

**SHANGHAI FOREST CABIN COSMETICS GROUP CO., LTD.**  
**上海林清軒化妝品集團股份有限公司**

**ARTICLES OF ASSOCIATION**

**(Draft)**

**(Applicable upon the initial public offering of H Shares)**

## COTENTS

<b>Chapter 1</b>	<b>General Provisions</b> . . . . .	1
<b>Chapter 2</b>	<b>Business Objective and Scope</b> . . . . .	3
<b>Chapter 3</b>	<b>Shares</b> . . . . .	4
	Section 1 Share Issue . . . . .	4
	Section 2 Increase/Decrease and Repurchase of Shares . . . . .	7
	Section 3 Transfer of Shares . . . . .	8
<b>Chapter 4</b>	<b>Shareholders and Shareholders' Meetings</b> . . . . .	10
	Section 1 Shareholder . . . . .	10
	Section 2 Controlling Shareholder and De Facto Controller . . . . .	15
	Section 3 General Provisions of Shareholders' Meetings . . . . .	16
	Section 4 Convening of Shareholders' Meetings . . . . .	19
	Section 5 Proposals and Notices of Shareholders' Meetings . . . . .	21
	Section 6 Holding of Shareholders' Meetings . . . . .	23
	Section 7 Voting and Resolutions at Shareholders' Meetings . . . . .	27
<b>Chapter 5</b>	<b>Board</b> . . . . .	32
	Section 1 Director . . . . .	32
	Section 2 Board . . . . .	38
	Section 3 Independent Non-executive Directors . . . . .	43
	Section 4 Specialized Committees of the Board . . . . .	46
<b>Chapter 6</b>	<b>General Manager and Other Senior Management</b> . . . . .	48
<b>Chapter 7</b>	<b>Financial Accounting System, Profits Distribution and Auditing</b> . . . . .	50
	Section 1 Financial Accounting System . . . . .	50
	Section 2 Internal Audit . . . . .	52
	Section 3 Engagement of Accounting Firm . . . . .	52
<b>Chapter 9</b>	<b>Notices and Announcements</b> . . . . .	53
<b>Chapter 10</b>	<b>Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation</b> . . . . .	54
	Section 1 Merger, Division, Capital Increase and Capital Reduction . . . . .	54
	Section 2 Dissolution and Liquidation . . . . .	56
<b>Chapter 11</b>	<b>Amendment to the Articles of Association</b> . . . . .	59
<b>Chapter 12</b>	<b>Supplementary Provisions</b> . . . . .	60

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These Articles are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People's Republic of China (hereinafter referred to as the “**Securities Law**”), the Accounting Law of the People's Republic of China (hereinafter referred to as the “**Accounting Law**”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (hereinafter referred to as the “**Trial Administrative Measures**”), the Guidelines for Articles of Association of Listed Companies (hereinafter referred to as the “**Guidelines for Articles of Association**”), the Official Reply of the State Council on Adjusting the Application of Provisions to Matters Including the Notification Period for Convening Shareholders' Meetings by Overseas Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other relevant laws, administrative regulations, departmental rules, normative documents and requirements of relevant regulatory authorities in order to safeguard the legitimate rights and interests of Shanghai Forest Cabin Cosmetics Group Co., Ltd. (hereinafter referred to as the “**Company**”), its shareholders, employees and creditors, and to regulate the organization and behavior of the Company.

**Article 2** The Company is incorporated as a joint stock company with limited liability through the overall conversion of Shanghai Forest Cabin Cosmetics Group Co., Ltd. (上海林清軒化妝品集團股份有限公司) in accordance with the Company Law and other relevant laws, administrative regulations, departmental rules, normative documents, and the requirements of relevant regulatory authorities of the People's Republic of China (hereinafter referred to as the “**PRC**”, excluding the Hong Kong Special Administrative Region (hereinafter referred to as “**Hong Kong**”), the Macau Special Administrative Region (hereinafter referred to as “**Macau**”) and Taiwan for the purpose of these Articles).

The unified social credit code of the Company is 91310117588657256C.

**Article 3** On November 27, 2025, the Company completed the filing with the China Securities Regulatory Commission in respect of its issue of [•••] overseas-listed foreign shares of RMB0.2 each (hereinafter referred to as “**H Shares**”) in Hong Kong. On December 30, 2025, H Shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) (hereinafter referred to as the “**Initial Public Offering of H Shares**”). H Shares are denominated in Renminbi, subscribed for and traded in Hong Kong dollars.

**Article 4** The registered names of the Company are as follows:

Full name in Chinese: 上海林清軒化妝品集團股份有限公司

Full name in English: Shanghai Forest Cabin Cosmetics Group Co., Ltd.

**Article 5** Domicile Address of the Company: Room 201, Area A, 2F, Building 1 No. 1177, Xinmiao 3rd Road, Songjiang District, Shanghai.

**Article 6** Prior to the Initial Public Offering of H Shares, the registered capital of the Company was RMB25,139,567. Upon completion of the Initial Public Offering of H Shares, the registered capital of the Company amounts to RMB[•••] if the Over-allotment Option was not exercised, or RMB[•••] if the Over-allotment Option was exercised in full.

Upon completion of the Initial Public Offering of H Shares, if the Over-allotment Option was not exercised, the share capital of the Company consists of [•••] ordinary shares, comprising [•••] H Shares (accounting for [•••]% of the total number of ordinary shares of the Company) and [•••] domestic shares (accounting for [•••]% of the total number of ordinary shares of the Company). If the Over-allotment Option was exercised in full, the share capital of the Company consists of [•••] ordinary shares, comprising [•••] H Shares (accounting for [•••]% of the total number of ordinary shares of the Company) and [•••] domestic shares (accounting for [•••]% of the total number of ordinary shares of the Company).

**Article 7** The Company is a joint stock limited company with perpetual existence.

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

When a director or manager who acts as the legal representative resigns, he/she is deemed to have resigned as the legal representative concurrently.

If the legal representative resigns, the Company shall designate a new legal representative within 30 days from the date of resignation of the legal representative.

**Article 9** The Company is subject to the legal consequences arising from any civil activities performed by the legal representative in the name of the Company.

Restrictions imposed by these Articles or shareholders' meeting on the functions and powers of the legal representative are not effective against a bona fide counterparty.

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 accepting such civil liability, seek compensation from the legal representative at fault in accordance with the laws or these Articles.

**Article 10** All assets of the Company are divided into equal shares. A shareholder's liability to the Company is limited to the shares subscribed for by him/her, while the Company's liability to its debts is limited to all of its assets.

**Article 11** These Articles is approved by a resolution at the shareholders' meeting of the Company held on May 23, 2025, coming into effect from the date on which the H Shares issued by the Company are listed and traded on the Hong Kong Stock Exchange. From its effective date, these Articles replaces the original articles of association of the Company filed with the company registration authority. From its effective date, these Articles becomes a legally binding document governing the organization and conduct of the Company, and the rights and obligations between the Company and its shareholders and among shareholders. In accordance with these Articles, any shareholder may bring a lawsuit against another

shareholder, or against a director and any other senior management of the Company, or against the Company, and the Company may bring a lawsuit against any shareholder, director and any other senior management.

**Article 12** The senior management stated in these Articles refers to the general manager, deputy general manager, financial officer, the secretary to the Board and other senior management members designated by the Board.

**Article 13** A Communist Party organization shall be established by the Company in accordance the Constitution of the Communist Party of China to carry out Party activities. The Company shall provide necessary conditions for the activities of the Party organization.

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

**Article 14** The business objective of the Company is to enhance the beauty for human and the planetary ecosystem.

**Article 15** The Company's scope of business as duly registered in accordance with law includes: general items: technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; import and export of goods; import and export of technology; manufacture of daily chemical products; sales of Class II medical devices; wholesale of cosmetics; retail of cosmetics; sales of daily chemical products; sale of personal hygiene products; wholesale of clothing and apparel; retail of clothing and apparel; wholesale of footwear and hats; retail of footwear and hats; sales of daily necessities; retail of arts and crafts and ceremonial articles (except ivory and its products); sale of home appliances; wholesale of hardware products; retail of hardware products; sales of tea sets; wholesale of edible agricultural products; retail of edible agricultural products; sales via internet (except for sale of commodities that require licensing). (Except for those items which are subject to approval in accordance with the laws, the business activities that are carried out independently in accordance with the laws under business licenses) Licensed items: manufacture of cosmetics; sales of food products. (For items that are subject to the approval in accordance with the laws, business activities can only be carried out after obtaining the approval from relevant departments. Exact business activities are subject to the approvals or licenses issued by relevant departments).

The above scope of business is subject to the items approved by the competent administration for market regulation. The Company may, based on the changes in domestic and international markets, business development and its own capabilities, change its scope of business and complete relevant formalities for changes in accordance with the laws.

## **CHAPTER 3   SHARES**

### **Section 1   Share Issue**

**Article 16**   The shares of the Company shall be presented by share certificates.

The share certificates of the Company are in registered form. In addition to those required by the Company Law, the matters to be set out in the share certificates of the Company also include those required by the stock exchange where the shares of the Company are listed.

The overseas-listed shares issued by the Company may be in the form of overseas share deposit receipts or in other derivations, in accordance with the laws of the place where the Company's shares are listed and the practices of the securities registry and depository. If the share capital of the Company includes non-voting shares, the words "non-voting" shall be added to the name of such shares.

**Article 17**   Shares of the Company are issued in an open, fair and impartial manner, and each share of the same class has the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Subscribers shall pay the same price for each Share subscribed.

**Article 18**   The shares issued by the Company shall have nominal values denominated in RMB, with a par value of RMB0.2 each.

**Article 19**   The Company may issue shares to domestic investors and overseas investors after completing the necessary procedures prescribed in the Trial Measures for Administration and other relevant laws, regulations and normative documents.

The "overseas investors" in the preceding paragraph means the investors in foreign countries and in Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company, and "domestic investors" means the investors in the PRC, other than the regions mentioned above, who subscribe for shares issued by the Company.

**Article 20**   The shares of the Company listed on the Hong Kong Stock Exchange are briefly referred to as H Shares, which shall be the shares listed on Hong Kong Stock Exchange upon approval, denominated in RMB, and subscribed for and traded in RMB or HK dollars. The H-shares issued by the Company are mainly deposited in the trusted companies subordinate to Hong Kong Securities Clearing Company Limited.

Shares issued by the Company but not listed or traded on overseas trading venues are "domestic unlisted shares" (including unlisted shares held by shareholders of the Company prior to the overseas listing, and additional unlisted shares issued in the PRC after the overseas listing). Domestic unlisted shares issued by the Company are centrally deposited with China Securities Depository and Clearing Corporation Limited.

The shareholders of domestic unlisted shares and the shareholders of H shares are both ordinary shareholders and enjoy the same rights and assume equal obligations.

**Article 21** With the consent of the Hong Kong Stock Exchange and the filing with the China Securities Regulatory Commission, shareholders of the Company's domestic unlisted shares may apply for the conversion of their domestic unlisted shares into H shares and their listing and circulation on the Hong Kong Stock Exchange.

The conversion of such shares are conducted in compliance with relevant regulations of the CSRC and the relevant shareholders shall entrust the Company to file with the CSRC for the listing and trading of such shares on overseas stock exchanges. No shareholders' meeting is required to be held for the conversion of such shares and their listing and trading on overseas stock exchanges.

