case of any discrepancy between any other language version or different versions of the Articles of Association and the Articles of Association, the Chinese version of the Articles of Association approved and registered by the Administration for Industry and Commerce most recently shall prevail.

**Article 227** The terms "more", "within", "below", and "not more than" as used in the Articles of Association shall include the number specified; the terms "less than", "beyond", "below", "more than", and "exceeding" shall exclude the number specified.

**Article 228** The Board of Directors shall be responsible for interpreting the Articles of Association.

**Article 229** The appendices to the Articles of Association include the Rules of Procedure for shareholders' meetings and the Rules of Procedure for Board Meetings.

**Article 230** Matters not provided for in the Articles of Association shall be handled in accordance with laws, administrative regulations, and the relevant provisions of the securities regulatory authority of the place where the Company's shares are listed, taking into account the actual circumstances of the Company. In the event of any conflict between the Articles of Association and any laws, administrative regulations, relevant rules or regulations of the securities registration and settlement institutions, other relevant normative documents, or the provisions of the securities regulatory authority of the place where the Company's shares are listed, the laws, administrative regulations, relevant rules or regulations of the securities registration and settlement institutions, other relevant normative documents, or the provisions of the securities regulatory authority of the place where the Company's shares are listed shall prevail.

**Article 231** The Articles of Association shall take effect upon approval by the shareholders' meeting and shall become effective as of the date the Company's issued overseas-invested foreign shares (H-shares) are listed and traded on the Main Board of the Hong Kong Stock Exchange. Upon the effective date of the Articles of Association, the Company's original Articles of Association shall automatically lapse.

**Impression Dahongpao Co., Ltd.**