**Article 22** The total number of shares of the Company at the time of its establishment was 25,139,567 shares, all of which are ordinary shares with a par value of RMB1 per share. The number of shares held by the promoters and their shareholding percentage are as follows:

No.	Name of promoter	Number of shares (share)	Percentage of shareholding	Method of capital contribution	Time of capital contribution
1	Sun Laichun	9,750,000	38.7835%	Conversion of net assets into shares	2024.12
2	Shanghai Fangjiaoshi Management Consulting Co. Ltd.	7,180,000	28.5606%	Conversion of net assets into shares	2024.12
3	Shanghai Yuanhui Business Consulting Partnership (Limited Partnership)	2,031,000	8.0789%	Conversion of net assets into shares	2024.12
4	Youngor Fashion (Shanghai) Technology Co., Ltd.	1,129,006	4.4910%	Conversion of net assets into shares	2024.12
5	Shanghai Yuangan Investment Partnership (Limited Partnership)	1,111,100	4.4197%	Conversion of net assets into shares	2024.12
6	Zhejiang Zhuji Toutoushidao Investment Partnership (Limited Partnership)	903,204	3.5928%	Conversion of net assets into shares	2024.12
7	Foshan Haiyujia Enterprise Management Partnership (Limited Partnership)	677,403	2.6945%	Conversion of net assets into shares	2024.12
8	Jinhua Future Yicai Phase I Equity Investment Partnership (Limited Partnership)	474,183	1.8862%	Conversion of net assets into shares	2024.12
9	Hangzhou Yuanchen Equity Investment Partnership (Limited Partnership)	395,152	1.5718%	Conversion of net assets into shares	2024.12



No.	Name of promoter	Number of shares (share)	Percentage of shareholding	Method of capital contribution	Time of capital contribution
10	Foshan Nanhai District Huibi No. 2 Equity Investment Partnership (Limited Partnership)	316,122	1.2575%	Conversion of net assets into shares	2024.12
11	Sun Fuchun	250,000	0.9944%	Conversion of net assets into shares	2024.12
12	Top New Development Limited	225,801	0.8982%	Conversion of net assets into shares	2024.12
13	Ningbo Meishan Bonded Port Zone Hundun Innovation Phase II Investment Partnership (Limited Partnership)	225,801	0.8982%	Conversion of net assets into shares	2024.12
14	Shanghai Taomin Information Technology Co., Ltd.	225,801	0.8982%	Conversion of net assets into shares	2024.12
15	Hainahua (Shanghai) Equity Investment Fund Partnership (Limited Partnership)	118,546	0.4716%	Conversion of net assets into shares	2024.12
16	Future Yicai Equity Investment Management (Shanghai) Co., Ltd.	79,030	0.3144%	Conversion of net assets into shares	2024.12
17	Shanghai Damo Guyan Enterprise Management Consulting Partnership (Limited Partnership)	47,418	0.1886%	Conversion of net assets into shares	2024.12
<b>Total</b>		<b>25,139,567</b>	<b>100%</b>	<b>–</b>	<b>–</b>

**Article 23** The number of the Company's issued shares is [••]. The share capital structure of the Company is: [•••] ordinary shares.

Among which, 33,570,658 are domestic unlisted shares and [••] are H Shares.

**Article 24** The Company and its subsidiaries (including its affiliates) are not allowed to provide financial assistance, in the form of gift, advancement, guarantee, compensation, loan or otherwise, to others for the acquisition of the shares in the Company or its parent company, except for the implementation of the the Company's employee stock ownership plan.

For the benefit of the Company, upon passing a resolution of the shareholders' meeting, or a resolution of the board of directors in accordance with these Articles or the authorization of the shareholders' meeting, the Company may provide financial assistance to others for the acquisition of the shares in the Company or its parent company, provided that the cumulative total amount of the financial assistance does not exceed 10% of the total issued share capital. Any resolution made by the board of directors requires an approval by more than two-thirds of all directors.



## **Section 2 Increase/Decrease and Repurchase of Shares**

**Article 25** Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of laws and regulations upon resolution of the shareholders' meeting:

- (I) Offering of shares to unspecified persons;
- (II) Offering of shares to specific recipients;
- (III) Distributing bonus shares to existing shareholders;
- (IV) Conversion of provident fund into share capital;
- (V) Other methods permitted by laws, administrative regulations and normative documents, and the securities regulatory and management authorities of the place where the Company's shares are listed and the Hong Kong Stock Exchange.

**Article 26** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the provisions of the Company Law, laws, administrative regulations and normative documents, the securities regulatory and management authorities of the place where the Company's shares are listed, the Hong Kong Stock Exchange and other relevant regulations and the procedures stipulated in these Articles.

**Article 27** The Company shall not repurchase its own shares. However, subject to the laws and regulations, the provisions of the securities regulatory and administrative authorities of the place where the Company's shares are listed and the provisions of the Hong Kong Listing Rules and these Articles, except in the following circumstances:

- (I) To reduce the registered capital of the Company;
- (II) To merge with another company that holds the shares of the Company;
- (III) To use the shares for employee stock ownership plan or as equity incentive;
- (IV) Shareholders who object to a merger or separation resolution made at the shareholders' meeting requesting the Company to buy back their shares;
- (V) To utilize shares to satisfy the conversion of corporate bonds that are convertible into shares issued by the Company;
- (VI) When it is necessary for the Company to protect the company value and the shareholders' equity;
- (VII) Other circumstances permitted by laws, administrative regulations, departmental rules, normative documents, provisions of the securities regulatory and management bodies of the places where the Company's shares are listed and relevant provisions of the Hong Kong Listing Rules.

**Article 28** The Company may repurchase its shares through public and centralized trading or any other methods permitted by relevant laws, administrative regulations, normative documents, the Hong Kong Listing Rules and the securities regulatory and administration authorities of the place where the Company's shares are listed.

A company purchasing the Company's shares under any of the circumstances set forth in items (III), (V) and (VI) of Article 27 hereof shall carry out trading in a public and centralized manner.

A company purchasing the Company's shares under any of the circumstances set forth in items (I) and (II) of Article 27 hereof shall be subject to a resolution of the shareholders' meeting; and a company purchasing the Company's shares under any of the circumstances set forth in items (III), (V) and (VI) of Article 27 hereof may, pursuant to the provisions of these Articles or the authorization of the shareholders' meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present.

After purchasing the Company's shares pursuant to the provisions of Article 27 hereof, the company shall, under the circumstance set forth in item (I), cancel them within 10 days after the purchase; under the circumstance set forth in item (II) or (IV), transfer or cancel them within six months; or under the circumstance set forth in item (III), (V) or (VI), hold an aggregate of no more than 10% of all the shares issued by the Company and transfer or cancel them within three years.

If laws, administrative regulations, departmental rules, normative documents, relevant provisions of the securities regulatory and management authorities of the place where the Company's shares are listed and the Hong Kong Listing Rules provide other provisions in respect of the relevant matters involved in the aforesaid share repurchases, such provisions shall apply.

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

**Article 29** The shares of the Company shall be transferred in accordance with the law.

All transfers of H Shares shall be effected by means of a written instrument of transfer in the usual or common form or any other form acceptable to the board of directors (including the standard format of transfer or form of transfer prescribed by Hong Kong Stock Exchange from time to time); and such instrument of transfer shall only be executed either by hand or under the valid seal of the Company (if the transferor or transferee is a company). Where the transferor or transferee is a recognized clearing house or its agent as defined in the relevant ordinances in force under the laws of Hong Kong from time to time, the instrument of transfer may be executed either by hand or in machine-printed form. All instruments of transfer shall be deposited at the legal address of the Company or at the address designated by the board of directors from time to time.

**Article 30** The Company shall not accept its own shares as the subject of pledge right.

**Article 31** Shares issued by the Company prior to its public offering shall not be transferable within one year from the date on which the shares of the Company are listed and traded in a stock exchange.

The directors and senior management of the Company shall declare to the Company the shares held by them in the Company and the relevant changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the same class 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 Company's shares. The shares of the Company held by them shall not be transferable within six months after their resignation.

If the securities regulatory and management authorities of the place where the Company's shares are listed imposes any other restrictions on the transfer of shares, the Company shall comply with such restrictions at the same time.

**Article 32** Where shareholders holding more than 5% of the Company's shares, the directors or senior management sells the shares of the Company or any other securities of equity nature held by them within six months after purchasing, or repurchases such shares or securities within six months after selling them, the gains obtained therefrom shall be forfeited by the board of directors of the Company for the benefit of the Company. However, securities companies holding more than 5% of the shares due to the purchase of the untaken shares after underwriting, recognized clearing houses and their agents (including Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited) holding more than 5% of the shares, and any other circumstances stipulated by relevant regulatory authorities are excluded.

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

In the event that the board of directors of the Company fails to comply with the provisions of the first paragraph of this Article, the shareholders have the right to demand the board of directors to implement the provisions within 30 days. In the event that the board of directors of the Company fails to implement the provisions within the aforementioned period, the shareholders are entitled to initiate litigation in the people's court in their own names for the benefit of the Company.

In the event that the board of directors of the Company fails to implement the provisions set forth in the first paragraph of this Article, the responsible director(s) shall bear joint and several liability under law.

If the restriction on transfer in this Article involves H shares, the Company is required to comply with the relevant provisions of the securities regulatory and administration authorities of the place where the Company's shares are listed at the same time.

## **CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' MEETINGS**

### **Section 1 Shareholder**

**Article 33** The Company shall maintain a register of shareholders based on the vouchers provided by securities registration and clearing authority. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. The shareholders enjoy the rights and assume the obligations based on the class of the shares they hold. The shareholders holding the same class of shares enjoy equal rights and assume equal obligations.

The register of shareholders holding domestic shares is based on the data recorded in the securities book-entry system of CSDCC. The register of shareholders holding H shares is based on the data provided by the trustee-custodian under the custody of HKSCC.

The Company shall keep a complete register of shareholders. The original copy of the register(s) of shareholders of H shares listed in Hong Kong shall be kept in Hong Kong. The register of shareholders is required to include the following parts: (I) the register(s) of shareholders maintained at the Company's domicile other than those specified in items (II) and (III) of this Article; (II) the register(s) of shareholders of H shares of the Company maintained in the place(s) of the overseas stock exchange on which the Company is listed; (III) the register(s) of shareholders maintained in other places as the Board may deem necessary for the purpose of listing of the Company's shares. The respective parts of the register of shareholders may not overlap each other. The transfer of shares registered in one part of the register of shareholders must not be entered into other parts of the same when the registration of such shares is still valid. Any change or correction of any part of the register of shareholders shall comply with the laws of the place where the said part of the same is maintained.

The register of shareholders registers the following shareholders' particulars or the particulars in accordance with the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

- (I) The name, address (domicile), occupation or the capacity of each shareholder;
- (II) The class and number of the shares held by each shareholder;
- (III) The amount paid or payable for the shares held by each shareholder;
- (IV) The serial numbers of the shares held by each shareholder;
- (V) The date on which each shareholder is registered as a member;
- (VI) The date on which each shareholder ceases to be a member.

The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares, unless there is evidence to the contrary.

Subject to these Articles and other applicable regulations, upon transfer of any shares of the Company, the name of the transferee is required to be entered into the register of shareholders as the holder of such shares.

Any shareholder who is registered in the register of shareholders or any person who requests that his or her name be entered into the register of shareholders may apply to the Company for issuance of a new share certificate in respect of such shares (the “**Relevant Shares**”) if his or her share certificate (the “**Original Share Certificate**”) is lost. Where a shareholder of domestic shares who has lost his/her share certificate applies for replacement thereof, such replacement is dealt with in accordance with relevant provisions under the Company Law. Where a shareholder of H shares who has lost his/her share certificate applies for replacement thereof, such replacement is dealt with in accordance with the laws, the rules of the stock exchange or other relevant requirements of the place where the original register of shareholders of H shares is maintained.

Where a shareholder of H shares of a company listed in Hong Kong who has lost his/her share certificate applies for replacement thereof, such replacement has to comply with the following requirements:

- (I) The applicant shall submit the application in the standard form prescribed by the company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration has to set forth the applicant’s reason for the application, the circumstances and evidence of the loss of the share certificate and a declaration that no other person may request registration as a shareholder in respect of the Relevant Shares;
- (II) The company has not received any declaration requesting registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a new share certificate;
- (III) The company shall, if it decides to issue a new share certificate to the applicant, make an announcement of its intention to issue a new share certificate in such newspapers designated by the Board that complies with relevant requirements for this purpose; the announcement has to be made at least once every 30 days for a period of 90 days;
- (IV) Prior to the publication of its intention to issue a new share certificate, the company shall have delivered to the stock exchange on which it is listed a copy of the announcement to be published. The company may publish the announcement upon receiving a confirmation from the stock exchange that the announcement has been displayed at the premises of the stock exchange. The announcement is required to be displayed at the premises of the stock exchange for a period of 90 days. In case an application to issue a replacement share certificate has been made without the consent of the registered shareholder of the Relevant Shares, the company shall deliver by mail to such registered shareholder a copy of the announcement to be published;

- (V) If, upon expiration of the 90-day period of announcement and display referred to in items (III) and (IV) of this Article, the company has not received from any person any objection to the issuance of a replacement share certificate, the company may issue a new share certificate to the applicant according to the application;
- (VI) Where the company issues a new share certificate in accordance with this Article, it shall forthwith cancel the Original Share Certificate and record the cancellation and reissuance in the register of shareholders accordingly;
- (VII) All expenses relating to the cancellation of an Original Share Certificate and the issuance of a new share certificate by the company shall be borne by the applicant. The company may refuse to take any action until a reasonable guarantee is provided by the applicant.

**Article 34** When the Company convenes a shareholders' meeting, distributes dividends, commences liquidation and carries out other activities which require the identification of shareholder, the Board or the convener of the shareholders' meeting shall fix a date as the record date. Shareholders whose names appear on the register of shareholders at the closing of the record date are the shareholders who are entitled to relevant rights and interests.

**Article 35** The shareholders of the Company shall have the following rights:

- (I) To receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;
- (II) To request to call, convene, preside over, attend or appoint a proxy to attend the shareholders' meeting and exercise the corresponding voting rights in accordance with the law;
- (III) To supervise, and make recommendations or enquiries on the operation of the Company;
- (IV) To transfer, bestow or pledge the shares they hold in accordance with the laws, administrative regulations, the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed and the provisions of the these Articles;
- (V) To inspect and copy the Articles of Association, register of shareholders (including the register of H-shareholders), minutes of shareholders' meetings, resolutions of Board meetings, and financial and accounting reports, and shareholders in compliance with the regulations may inspect the Company's accounting books and accounting vouchers;
- (VI) To participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon the termination or liquidation of the Company;



(VII) To require the Company to acquire his/her shares if such shareholder objects to a resolution of a shareholders' meeting on the merger or division of the Company;

(VIII) Other rights as stipulated in laws, administrative regulations and normative documents, the securities regulatory and administrative authorities of the place where the Company's shares are listed, the Hong Kong Listing Rules and these Articles.

**Article 36** When a shareholder requests to inspect the foresaid information or obtain such materials, he/she shall comply with the provisions of the Company Law and any other laws and administrative regulations, and furnish with the Company written documents evidencing the class and number of shares he/she holds in the Company, and the Company shall provide the relevant information or materials in accordance with the shareholder's request after verifying the shareholder's identity.

**Article 37** Shareholders are entitled to request the people's court to invalidate the resolution of a shareholders' meeting or a Board meeting which violates the laws and administrative regulations.

If the convening procedure for the shareholders' meeting or Board meeting or the method of voting at such meeting violates the laws, administrative regulations or these Articles, or the content of any resolution violates these Articles, the shareholders may, within 60 days from the date on which such resolution is passed, submit a petition to the people's court to revoke the same, except where the convening procedure for the shareholders' meeting or Board meeting or the method of voting at such meeting has only minor flaws that have no substantial impact on the resolution.

Where the Board, the shareholders and any other stakeholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling, such as the cancellation of the resolution, the responsible personnel shall execute the resolution of the shareholders' meeting. The Company, its directors and the senior management 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 laws, administrative regulations, the provisions of the securities regulatory authorities of the place where the Company's shares are listed, fully explain the impact of the judgement or ruling on the Company, and actively cooperate in the enforcement of the judgement or ruling after it has come into effect. Where previous matters need to be corrected, the Company shall make the correction in a timely manner and fulfil its obligations to disclose the information accordingly.

**Article 38** A resolution of a shareholders' meeting or Board meeting of the Company is not valid under any of the following circumstances:

- (I) The resolution is passed without holding a shareholders' meeting or Board meeting;
- (II) The resolution is not voted on at the shareholders' meeting or Board meeting;



- (III) The number of attendees of the meeting or the number of voting rights held by them does not reach the threshold of the number of attendees or the number of voting rights held to pass a resolution as required under the Company Law or these Articles;
- (IV) The number of attendees or the number of voting rights held by them voting for the resolution does not reach the threshold of the number of attendees or the number of voting rights held to pass a resolution as required under the Company Law or these Articles.

**Article 39** Where a director or a senior management member other than members of the Audit Committee contravenes laws, administrative regulations or the provisions of these Articles in the performance of his/her duties resulting in any loss to the Company, shareholder(s) holding individually or in aggregate more than 1% of the Company's shares for at least 180 consecutive days may request in writing that the Audit Committee institute litigation at a people's court. Where an Audit Committee member violates laws or administrative regulations or the provisions of these Articles in the discharge of his/her duties resulting in any loss to the Company, such shareholder(s) may request in writing that the Board institute litigation at a people's court.

If the Audit Committee or the Board refuses to institute litigation after receiving the written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in the event of an emergency where failure to institute litigation immediately will result in irrecoverable damage to the Company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in his/her/their own name for the Company's benefit.

For other parties who infringe on the legitimate interests of the Company resulting in loss to the Company, shareholder(s) under the first paragraph of this Article may institute litigation at a people's court in accordance with the provisions of the two preceding paragraphs.

Where a director, a supervisor or a senior management member of a wholly-owned subsidiary of the Company contravenes laws, administrative regulations or the provisions of these Articles in the performance of his/her duties resulting in any loss to the Company, or where any other person infringes on the legitimate interests of such wholly-owned subsidiary resulting in any loss, shareholder(s) holding individually or in aggregate more than 1% of the Company's shares for at least 180 consecutive days may request in writing that the supervisory committee or the board of directors of such wholly-owned subsidiary institutes litigation at a people's court, or he/she/they may institute litigation directly at a people's court in his/her/their own name in accordance with the first three paragraphs of Section 189 of the Company Law.

**Article 40** Where a director or a senior management member contravenes any laws, administrative regulations or the provisions of these Articles in infringement on shareholders' interests, a shareholder may also institute litigation at a people's court.

**Article 41** Shareholders of the Company shall assume the following obligations:

- (I) Complying with laws, administrative regulations and these Articles;
- (II) Paying subscription moneys for the shares subscribed in accordance with the agreed manner of payment;
- (III) No withdrawal of share capital is allowed after being approved and registered with the Company except for the circumstances set out in the relevant laws and regulations;
- (IV) No abuse of shareholder's 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;
- (V) Other obligations that should be assumed under laws, administrative regulations, the Hong Kong Listing Rules and these Articles.

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

## **Section 2 Controlling Shareholder and De Facto Controller**

**Article 42** The controlling shareholder and the de facto controller of the Company shall exercise their rights and fulfill their obligations in accordance with the laws, administrative regulations and the provisions of the stock exchange where the Company's shares are listed so as to safeguard the interests of the listed company.

**Article 43** The controlling shareholder and de facto controller of the Company shall abide by the following requirements:

- (I) To exercise shareholder's rights in accordance with the laws, without abusing their control rights or using connected relationship to damage the legitimate rights and interests of the Company or other shareholders;
- (II) To strictly fulfill the public statements and all commitments made, without making any unauthorized change or exemption;
- (III) To strictly fulfill the obligation of information disclosure in accordance with relevant regulations, actively and proactively cooperate with the Company in effectively completing the information disclosure, and notify the Company of major events that have occurred or appeared to have occurred in a timely manner;
- (IV) Not to appropriate the funds of the Company in any way;

- (V) Not to force, instruct or demand the Company and relevant personnel to provide guarantees in violation of the laws or regulations;
- (VI) Not to make use of the Company's undisclosed material information for his/her own benefit, disclose any undisclosed material information related to the Company in any way, or carry out any activities in violation of the laws or regulations such as insider trading, short-term trading, and market manipulation;
- (VII) Not to infringe upon the legitimate rights and interests of the Company and any other shareholders by any means such as unfair connected transactions, profit distribution, asset reorganization, and external investment;
- (VIII) To guarantee the Company's integrity of assets, and independence of personnel, finance, organization and business, without affecting the Company's independence in any way;
- (IX) Other provisions of the laws, administrative regulations, the regulations of the CSRC, the operational rules of the stock exchange, and these Articles.

If the controlling shareholder or the de facto controller of the Company does not serve as a director of the Company but actually carries out the affairs of the Company, the provisions of these Articles on the duties of loyalty and diligence of the directors apply.

If the controlling shareholder or the de facto controller of the Company instructs a director or any senior management member to conduct acts that harm the interests of the Company or the shareholders, he/she shall assume joint and several liability with such director or such senior management member.

**Article 44** The controlling shareholder or the de facto controller pledging the Company's shares held or actually controlled by him/her shall maintain his/her control over the Company and the stability of the Company's production and operation.

**Article 45** The controlling shareholder or the de facto controller who transfers his/her shares in the Company shall comply with the restrictive provisions on the transfer of shares under the laws, administrative regulations and the securities regulatory authorities of the place where the Company's shares are listed, and their undertakings in respect of the restriction on the transfer of shares.

### **Section 3 General Provisions of Shareholders' Meetings**

**Article 46** The shareholders' meeting of the Company consists of all shareholders. The shareholders' meeting is the source of authority of the Company and shall exercise the following functions and powers according to the laws:

- (I) To elect and replace directors who are not staff representatives, and to decide on matters relating to their remunerations;
- (II) To consider and approve the reports of the Board;

- (III) To consider and approve the annual financial budgetary plans and final accounting plans of the Company;
- (IV) To consider and approve the profit distribution plan and loss recovery plan of the Company;
- (V) To resolve on the increase or reduction of the Company's registered capital;
- (VI) To resolve on the issuance of corporate bonds;
- (VII) To resolve on matters such as the merger, division, dissolution, liquidation, or change of company form of the Company;
- (VIII) To amend these Articles;
- (IX) To resolve on the appointment or dismissal of the accounting firm that undertakes the Company's auditing business;
- (X) To consider and approve the guarantee matters set out in Article 47 hereof;
- (XI) To consider the purchase or disposal of material assets by the Company within one year exceeding 30% of the Company's latest audited total assets;
- (XII) To consider and approve the change of use of proceeds;
- (XIII) To consider equity incentive plans and employee stock ownership plan;
- (XIV) To consider matters relating to the acquisition of the Company's shares that should be resolved on by the shareholders' meeting as stipulated in laws and regulations, the regulatory rules of the place where the Company's shares are listed and these Articles;
- (XV) To consider matters relating to the connected transactions that should be resolved on by the shareholders' meeting as stipulated by laws and regulations, the regulatory rules of the place where the Company's shares are listed, and these Articles;
- (XVI) To consider other matters that should be resolved on by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or these Articles;

The shareholders' meeting may authorize the Board to adopt resolutions on the issuance of corporate bonds.

**Article 47** The following external guarantees made by the Company are required to be considered and approved by the shareholders' meeting:

- (I) Any guarantee to be provided after the total amount of the external guarantees provided by the Company and its holding subsidiary exceeding 50% of the latest audited net assets;
- (II) Any guarantee to be provided after the total amount of external guarantees provided by the Company exceeding 30% of the latest audited total assets;
- (III) The amount of any guarantee provided by the Company to others within one year exceeding 30% of the Company's latest audited total assets;
- (IV) Any guarantee provided for any guaranteed party with a gearing ratio of more than 70%;
- (V) The amount of a single guarantee exceeding 10% of the latest audited net assets;
- (VI) Any guarantee provided to any shareholders, any de facto controllers and their connected persons;
- (VII) Any other guarantees as required by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange where Company's shares are listed, or as provided by these Articles.

**Article 48** Shareholders' meetings shall be classified into annual shareholders' meetings and special shareholders' meetings.

The annual shareholders' meeting shall be convened once a year, and shall be held within six months after the prior accounting year ends.

**Article 49** The Company shall convene special shareholders' meetings within two months from the date of occurrence of any of the following circumstances:

- (I) When the number of directors is less than the number specified in the Company Law or two-thirds of the number required by these Articles;
- (II) The uncovered loss of the Company reaches one-third of the total paid-in share capital;
- (III) Upon written request(s) by shareholders individually or collectively holding more than 10% of the Company's shares;
- (IV) When the Board considers it necessary;
- (V) When the Audit Committee proposes to convene;

- (VI) Other circumstances as stipulated by laws, administrative regulations, departmental rules, regulatory bodies of the place where the Company's shares are listed, the Hong Kong Listing Rules or these Articles.

**Article 50** The venue for holding a shareholders' meeting of the Company is the domicile address of the Company or any other places as specified in the notice of the shareholders' meeting.

A meeting venue shall be arranged for a shareholders' meeting and the shareholders' meeting is held through physical meetings, video meetings and/or telephone meetings or any other means. Subject to the legitimacy and validity of the shareholders' meeting, the Company may also provide online voting or any other method for the convenience of the shareholders to participate in the shareholders' meeting in accordance with the provisions of the laws, administrative regulations, departmental rules, and the regulatory bodies of the place where the Company's shares are listed. Shareholders participating in shareholders' meetings in the aforesaid manner are deemed as present in person.

The time and venue of physical meetings have to be selected for the convenient participation of the shareholders. After the issuance of the notice of the shareholders' meeting, the venue for the physical meeting is not allowed to be changed without any proper reasons. In case of any necessary change of the venue, the convener shall give a notice to shareholders stating the reasons at least two working days before the meeting date.

#### **Section 4 Convening of Shareholders' Meetings**

**Article 51** The Board shall convene a shareholders' meeting on time within the prescribed period. Independent non-executive directors shall have the right to propose the holding of a special shareholders' meeting to the Board with the consent of a majority of all independent non-executive directors. For such a proposal, the Board shall, in accordance with the provisions of laws, administrative regulations, and these Articles, provide written feedback on whether to agree or disagree with the convening of special shareholders' meeting within ten days upon receipt of the proposal. If the Board agrees to convene a special shareholders' meeting, it shall issue a notice calling for the meeting within five days after the Board resolution is made; Otherwise, the reasons shall be stated and announced.

**Article 52** The Audit Committee shall have the right to propose to the Board to convene a special shareholders' meeting and shall make such proposal in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, and these Articles, provide a written feedback on whether to agree or disagree with the convening of the special shareholders' meeting within ten days upon receipt of the proposal.

If the Board agrees to convene the special shareholders' meeting, it shall issue a notice calling for the meeting within five days after the Board resolution is made; changes to the original proposal in the notice shall be subject to the approval of the Audit Committee.

If the Board disagrees to convene the special shareholders' meeting or fails to provide a feedback within ten days after receiving the proposal, the Board is deemed as unable to perform or failed to perform its duty of convening a shareholders' meeting, in which case, the Audit Committee may convene and preside over the meeting on its own.

**Article 53** The shareholders individually or collectively holding more than 10% of the Company's shares shall have the right to request the Board to convene a special shareholders' meeting, which shall be submitted in writing to the Board. The Board shall, in accordance with the provisions of laws, administrative regulations, and these Articles, provide a written feedback on whether to agree or disagree with the convening of the special shareholders' meeting within ten days upon receipt of the request.

If the Board agrees to convene the special shareholders' meeting, it shall issue a notice calling for the meeting within five days after the Board resolution is made; changes to the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the Board disagrees to convene the special shareholders' meeting or fails to provide a feedback within ten days after receiving the proposal, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Audit Committee to convene a special shareholders' meeting and shall submit their request in writing.

If the Audit Committee agrees to convene the special shareholders' meeting, it shall issue a notice calling for the meeting within five days upon receipt of the request; changes to the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the Audit Committee fails to issue a notice of the meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene or preside over the shareholders' meeting, in which case, the shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by themselves.

**Article 54** Where the Audit Committee or shareholders convene and hold a meeting by themselves in accordance with the provisions of this section, a written notice shall be sent to the Board and, in accordance with applicable provisions, filed with the securities regulatory authorities of the place where the Company is incorporated and the stock exchange where the Company's shares are listed.

Prior to the announcement of the resolutions of the shareholders' meeting, the shareholding proportion of the convening shareholders may not be less than 10%.

The Audit Committee or convening shareholders shall provide relevant supporting materials to the securities regulatory authorities of the place where the Company is incorporated and the stock exchange where the Company's shares are listed in accordance with applicable provisions prior to the issuance of the notice of the shareholders' meeting and the announcement of the resolutions of the shareholders' meeting.

**Article 55** For shareholders' meetings unilaterally convened by the Audit Committee or the shareholders, the Board and the Board secretary shall coordinate accordingly. The Board shall provide the register of shareholders as at the record date. The register of shareholders so obtained by the convener shall not be used for other purposes other than convening the shareholders' meeting.



**Article 56** All necessary expenses incurred by the Audit Committee or the shareholders to convene a shareholders' meeting on a unilateral basis are borne by the Company.

## **Section 5 Proposals and Notices of Shareholders' Meetings**

**Article 57** The contents of a proposal shall be within the scope of the functions and powers of the shareholders' meeting and contain a clear agenda for consideration and specific matters for resolution, and is required to comply with relevant provisions of the laws, administrative regulations and these Articles. Proposals for shareholders' meeting shall be submitted in writing.

**Article 58** When the Company convenes a shareholders' meeting, the Board, the Audit Committee, and the shareholders who individually or collectively hold more than 1% of the Company's shares (including preferred shares with voting rights restored, etc.) shall have the right to submit proposals to the Company.

The shareholders who individually or collectively hold more than 1% of the shares of the Company may submit a temporary proposal and submit it to the convener in writing ten days before the convening of the shareholders' meeting. The convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice to announce the content of the temporary proposal, and include the matters in the proposal that fall within the scope of duties of the shareholders' meeting in the agenda of that meeting for submission to the shareholders' meeting for consideration, unless the temporary proposal violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the scope of powers of the shareholders' meeting.

Except for the aforesaid circumstance, after the convener publicizes the notice of the shareholders' meeting, the proposals listed in the notice shall not be modified, nor shall any new proposal be added.

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 these Articles.

**Article 59** The convener of the shareholders' meeting shall notify the shareholders by means of a written notice announcement 20 days prior to the annual shareholders' meeting, and shall notify the shareholders of a special shareholders' meeting by means of a written notice announcement 15 days prior to the meeting.

The Company excludes the date of the meeting from the calculation of the starting period.

**Article 60** The notice of the shareholders' meeting needs to include the following information:

- (I) The time, place and duration of the meeting;
- (II) Matters and proposals submitted to the meeting for consideration;

- (III) A clear statement that all shareholders are entitled to attend the shareholders' meeting, and may appoint in writing a proxy to attend and vote at the meeting, and that proxy of shareholder need not be a shareholder of the Company;
- (IV) The record date for the shareholders for the entitlement to attend the shareholders' meeting;
- (V) The name and telephone number of the standing contact person for the meeting;
- (VI) The time and procedures for voting online or by any other means;
- (VII) Any other information as required by laws, administrative regulations, normative documents, regulatory authorities of the place where the Company's securities are listed and the Hong Kong Listing Rules.

The notice and supplementary notice of the shareholders' meeting are required to fully and completely disclose all concrete information of all proposals. If the matters to be discussed require the opinions from the independent non-executive directors, the opinions and reasons expressed by the independent non-executive directors are required to be disclosed when the notice or supplementary notice of the shareholders' meeting is issued.

The interval between the record date and the date of the meeting may not be more than seven working days. The record date may not be changes once it is confirmed.

**Article 61** If the election of directors is intended to be discussed at the shareholders' meeting, the notice of the shareholders' meeting is required to fully disclose the details of the candidates for directors, including at least the following information:

- (I) Personal particulars such as his/her full name, educational background, work experience and any other part-time work arrangements;
- (II) Any connected relationship with the Company or the controlling shareholder and the de facto controller of the Company;
- (III) Disclosure of his/her shareholding in the Company;
- (IV) Whether he/she has been subject to any penalties by relevant regulatory authorities and any other relevant departments and any sanctions by the stock exchange;
- (V) Any other information as required by the laws, administrative regulations, normative documents, regulatory authorities of the place where the Company's securities are listed and the Hong Kong Listing Rules.

In addition to the cumulative voting system for the election of directors, the nomination of each candidate of directors is required to be submitted in the form of single proposal.

**Article 62** Upon the issue of the notice of the shareholders' meeting, the shareholders' meeting is not allowed to be postponed or cancelled without proper reasons, and the proposals set out in the notice of the shareholders' meeting may not be cancelled. In the case of any circumstance for postponement or cancellation of the meeting, the convener shall issue a notice and explain the reasons at least two working days before the original date of convening the meeting.

## **Section 6 Holding of Shareholders' Meetings**

**Article 63** The board of directors and other conveners have the right to take necessary measures to ensure the orderly conduct of the shareholders' meeting. They shall take measures to prevent any interference with the shareholders' meeting, disturbance and violation of the legitimate rights and interests of shareholders and promptly report the same to the relevant departments for investigation.

**Article 64** All shareholders recorded in the register as at the record date or their proxies shall have the right to attend the shareholders' meeting and exercise the voting right in accordance with the relevant laws and regulations, regulatory bodies of the place where the Company's securities are listed, the Hong Kong Listing Rules and these Articles.

Shareholders may either attend and vote at the Shareholders' meeting in person or appoint proxies (who need not be a shareholder of the Company) to attend and vote at such meeting on their behalf within the scope of authorization.

**Article 65** An individual Shareholder who attends the meeting in person shall produce his/her own identification card or other valid documents or proof evidencing his/her identity and stock account card. If a proxy is appointed to attend the meeting, such proxy shall produce his/her own valid proof of identity and the proxy form.

A corporate Shareholder shall attend the meeting by its legal representative or proxy appointed by the legal representative. Where the legal representative attends the meeting, he/she shall produce his/her own identification card, valid certificates evidencing his/her capacity as the legal representative. Where a proxy is appointed to attend the meeting, he/she shall produce his/her own identification card and the written power of attorney duly issued by the legal representative of the corporate Shareholder (except for the shareholder who is a recognized clearing houses or its agent as defined in the relevant ordinances in force in Hong Kong from time to time).

The managing partner (including the representative of the managing partner) or proxies appointed thereby shall attend the meeting on behalf of the partnership shareholders. The managing partner attending the meeting shall present his/her identity card and valid certificate evidencing his/her capacity as a managing partner; if a proxy is appointed to attend the meeting, such proxy shall present his/her identity card and a written power of attorney duly issued by the managing partner of the partnership shareholders.

If the shareholder is a recognized clearing house (or its nominee) as defined in the Securities and Futures Ordinance of Hong Kong or relevant ordinances in force in Hong Kong from time to time, such shareholder may authorize one or more persons as he/she deems appropriate to act as its representative or proxy at any shareholders' meeting. However, if more than one person is authorized, the power of attorney is required to specify the numbers and classes of shares in respect of which such persons are authorized, and signed by the authorized person of the recognized clearing house. The person(s) so authorized may exercise the rights on behalf of the recognized clearing house (or its proxy) (without producing certificates of shareholding, the notarized power of attorney and/or further evidence to prove its duly authorization) as if such person is an individual shareholder of the Company and enjoys the same legal rights as other shareholders, including the right to speak and vote.

**Article 66** Any shareholder entitled to attend and vote at the shareholders' meeting is entitled to appoint one or more other persons (who need not be shareholders) as his/her proxy to attend and vote on his/her behalf. The power of attorney issued by a shareholder to appoint a proxy to attend a shareholders' meeting shall contain the following information:

- (I) The name or names of the principals and the class and number of shares of the Company held by them;
- (II) The name or names of the proxy(ies);
- (III) Specific instructions from shareholders, including instructions to whether to cast affirmative, negative or abstention votes on each review issue listed on the agenda of the shareholders' meeting;
- (IV) The date of issuance and validity period of the power of attorney;
- (V) The signature (or seal) of the principal. If the principal is a shareholder of a legal entity, the seal of the legal entity shall be affixed. If the principal is a shareholder of a partnership, the seal of the partnership shall be affixed;

**Article 67** The power of attorney shall indicate whether the proxy of shareholder may vote at his/her discretion in the absence of specific instructions from the shareholder.

**Article 68** Where the power of attorney for voting by a proxy is signed by a person authorized by the principal, the power of attorney or other authorization documents authorized to be signed shall be notarized. The notarized power of attorney or other authorization documents, together with the power of attorney for voting shall be lodged at the domicile address of the Company or other places as specified in the notice of the meeting.

If the principal is a legal person, its legal representative or the person authorized by the resolution of the board of directors or other decision-making bodies may attend the shareholders' meeting of the Company as a representative.

If the principal is a partnership, its managing partner or the proxy appointed by the managing partner or the person authorized by the resolution of the partnership meeting or other decision-making bodies may attend the shareholders' meeting of the Company as a representative.

The power of attorney for voting shall be lodged at the domicile address of the Company or any other places specified in the notice of the meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the designated voting time.

**Article 69** The meeting register for the attendees shall be prepared by the Company.

The meeting register is required to include, among others, the names of the attendees (or the entities), the identity card numbers (or the unified social credit codes of the entities), their domicile addresses (or the principle places of business), the number of shares with voting rights held or represented by the attendees, and the names of the principals (or the entities).

**Article 70** The convener shall verify the legality of the shareholders' qualification in accordance with the register of shareholders provided by the securities registration and clearing house, and register the names of the shareholders and the number of shares with voting rights held by them. The registration at the meeting shall be ended before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares with voting right held by them.

**Article 71** Where a director or senior management member is required to attend a shareholders' meeting, such director or senior management member shall attend the meeting and answer enquiries from shareholders.

**Article 72** The shareholders' meeting shall be convened by the Board in accordance with the law and presided over by the chairman of the Board; if the chairman of the Board is unable or fails to perform his duties, the deputy chairman of the Board shall preside over the meeting (in case the Company has two or more deputy chairmen of the Board, the deputy chairman elected by more than half of the directors shall preside over the meeting); if the Company has not set up a deputy chairman of the Board, or in case the deputy chairman of the Board is unable or fails to perform his duties, a director jointly elected by more than half of the directors shall preside over the meeting.

A shareholders' meeting convened by the Audit Committee on its own initiative, the convener of the Audit Committee shall preside over the meeting. If the convener of the Audit Committee is unable or fails to perform his or her duties, a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee shall preside over the meeting.

A shareholders' meeting convened by the shareholders themselves shall be presided over by the convener or his/her elected representative.

During the course of a shareholders' meeting, if the meeting presider violates the procedural rules so that the meeting cannot be continued, the shareholders' meeting may elect one person to act as the meeting presider to continue the meeting so long as the proposed meeting presider has the consent of more than half of the shareholders with voting rights who are present at the meeting.

**Article 73** The Company formulates the rules of procedure for the shareholders' meeting, specifying in detail the procedures for convening, holding and voting at the shareholders' meeting, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, approval of the resolutions of the meeting, minutes of the meeting and their signatures, public announcements, and the principles of authorization to the board of directors by the shareholders' meeting, and the contents of authorization should be clear and specific. The rules of procedure for the shareholders' meeting are formulated by the board of directors and approved by the board of shareholders as an appendix to these Articles.

**Article 74** At the annual shareholders' meeting, the board of directors shall report their work in the past year to the shareholders' meeting. Each independent non-executive director shall also present his/her work report.

**Article 75** Directors and senior management shall explain and answer the enquiries and suggestions from shareholders at the shareholders' meeting, except those not allowed to disclose at the shareholders' meeting in accordance with relevant laws, administrative regulations or those involving the Company's trade secrets.

**Article 76** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting and the total number of voting shares held by them, which are subject to the registration of the meeting.

**Article 77** The shareholders' meeting has to be recorded in a minutes by the secretary to the board of directors.

The minutes of the meeting records the following information:

- (I) The time, place and agenda of the meeting and the name of the convener;
- (II) Name of the chairman of the meeting and the names of the directors, general manager and any other senior management attending or presenting at the meeting;
- (III) The number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the percentage of the total number of shares of the Company;
- (IV) The process of consideration, the key points of speeches and the voting results of each proposal;
- (V) Shareholders' enquiries, opinions or suggestions and the corresponding replies or explanations;
- (VI) Names of the lawyer(s), vote counter(s) and scrutineer(s);
- (VII) Any other information to be included in the minutes as specified in these Articles.

**Article 78** The convener of the shareholders' meeting shall ensure that the contents of the minutes are true, accurate and complete. Directors, the secretary to the board of directors, the convener or his/her representatives and the chairman of the meeting who attend or are present at the meeting shall sign on the minutes. The minutes shall be kept together with the attendance register of the attending shareholders, the power of attorney of the attending proxies, and the valid information on results of voting via online or through any other means.

**Article 79** The convener shall ensure that the shareholders' meeting is held without interruption until the final resolution is made. If the shareholders' meeting is suspended or fails to make a resolution as a result of any special reasons such as force majeure, necessary measures shall be taken to resume the shareholders' meeting as soon as possible or the shareholders' meeting shall be directly terminated, and an announcement shall be made in a timely manner.

## **Section 7 Voting and Resolutions at Shareholders' Meetings**

**Article 80** Resolutions of the shareholders' meetings shall be classified into ordinary and special resolutions.

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

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

**Article 81** The following matters shall be adopted by way of an ordinary resolution of the shareholders' meeting:

- (I) Work reports of the Board;
- (II) Profit distribution proposals and loss recovery proposals formulated by the Board;
- (III) Appointment and dismissal of members of the Board and their remuneration and the payment methods;
- (IV) Annual financial budgets and final accounting plans of the Company;
- (V) Annual report of the Company;
- (VI) Engagement and dismissal of accounting firms that provides periodic audit services to the Company;
- (VII) Issuance of bonds or other securities;
- (VIII) Consideration and approval of guarantees and connected transactions as provided for in these Articles;



- (IX) Matters other than those required by laws and administrative regulations, the regulatory bodies of the place where the Company's shares are listed, the Hong Kong Listing Rules or these Articles to be adopted by special resolutions.

**Article 82** The following matters shall be adopted by way of a special resolution of the shareholders' meeting:

- (I) The increase or reduction of the Company's registered capital;
- (II) The division, merger, dissolution, liquidation or change of company form of the Company;
- (III) Amendments of these Articles;
- (IV) The purchase or disposal of material assets or provision of guarantees to other parties by the Company within one year, with amount exceeding 30% of the latest total audited assets of the Company;
- (V) Equity Incentive Plan;
- (VI) Other matters 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;
- (VII) Other matters required by the laws, administrative regulations, the regulatory bodies of the place where the Company's shares are listed, the Hong Kong Listing Rules or these Articles to be adopted by way of a special resolution.

**Article 83** The shareholders (including proxies) exercise their voting rights based on the number of shares with voting rights held by them. Each share has one vote. When a poll is taken, shareholders (including proxies) entitled to two or more votes need not cast all their votes in the same way (for, against or abstention).

When material issues affecting the interests of minority investors are considered at a shareholders' meeting, the votes of minority investors shall be counted separately. The separate vote counting results shall be disclosed to the public in a timely manner.

The shares of the Company held by the Company have no voting right and shall not be counted in the total number of the shares with the voting rights at the shareholders' meeting.

Where a shareholder purchases voting shares of the Company in violation of paragraph 1 or 2 of Article 63 of the Securities Law, within thirty-six months after such purchase, the voting rights attached to such shares in excess of the prescribed percentage shall not be exercised, and such shares shall not be included in the total number of voting shares held by the shareholders present at the shareholders' meeting.

According to the applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed, if a shareholder is required to abstain from voting on any individual resolution or is restricted from voting only in favor or only against it, any vote cast by the shareholder (or his/her proxy) in violation of the relevant provisions or restrictions shall not be counted in the voting results.

The Board, independent non-executive directors, shareholders holding 1% or more of the voting shares of the Company or the investor protection bodies established in accordance with the laws, the administrative regulations, or the requirements of relevant regulatory authorities may publicly solicit voting rights from shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information are required to be fully disclosed to the solicitation targets. Soliciting shareholders' voting rights may not be made in a paid or disguised paid manner. Except for the statutory conditions, the Company is not allowed to propose any minimum shareholding requirements for the solicitation of voting rights.

**Article 84** When relevant connected transactions are considered at the shareholders' meeting, connected shareholders who have material interests in such connected transactions or arrangements shall not participate in voting, and the number of voting shares represented by them shall not be counted in the total number of valid votes; the announcement of the resolutions of the shareholders' meeting shall adequately disclose the voting by unconnected shareholders.

Where the laws, regulations, normative documents, the regulatory authority of the place where the Company's securities are listed and the Hong Kong Listing Rules stipulate any other regulations on the avoidance of and voting procedures for connected transactions or any other matters considered at the shareholders' meeting, such regulations shall be complied with at the same time.

**Article 85** Except in special circumstances, such as when the Company is in crisis, the Company shall not enter into a contract with a person other than a Director, general manager and other senior management personnel that places the management of all or an important part of the Company's business in the person's charge without the approval of the shareholders' meeting by a special resolution.

**Article 86** The list of candidates for directors is required to be submitted by way of proposal to the shareholders' meeting for voting.

The Board shall announce to the shareholders the biographies and basic information of the candidates for directors. The candidates for directors shall undertake in writing to accept the nomination, warrant that the candidate information disclosed publicly is true, accurate and complete and the qualifications for the relevant posts have been met, and guarantee that they will perform their duties and obligations as directors once appointed.

The shareholders' meetings shall adopt the cumulative voting system for voting in the election of directors if so required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, the provisions of these Articles or resolutions of the shareholders' meetings. The cumulative voting system refers to a system that the quantity of the voting right of each share equals the number of candidates for directors in the election of two or more directors in the general meetings, and shareholders may exercise their voting right collectively. The Board shall announce to the shareholders the biographies and basic information of the candidates for directors.

The procedures of the cumulative voting system are as follows:

- (I) Independent non-executive directors and non-independent non-executive directors of the Company shall be elected and voted separately;
- (II) In the election of independent non-executive directors, the number of votes entitled to be cast by each shareholder is the product of the shares held by the shareholder multiplied with the number of independent non-executive directors entitled to be selected by such shareholder. Such votes shall only be cast to candidates for independent non-executive directors of the Company, and the candidates with the highest number of votes shall be elected;
- (III) In the election of non-independent non-executive directors, the number of votes entitled to be cast by each shareholder is the product of the shares held by the shareholder multiplied with the number of non-independent non-executive directors entitled to be elected by such shareholder. Such votes shall only be cast to candidates for non-independent non-executive directors of the Company, and the candidates with the highest number of votes shall be elected;
- (IV) Where the number of candidates is more than the number required under these Articles, the number of independent non-executive directors and non-independent non-executive directors elected by each shareholder shall not exceed the number of independent non-executive directors and non-independent non-executive directors required under these Articles, and the total number of votes cast shall not exceed the number of votes entitled to be cast by shareholders. Otherwise, the relevant vote cast will be canceled and become invalid;
- (V) The vote scrutineers and vote counters of the shareholders' meeting shall carefully verify the above situations to ensure the impartiality and the validity of the cumulative voting system.

**Article 87** Except for the cumulative voting system, all proposals shall be voted on one by one at the shareholders' meeting; in the event of different proposals for the same issue, such proposals shall be voted on in the order of time at which they are submitted. Unless the shareholders' meeting is adjourned or no resolution can be passed for special reasons such as force majeure, voting of such proposals will neither be shelved nor refused at the shareholders' meeting.

**Article 88** No amendment shall be made to a proposal when it is considered at the shareholders' meeting, otherwise the amendment shall be deemed as a new proposal and shall not be voted on at this shareholders' meeting.

**Article 89** The same voting right shall only be exercised by one voting method, either through physical voting, online voting or other voting methods. In case of repeated voting of the same vote, the first voting result prevails.

**Article 90** Any vote of shareholders at a shareholders' meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

**Article 91** Before voting takes place on a proposal at the shareholders' meeting, two shareholder representatives shall be elected to count the votes and scrutinize the voting. In the event that a shareholder is interested in the matter to be considered, the shareholder and his/her proxy shall not participate in the vote counting and scrutinizing of the voting.

When proposals are voted on at the shareholders' meeting, the solicitor, the shareholder representative shall be jointly responsible for the vote counting and scrutinizing of the voting. The voting results shall be announced on site and recorded in the minutes.

Shareholders of the Company or their proxies who cast their votes online or by other methods have the right to verify their own voting results through the corresponding voting system.

**Article 92** The chairperson of the meeting shall announce the voting details and results of each proposal, and announce whether a proposal is passed according to the voting results.

Before the official announcement of voting results, the companies, vote counters, vote scrutineers, substantial shareholders, internet services providers and other related parties involved in the physical, online and other method of voting of the shareholders' meeting have an obligation to keep the details of the voting confidential.

**Article 93** The shareholders present at the shareholders' meeting shall express one of the following views on the proposals submitted for voting: for, against or abstention. The securities depository and clearing house shall act as the nominal shareholder under the inter-connected mechanism for trading on stock markets in the Mainland and Hong Kong, except as declared according to the intention of the actual shareholder.

The blank votes, votes marked incorrectly, votes with illegible words and votes not submitted are deemed as that the voters have given up the voting rights, and the voting results of such shares are counted as "abstention".

**Article 94** If the chairperson of the meeting has any doubt as to the result of any resolution put to vote, he/she may have the votes re-counted. If the chairperson of the meeting fails to have the votes re-counted, shareholders or proxies present at the meeting with any objection to the results announced by the chairperson of the meeting have the right to request for a re-counting of votes immediately after the announcement of the voting result, and the chairperson of the meeting is required to have the votes re-counted immediately.

**Article 95** The voting results for resolutions at the shareholders' meeting shall be announced in a prompt manner. The announcement is required to state the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of voting shares of the Company, the voting means, the voting result of each proposal and the particulars of each resolution passed, and other information required to be announced by the Hong Kong Listing Rules.

**Article 96** The Company shall appoint its auditor, share registrar or an external accountant who is qualified to be an auditor as a scrutineer for vote counting, and state the identity of the scrutineer in the announcement. The Company shall state in the announcement whether the persons who had indicated in the circular their intention to vote against or abstain from voting for the relevant resolutions have acted accordingly at the shareholders' meeting. The Company shall describe the attendance of directors at the shareholders' meeting in the announcement of voting results.

**Article 97** In the event that a proposal is not passed, or a resolution passed at a previous shareholders' meeting is modified at this shareholders' meeting, a special note shall be made in the announcement on the resolutions of the shareholders' meeting.

**Article 98** In the event that a proposal on the election of directors is passed at the shareholders' meeting, the term of office of such new directors shall commence from the date on which the resolution is approved at the shareholders' meeting.

**Article 99** Where a proposal in relation to the payment of cash dividends, the issue of bonus shares or the conversion from capital reserves to share capital has been passed at a shareholders' meeting, the Company shall implement the specific plans within two months upon the conclusion of the shareholders' meeting.

## **CHAPTER 5 BOARD**

### **Section 1 Director**

**Article 100** Directors include executive directors and non-executive directors. Executive directors are directors who are involved in the day-to-day operation and management affairs of the Company or the Company's controlled subsidiaries; non-executive directors are directors who are not involved in the day-to-day operation and management affairs of the Company or the Company's controlled subsidiaries, and non-executive directors include independent non-executive directors.

The Board shall contain a representative of the Company's employees among its members.

The Company shall not appoint any person who does not meet the qualifications for appointment as a director, and shall not authorize any person who does not meet the qualifications for appointment to actually exercise the duties in violation of the regulations.

**Article 101** The directors of the Company are natural persons. A person falling under any of the following categories may not serve as a director of the Company:

- (I) Persons without capacity or with limited capacity for civil acts;
- (II) Persons who were sentenced for corruption, bribery, encroachment or embezzlement of properties or disruption of social or economic order, or persons who were deprived of political rights for committing a crime, and in each case, where five years have not lapsed following the serving of the sentence, or in the case of a suspended sentence, where less than two years have passed since the end of the probation period;
- (III) Directors, factory heads or managers who bear individual responsibility for the bankruptcy or liquidation of their companies or enterprises where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (IV) The legal representatives of companies or enterprises that had their business licenses revoked and ordered to be closed for violation of the law, where such representatives bear individual responsibility and three years have not lapsed following the date of revocation of such business licenses or the companies or enterprises being ordered to be closed;
- (V) Persons with relatively significant individual debts that have not been settled upon maturity and have been listed by the people's court as dishonest persons subject to enforcement;
- (VI) Persons who have been banned from the securities market by the relevant regulatory authorities where the relevant period remains unexpired;
- (VII) Persons who have been publicly determined by the stock exchanges as not suitable to serve as directors or senior managers of a listed company and the time limit has not expired;
- (VIII) Any other circumstances specified by the laws, administrative regulations, departmental rules, the requirements of the regulatory authorities of the place where the Company's securities are listed or the Hong Kong Listing Rules.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or engagement shall be null and void.

A director to which any of the circumstances of this Article applies during his/her term of office shall be dismissed and released of his/her duties by the Company.



**Article 102** The methods and procedures for nomination of directors are as follows:

Candidates for directors representing shareholders other than independent non-executive directors are nominated by the Board and shareholders individually or jointly holding more than 3% of the voting shares of the Company, and subject to the qualification review by the Board. Candidates who meet the qualifications for appointment as directors after review will be proposed by the Board to the shareholders' meeting for election. The office of a director may be concurrently held by a senior management member, but the total number of directors who concurrently hold the position of senior management may not exceed one half of the total number of directors of the Company.

Candidates for independent non-executive directors are nominated by the Board and shareholders individually or jointly holding more than 1% of the voting shares of the Company, and subject to the qualification review by the Board. Candidates who meet the qualifications for appointment as independent non-executive directors after review will be proposed by the Board to the shareholders' meeting for election. The methods and procedures for the nomination of independent non-executive directors shall be carried out in accordance with the laws, regulations and other normative documents.

The directors representing employees shall be democratically elected by the Company's employees at an employee representative assembly, general employee meeting or otherwise, with no requirement to submit to the shareholders' meeting for consideration.

**Article 103** Directors representing shareholders shall be elected or replaced by the shareholders' meeting. The shareholders' meeting may, subject to the provisions of the relevant laws and administrative regulations, remove any director before expiration of his/her tenure by way of an ordinary resolution (without prejudice to the directors' claim for compensation available under any contract).

The directors have a tenure of three years and can be reelected upon the expiry of the tenure, except that if the tenure of an independent non-executive director exceeds nine years, he/she shall be reappointed after fulfillment of the corresponding deliberation procedures in accordance with the listing rules of the place where the Company's shares are listed.

The tenure of a director shall be from the date of appointment to the expiry of tenure of the current Board. If a director's tenure expires without timely re-election, resulting in the number of directors falling below the quorum, the original director shall still perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules and these Articles until the re-elected director assumes office.

Subject to relevant laws and administrative regulations and the regulatory rules of the place where the Company's shares are listed, the tenure of any director appointed by the Board to fill a casual vacancy of the Board shall expire at the first annual shareholders' meeting following his/her appointment, at which time he/she shall be eligible for re-election and re-appointment.



**Article 104** Directors shall comply with the laws, administrative regulations, the regulatory rules of the place where the Company's securities are listed and the provisions of these Articles, and assume the duty of loyalty to the Company, and shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not utilize their powers to gain undue benefits. The directors owe the following duties of loyalty to the Company:

- (I) Shall not use his/her position to accept bribes or other illegal income, or misappropriation of the Company's property;
- (II) Shall not misappropriate the funds of the Company;
- (III) Shall not deposit assets or funds of the Company in an account opened in his/her personal name or in the name of another individual;
- (IV) Shall not lend the Company's funds to others or provide guarantees for others with the Company's properties in contravention of these Articles and without the consent of the shareholders' meeting or the Board;
- (V) Shall not conclude any contract or transaction directly or indirectly with the Company without reporting to the Board or the shareholders' meeting and being resolved by the Board or the shareholders' meeting in accordance with these Articles;
- (VI) Shall not take advantage of duty to seek business opportunities for himself/herself or others that would have been directed to the Company, except when such business opportunities are reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or when the Company is unable to take advantage of such business opportunities in accordance with the provisions of laws, administrative regulations or these Articles;
- (VII) Shall not engage in business similar to those of the Company for himself/herself or others, without reporting to the Board or the shareholders' meeting and being approved by a resolution of the shareholders' meeting;
- (VIII) Shall not accept commission for transactions between the Company and others as personal gains;
- (IX) Shall not disclose any confidential information involving the Company without authorization;
- (X) Shall not impair the interests of the Company through connected relationship;
- (XI) Other loyalty obligations in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and these Articles.

Any and all proceeds obtained by directors in violation of the provisions of this Article shall belong to the Company; and in case of any loss caused to the Company thereby, such directors shall be liable for compensation.

**Article 105** Directors shall comply with the laws, administrative regulations, the regulatory rules of the place where the Company's securities are listed and these Articles, and assume the duty of diligence to the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company. Directors owe the following obligations of diligence to the Company:

- (I) Shall exercise the rights granted by the Company prudently, conscientiously and diligently so as to ensure that the Company's business conduct complies with national laws, administrative regulations and the requirements of various national economic policies, and that the business activities are within the scope of business specified in the business license;
- (II) Shall treat all shareholders equally;
- (III) Shall stay informed about the business and operation of the Company timely;
- (IV) Shall sign a written confirmation opinions on the Company's regular reports to ensure that the information disclosed by the Company is true, accurate and complete;
- (V) Shall provide the Audit Committee with relevant information and materials in a truthful manner and shall not hinder the Audit Committee from performing its duty;
- (VI) Other diligence obligations in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and these Articles.

**Article 106** Unless otherwise specified in this Section, the independent non-executive directors are subject to the provisions of these Articles on the qualifications and obligations of directors. Independent non-executive directors shall faithfully perform their duties, safeguard the interests of the Company, and pay special attention to safeguard the legitimate rights and interests of the shareholders of public shares, so as to ensure that the interests of all shareholders are fully represented.

In the event that the number of independent non-executive directors of the Company falls below the number required in these Articles due to the circumstance that the independent non-executive directors fail to meet the qualifications and independence condition required by the Hong Kong Listing Rules or are otherwise unfit to perform their duties as independent non-executive directors, the Company shall immediately notify the Hong Kong Stock Exchange and state the relevant details and reasons by announcement. The Company shall fill up the number of independent non-executive directors as required to meet the requirements of the Hong Kong Listing Rules within three months after it fails to meet the relevant requirements.

**Article 107** If a director fails to attend the meetings of the board of directors in person for two consecutive times and fails to entrust other directors to attend the meetings of the board of directors, such director shall be deemed to be unable to perform his/her duties, and the Board shall propose to the shareholders' meeting to remove such director.

**Article 108** A director may propose to resign prior to the expiration of his/her term of office. A written resignation report shall be submitted to the Board when a director resigns. The resignation takes effect on the date on which the Company receives the resignation report, and the Company will disclose the relevant situation within two days.

If the resignation of a director results in the number of members of the Board of the Company falling below the minimum number specified in the Company Law, the original director shall still perform his/her duties as a director in accordance with the provisions of the laws, administrative regulations, departmental rules and these Articles until the re-elected director assumes office.

Except for the circumstances specified in the preceding paragraph or a later effective date of resignation specified in the resignation report of a director, the resignation of a director takes effect when the resignation report is delivered to the Board.

**Article 109** The Company shall establish a resignation management system for directors, which specifies the safeguard measures for the accountability and recovery of unfulfilled public commitments and other outstanding matters. When a director's resignation comes into effect or his/her term of office expires, such director shall complete all handover procedures with the Board. His/her duty of loyalty to the Company and the shareholders may not be automatically released after the expiration of his/her term of office, and remains valid within the reasonable period specified in these Articles. The responsibilities of a director arising from the performance of his/her duties during his/her term of office may not be exempted or terminated due to his/her resignation. His/her duty of confidentiality to the Company's business secrets remains valid after the end of his/her term of office until such secrets become public information.

**Article 110** The shareholders' meeting may resolve to remove a director, and the removal shall become effective on the date of the resolution. If a director is removed before the expiration of his/her term of office without justified reasons, the director may claim damages from the Company.

**Article 111** Unless otherwise specified in these Articles or duly authorized by the Board, no director may act on behalf of the Company or the Board in his/her personal capacity. When a director acts in his/her personal capacity, he/she shall declare his/her position and identity in advance if a third party may reasonably believe that such director is acting on behalf of the Company or the Board.

**Article 112** Where a director causes damage to others when performing his/her duties, the Company shall be liable for compensation; where the director has intentional misconduct or material negligence, he/she shall also be liable for compensation.

If the Company suffers any losses due to a director's violation of the laws, administrative regulations, departmental rules, the regulatory rules of the place where the securities of the Company are listed or the provisions of these Articles when performing his/her duties, such director shall be liable for compensation. With the approval of the shareholders' meeting, the Company may purchase liability insurance for the directors, except for the liability incurred by the director due to his/her violation of the laws, regulations or the provisions of these Articles.

**Article 113** The matters related to the independent non-executive directors of the Company shall be implemented in accordance with the laws, administrative regulations, and the relevant provisions of the relevant regulatory authorities and stock exchanges, and shall be specified in the working procedures for the independent non-executive directors of the Company.

## **Section 2 Board**

**Article 114** The Company sets up the Board, which shall be accountable to the shareholders' meetings.

**Article 115** The Board shall consist of six directors, including three independent non-executive directors. There should be at least three independent non-executive Directors, the number of which should constitute at least one-third of the total number of board members. The independent non-executive directors shall include at least one person with appropriate professional qualifications or appropriate accounting or related financial management expertise as required by laws, regulations and relevant regulatory authorities and stock exchanges. At least one independent non-executive director of the Company is ordinarily resident in Hong Kong.

**Article 116** The board of directors exercises the following powers:

- (I) To convene the shareholders' meeting and report to the shareholders' meeting;
- (II) To implement the resolutions of the shareholders' meeting;
- (III) To determine business operation plans and investment plans of the Company;
- (IV) To develop the annual financial budgetary plans and final accounting plans of the Company;
- (V) To formulate the profit distribution plans and loss recovery plans of the Company;
- (VI) To formulate proposals for the increase or reduction of the registered capital, the issuance of bonds or other securities and the listing of the Company;
- (VII) To formulate plans for substantial acquisition, repurchase of shares, or merger, division, dissolution and change of company form of the Company;
- (VIII) To determine the outbound investment, acquisition and sale of assets, asset mortgage, external guarantee, consigned financial management, connected transactions and external donations etc. of the Company in accordance with these Articles or within the authority granted by the shareholders' meeting;
- (IX) To decide on the establishment of internal management structure of the Company;

- (X) To appoint or dismiss the general manager, secretary of the Board and other senior management of the Company, and decide on matters of remuneration, rewards, and punishments; to appoint or dismiss senior management such as chief financial officers according to the nomination of the general manager, and decide on matters of remuneration, rewards, and punishments;
- (XI) To draft the Company's basic management system;
- (XII) To formulate the amendment plan of these Articles;
- (XIII) To manage the information disclosure of the Company;
- (XIV) To request the shareholders' meeting to engage or replace the accounting firm that provides audits for the Company;
- (XV) To debrief the work report of the general manager of the Company and check the work of the general manager;
- (XVI) To develop and implement the equity incentive program of the Company;
- (XVII) Other duties and power granted by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed, these Articles or the shareholders' meeting.

Matters relating to the exercise of authority by the Board as mentioned above, or any transaction or arrangement incurred by the Company that is required to be considered by the shareholders' meeting under the listing rules of the stock exchange where the Company's shares are listed, shall be submitted to the shareholders' meeting for consideration.

Except for the resolutions of the Board in respect of the matters specified in items (VI), (VII) and (XII) of the preceding paragraph which shall be voted and approved by more than two-thirds of all non-connected directors, resolutions of the Board in respect of all other matters may be voted and approved by more than half of the directors.

The Board of the Company may establish three specialized committees, namely, the audit committee, the nomination committee and the remuneration and evaluation committee, and may set up specialized committees, such as the strategy committee, as required. The specialized committees shall be accountable to the Board and shall perform their duties in accordance with these Articles and the authorization of the Board. Their proposals shall be submitted to the Board for consideration and decision. The members of the specialized committees shall be composed entirely of directors and the composition of the specialized committees shall be in compliance with the laws, regulations, regulatory authorities of the place where the Company's securities are listed and the relevant requirements of the Hong Kong Listing Rules. The Board is responsible for formulating the working rules of the specialized committees and regulating the operation of the specialized committees.

**Article 117** Major matters to be decided by the Board of the Company shall be notified to all directors in advance in accordance with the time specified in these Articles, and sufficient information shall be provided at the same time in strict accordance with the prescribed procedures. Directors may request to supplement additional information.

**Article 118** The Board shall formulate the rules of procedure of the Board to ensure that the Board implements the resolutions of the shareholders' meeting, improves work efficiency and ensures scientific decision-making.

The rules of procedure of the Board, as an appendix to these Articles, shall be prepared by the Board and approved by the shareholders' meeting.

**Article 119** The Board of the Company shall make an explanation to the shareholders' meeting on the non-standard audit opinions issued by the certified public accountant on the financial report of the Company.

**Article 120** The Board shall establish strict examination and decision-making procedures by determining the scope of authority for outbound investment, acquisition and sale of assets, asset mortgage, external guarantee, consigned financial management, connected transactions and external donations etc.; organize relevant experts and professionals to review major investment projects and submit the same to the shareholders' meeting for approval.

**Article 121** The Company shall have a chairman of the Board and may have a deputy chairman, who shall be elected by the Board by more than half of directors.

**Article 122** The chairman of the Board shall exercise the following functions and powers:

- (I) To preside over shareholders' meetings and to convene and preside over meetings of the Board;
- (II) To supervise and inspect the execution of the resolutions of the Board;
- (III) Other functions and power granted by the Board;
- (IV) Other powers and functions granted by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed or these Articles.

**Article 123** The deputy chairman of the Board shall assist the chairman of the Board in his work. If the chairman of the Board is unable or fails to perform his duties, the deputy chairman of the Board shall perform his duties (if there are two or more deputy chairmen of the Board, the deputy chairman of the Board jointly elected by more than half of the directors shall perform his duties); if the Company has no deputy chairman of the Board or the deputy chairman of the Board is unable or fails to perform his duties, a director shall be jointly elected by more than half of the directors to perform his duties.



**Article 124** The Board shall meet on a regular basis, and regular meetings of the Board shall be held at least four times a year, approximately quarterly, and shall be convened by the chairman of the Board, who shall give written notice to all the directors and, if necessary, to the general manager and other senior management personnel ten days prior to the meeting.

**Article 125** Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the audit committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The chairman of the Board may also convene an interim board meeting when necessary.

**Article 126** For the convening of an interim board meeting, the Board shall notify all directors, the general manager and, if necessary, other senior management of the Company ten days prior to the meeting.

**Article 127** The notice of the meeting of the Board shall include the following contents:

- (I) The date and place of the meeting;
- (II) Duration of the meeting;
- (III) The subject matters and topics;
- (IV) The date of issuance of the notice.

**Article 128** A Board meeting shall not be held unless more than half of the directors are present. Unless otherwise provided in these Articles, resolutions made by the Board must be passed by more than half of the directors.

Each director shall have one vote for the resolutions of the Board.

**Article 129** Where a director has connected relationship with the enterprise or individual involved in the matters to be resolved at the meeting of the Board, such director shall report to the Board in writing in a timely manner. The connected directors shall not exercise the voting rights on such resolution, nor shall they exercise the voting rights on behalf of other directors. The meeting of the Board shall not be held unless more than half of the non-connected directors are present, and the resolutions of the meeting of the Board shall be passed by more than half of the non-connected directors (in the case of items (VI), (VII) and (XII) of Article 116 of these Articles, the resolutions shall be passed by more than two-thirds of the non-connected directors). If the number of non-connected directors attending the meeting of the Board is less than three, such matter shall be submitted to the shareholders' meeting for deliberation.

If otherwise required by the relevant laws, administrative regulations and normative documents, the regulatory authorities of the place where the securities of the Company are listed or the Hong Kong Listing Rules, such requirements shall also be complied.



**Article 130** Voting at the board meetings shall be taken by poll or by show of hands.

**Article 131** Unless otherwise required by the relevant laws, administrative regulations and normative documents or the Hong Kong Listing Rules, the interim board meetings may be held by means of video conference, teleconference or circulation of written documents for signature, and resolutions can be made thereat and signed by all participating directors, provided that directors' opinions are fully expressed. If the board of directors has distributed the proposal to all directors, the number of directors signing to consent the proposal has reached the quorum required to make a resolution, and the signed documents of the consent have been delivered to the secretary to the board of directors through above methods, such proposal shall become a board resolution, which shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the procedures set out in the relevant provisions of these Articles.

**Article 132** Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney, which shall specify the name of the proxy, the matters to be represented, the scope of authorization and the validity period, and be signed or sealed by the appointer. Director who attends the meeting on other's behalf shall exercises the rights of the director within the scope of the authorization. A director who fails to attend the board meeting in person or by proxy shall be deemed to have waived his/her rights to vote at such meeting.

**Article 133** The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting. The minutes of the board meeting shall be kept by the secretary of the board of directors as the Company's record.

**Article 134** The minutes of the board meeting shall include:

- (I) Date and venue of the meeting and the name of the convener;
- (II) Names of the directors present and names of the directors (proxies) appointed by others to attend the board meeting;
- (III) Agenda of the meeting;
- (IV) Key points of speeches of the directors;
- (V) Voting methods and results of each resolution (the voting results shall contain the number of affirmative, negative or abstention votes).

### **Section 3 Independent Non-executive Directors**

**Article 135** Independent non-executive directors shall diligently perform their duties in accordance with laws, administrative regulations, provisions of the CSRC, the security regulatory authorities where the shares of Company are listed and these Articles, play the roles of participating in the decision-making, supervising and balancing, and professional consultation in the board of directors to safeguard the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

**Article 136** Independent non-executive directors must maintain their independence. The following personnel shall not serve as independent non-executive directors:

- (I) Personnel employed by the Company or its subsidiaries, as well as their spouses, parents, children and major social relations therewith;
- (II) Natural person shareholders who directly or indirectly hold more than 1% of the shares issued by the Company or are among the top ten shareholders of the Company, as well as their spouses, parents and children;
- (III) Shareholders who directly or indirectly hold more than 5% of the shares issued by the Company, or hold positions among the top five shareholders of the Company, as well as their spouses, parents and children;
- (IV) Personnel employed in the subsidiaries of the Company's controlling shareholders or de facto controllers, as well as their spouses, parents and children;
- (V) Personnel who have significant business transactions with the Company and its controlling shareholders, de facto controllers or their respective subsidiaries, or who hold positions in entities with which they have significant business transactions and their controlling shareholders or de facto controllers;
- (VI) Personnel providing financial, legal, consulting, sponsorship and other services to the Company and its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to all members of the project team of the intermediary institutions providing services, review personnel at all levels, personnel affixing signatures to the reports, partners, directors, senior managements and persons in charge;
- (VII) Personnel who fall under any of the circumstances listed in items (I) to (VI) within the most recent twelve months;
- (VIII) Other personnel who do not have independence as stipulated by laws, administrative regulations, provisions of the CSRC, the business rules of the stock exchange and these Articles.

The subsidiaries of the Company's controlling shareholders or de facto controllers as mentioned in items (IV) to (VI) of the preceding paragraph do not include enterprises that are controlled by the same state-owned asset management institution as the Company and have no connected relationship with the Company in accordance with the relevant regulations.

The independent non-executive directors shall conduct self-inspection on the independence during each year, and submit the self-inspection to the Board. The Board shall evaluate and issue a special opinion on the independence of the incumbent independent non-executive directors on an annual basis, which shall be disclosed together with the annual report.

**Article 137** An independent non-executive director of the Company shall meet the following conditions:

- (I) Being qualified to act as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;
- (II) Meeting the independence requirements stipulated in these Articles;
- (III) Having the basic knowledge of the operation of listed companies, and being familiar with relevant laws, regulations and rules;
- (IV) Having more than five years of work experience in law, accounting or economics required to perform the duties of an independent non-executive director;
- (V) Having good personal morality, with no bad records such as major dishonesty;
- (VI) Other conditions stipulated by laws, administrative regulations, provisions of the CSRC, business rules of the stock exchange and these Articles.

**Article 138** The independent non-executive directors, as the members of the Board, shall bear the obligations of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (I) To participate in the decision-making of the Board and express clear opinions on the matters under discussion;
- (II) To supervise the potential major conflicts of interest between the Company and controlling shareholders, de facto controllers, directors and senior management, and to protect the legitimate rights and interests of minority shareholders;
- (III) To provide professional and objective suggestions for the Company's operation and development, and promote the decision-making level of the Board;
- (IV) Other duties stipulated by laws, administrative regulations, the provisions of the CSRC and these Articles.

**Article 139** The independent non-executive directors shall exercise the following special functions and powers:

- (I) To independently engage intermediary agencies to audit, advise on, or verify specific matters of the Company;

- (II) To propose to the Board to convene a special shareholders' meeting;
- (III) To propose to convene meetings of the Board;
- (IV) To publicly solicit shareholders' rights from shareholders in accordance with the law;
- (V) To express independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;
- (VI) Other functions and powers stipulated by laws, administrative regulations, the provisions of the CSRC and these Articles.

The exercise of the functions and powers listed in items I to III of the preceding paragraph by the independent non-executive directors shall be approved by more than half of all the independent non-executive directors.

When independent non-executive directors exercise the functions and powers listed in the first paragraph, the Company shall make timely disclosure. If the above functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 140** The following matters shall be submitted to the Board for deliberation with the consent of more than half of all the independent non-executive directors of the Company:

- (I) Connected transactions that shall be disclosed;
- (II) Plans for the change or exemption of commitments of the Company and relevant parties;
- (III) The decisions made and measures taken by the board of directors of the listed company being acquired with respect to the acquisition;
- (IV) Other matters stipulated by laws, administrative regulations, the provisions of the CSRC and these Articles.

The Company shall establish a special meeting mechanism consisting entirely of independent non-executive directors. Where the Board deliberates matters such as connected transactions, prior consent shall be obtained through such special meetings of independent non-executive directors.

The Company shall convene special meetings of independent non-executive directors on a regular or irregular basis. The matters listed in items (I) to (III) of paragraph 1 of Article 139 and in Article 140 of these Articles shall be deliberated at the special meeting of the independent non-executive directors.

Independent non-executive directors may study and discuss other matters of the Company at special meetings as needed.

The special meeting of independent non-executive directors shall be convened and presided over by an independent non-executive director jointly elected by more than half of the independent non-executive directors; if the convener fails to or incapable to perform his/her duties, two or more independent non-executive directors may convene the meeting themselves and elect a representative to preside.

The meeting minutes of the special meeting of independent non-executive directors shall be prepared in accordance with the provisions, and the opinions of independent non-executive directors shall be stated in the meeting minutes. The independent non-executive directors shall sign the meeting minutes for confirmation.

The Company shall facilitate and support the convening of special meetings of independent non-executive directors.

#### **Section 4 Specialized Committees of the Board**

**Article 141** The Board shall establish an audit committee to exercise the powers and functions of the Supervisory Committee as stipulated in the Company Law.

**Article 142** The audit committee shall consist of three members who are directors not serving as senior management of the Company, including three independent non-executive directors, with the convener being an accounting professional among the independent non-executive directors.

**Article 143** The audit committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external auditing work and internal control, and the following matters shall be submitted to the Board for consideration with the approval of more than half of all members of the audit committee:

- (I) Disclosing financial information in financial accounting reports and regular reports, and internal control evaluation reports;
- (II) Engaging or dismissing accounting firms that undertake audits of listed companies;
- (III) Engaging or dismissing chief financial officers of listed companies;
- (IV) Modifying accounting policies or accounting estimates, or correcting material accounting errors due to reasons other than changes in accounting standards;
- (V) Other matters stipulated by laws, administrative regulations, the securities regulatory authorities of the place where the Company is listed, and these Articles.

**Article 144** The audit committee shall hold at least one meeting every quarter. Upon proposal by two or more members, or in circumstances where the convener considers necessary, an interim meeting may be convened. Meetings of the audit committee shall be held only if more than two-thirds of the members are present.

The resolutions of the audit committee shall be passed by more than half of the members of the audit committee.

Each member shall have one vote for the resolutions of the audit committee.

Minutes shall be prepared for the resolutions of the audit committee in accordance with relevant requirements, which shall be signed by the members of the audit committee present at the meeting.

The Board is responsible for formulating the working rules of the audit committee.

**Article 145** The Board of the Company shall establish the nomination committee, the remuneration and evaluation committee and other specialized committees, which shall perform their duties in accordance with these Articles and the authorization of the Board. The proposals of supervisory committees shall be submitted to the Board for consideration and decision. The Board is responsible for formulating the working regulations of the specialized committees.

**Article 146** The nomination committee is responsible for formulating criteria and procedures for the selection of directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, and making recommendations to the Board on the following matters:

- (I) Nominating or removing directors;
- (II) Engaging or dismissing senior management;
- (III) Other matters stipulated by laws, administrative regulations, the Hong Kong Listing Rules and these Articles.

If the Board does not adopt or does not fully adopt the recommendations of the nomination committee, it shall record the opinion of the nomination committee and the specific reasons for non-adoption in the resolution of the Board and disclose the same.

**Article 147** The remuneration and evaluation committee is responsible for formulating the evaluation criteria for directors and senior management and conducting the evaluation, formulating and reviewing the remuneration policies and proposals such as the mechanism for determining the remuneration of directors and senior management, the decision-making process, and the arrangements for payment and stoppage of recourse, and making recommendations to the Board in respect of the following matters:

- (I) Remuneration of directors and senior management;
- (II) The establishment or change of the equity incentive plan and the employee stock ownership plan, and the fulfillment of the conditions for the granting and exercise of rights and interests by the incentive recipients;

- (III) Arrangement of stock ownership plans by directors and senior management in subsidiaries proposed to be spun-off;
- (IV) Other matters stipulated by laws, administrative regulations, CSRC regulations and these Articles.

If the Board does not adopt or does not fully adopt the recommendations of the remuneration and evaluation committee, it shall record the opinions of the remuneration and evaluation committee and the specific reasons for not adopting them in the resolution of the board of directors and disclose the same.

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

**Article 148** The Company shall have one general manager, who shall be appointed or dismissed by the Board.

The Company shall have a number of senior management personnel, who shall be appointed or dismissed by the Board.

The general manager, deputy general manager, secretary of the Board and chief financial officer are the senior management of the Company.

**Article 149** The provisions in these Articles in relation to the circumstances under which a person may not serve as a director and the resignation management system shall be concurrently applicable to the general manager and other senior management.

The fiduciary obligations and the diligent obligations of directors stipulated in these Articles shall concurrently apply to the general manager and other senior management.

**Article 150** Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company shall not serve as a senior management member of the Company.

The senior management of the Company shall only receive remuneration from the Company, and shall not be remunerated by the controlling shareholders.

**Article 151** The term of office of the general manager shall be three years, and the general manager may be reappointed after successive appointments by the Board.

**Article 152** The general manager shall be liable to the Board and exercise the following functions and power:

- (I) To preside over the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his or her work to the Board;
- (II) To organize the implementation of the annual business plan and investment proposal of the Company;



- (III) To prepare the proposal on the setup of the Company's internal management structure;
- (IV) To draft the Company's basic management system;
- (V) To develop the specific rules for the Company;
- (VI) To request the Board to engage or dismiss chief financial officer and other senior management;
- (VII) To appoint or dismiss the officers other than those whose appointment or dismissal shall be decided by the Board;
- (VIII) Other functions and power granted by these Articles or the Board.

The general manager shall attend the meetings of the Board.

**Article 153** The general manager may resign before expiry of his/her tenure. The specific procedures and methods for resignation by the general manager are subject to the employment contract between the general manager and the Company.

**Article 154** The chief financial officer and other senior management personnel shall be nominated by the general manager and appointed or dismissed by decision of the Board.

**Article 155** The Company shall have a secretary of the Board, who is responsible for the preparation of shareholders' meeting and meetings of the Board of the Company, the keeping of documentation as well as the management of the information of the Company's shareholders, the handling of matters such as information disclosures.

The secretary of the Board shall comply with relevant provisions of laws, administrative regulations, departmental rules and these Articles.

**Article 156** Where a senior management member causes damage to others in performing his/her duties, the Company shall be liable for compensation. The senior management shall also be liable for compensation if there is intentionality or gross negligence on his/her part.

The senior management member who contravenes laws, administrative regulations, departmental rules or these Articles in the performance of his/her duties resulting in any loss to the Company shall be liable to the Company for compensation.

**Article 157** Senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. The senior management of the Company shall be liable for compensation in accordance with the law for any damage caused to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties.

## **CHAPTER 7 FINANCIAL ACCOUNTING SYSTEM, PROFITS DISTRIBUTION AND AUDITING**

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

**Article 158** The Company establishes its financial accounting system according to the laws, administrative regulations and the requirements of the relevant governmental authorities.

**Article 159** The accounting year of the Company is based on the Gregorian calendar year system, which is from January 1 to December 31 of each calendar year. The Company shall prepare a financial accounting report at the end of each accounting year, which shall be audited by an accounting firm in accordance with the laws. The financial accounting report shall be prepared according to relevant laws, administrative regulations, departmental rules, and the requirements of the CSRC and the Hong Kong Stock Exchange.

**Article 160** The Company publishes results announcements twice per accounting year, i.e., an interim results announcement within sixty days after the end of the first six months of each accounting year, and an annual results announcement within three months after the end of the accounting year.

Where the above announcements are otherwise regulated by relevant laws, administrative regulations, the securities regulatory authority of the place where the Company's shares are listed and the Hong Kong Stock Exchange, such provisions shall prevail.

**Article 161** The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

**Article 162** When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into its statutory reserve fund. The Company may not withdraw statutory reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory reserve fund of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory reserve fund in accordance with the above provisions.

After the Company withdraws the statutory reserve fund from the after-tax profits, the discretionary reserve may be withdrawn from the after-tax profits with the approval of the shareholders' meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and withholding the statutory reserve fund, except where the distribution is not proportionate according to laws, regulations, regulatory rules of the place where the securities of the Company are listed, the Hong Kong Listing Rules or these Articles.

Where the shareholders' meeting, in violation of the provisions of the preceding paragraph, distributes the profits to the shareholders before the Company makes up the losses and withholds the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company. If losses are caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The Company's shares held by the Company shall not participate in profit distribution.

**Article 163** The Company's reserve may be used to make up the Company's losses, expand the Company's production and operations or be converted to increase the Company's registered capital. However, the capital reserve shall not be used to make up the Company's losses.

When making up for the Company's losses with reserves, the discretionary reserves and statutory reserves should be used first; if it is still unable to make up for it, the capital reserves can be used in accordance with relevant provisions.

When the statutory reserve fund is converted to increase registered capital, the remaining reserve shall be not less than 25% of the registered capital of the Company before the conversion.

**Article 164** The Company may distribute dividends through the following two methods (or through both methods simultaneously):

- (I) cash
- (II) shares.

**Article 165** Cash dividends and other payments paid by the Company to the shareholders of domestic shares shall be paid in Renminbi, whereas those to shareholders of unlisted foreign shares shall be denominated and declared in Renminbi and paid in foreign currencies. The cash dividends and other payments paid by the Company to shareholders of overseas listed shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be handled according to the relevant national regulations on foreign exchange management.

The Company shall appoint one or more receiving agents for shareholders of H shares. The receiving agents shall collect, on behalf of such shareholders, any dividends distributed by and other payables of the Company in respect of the H shares, and keep the same on behalf of such shareholders before payment to them.

The receiving agents appointed by the Company shall meet the requirements under laws or relevant stock exchange regulations in the place of listing.

The receiving agents appointed by the Company for shareholders of H shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

**Article 166** Unless otherwise stipulated by relevant laws and administrative regulations, if the cash dividends and other payments are paid in Hong Kong dollars, the exchange rate shall be the average selling price of relevant foreign currencies announced by the People's Bank of China one calendar week before the date of declaration of dividends and other payments.

## **Section 2 Internal Audit**

**Article 167** The Company has implemented an internal audit system, which shall specify the leadership structure, responsibilities and authorities, staffing, funding safeguards, utilization of audit results, and accountability mechanisms for internal audit work.

The internal audit system of the Company shall be implemented upon approval by the board of directors and shall be disclosed externally.

**Article 168** The internal audit department of the Company shall supervise and inspect the Company's business activities, risk management, internal controls and financial information.

**Article 169** The internal audit department is accountable to the board of directors.

The internal audit department shall be subject to the supervision and guidance of the audit committee during the process of supervising and inspecting the Company's business activities, risk management, internal controls and financial information. The internal audit department should immediately report directly to the audit committee upon discovering any relevant major issues or clues.

**Article 170** The internal audit department is responsible for the specific organization and implementation of the internal control evaluation of the Company. Based on the evaluation report and related materials issued by the internal audit department and reviewed by the audit committee, the Company shall issue the annual internal control evaluation report.

**Article 171** The internal audit department shall proactively cooperate with the audit committee in its communication with external audit institutions such as accounting firms or national audit institutions, and provide necessary support and assistance.

**Article 172** The audit committee participates in the evaluation of the person in charge of the internal audit department.

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

**Article 173** The Company shall, in accordance with the requirements of laws and regulations and the regulatory rules of the place where the Company's shares are listed, employ an accounting firm that complies with laws and regulations and enjoys a good reputation to conduct accounting statement auditing, net asset verification and other related consulting services. The engagement period is one year and can be renewed.

**Article 174** The engagement, dismissal or removal of an accounting firm shall be decided by the shareholders' meeting.

**Article 175** The Company guarantees to provide true and complete accounting evidences, accounting books, financial and accounting reports and other accounting data to the accounting firm it engages, without any refusal, withholding or misrepresentation.

**Article 176** The audit fees of the accounting firm shall be determined by the shareholders' meeting.

**Article 177** In the event of dismissal or removal of the accounting firm, the Company shall notify the accounting firm 20 days in advance. The accounting firm should be allowed to make representations when the shareholders' meeting of the Company conducts a vote on the dismissal of the accounting firm.

**Article 178** In the event of a vacancy in the position of the accounting firm, the board of directors may, before convening the shareholders' meeting, appoint an accounting firm to fill the vacancy and determine its remuneration, provided that such appointment shall be confirmed at the next annual general meeting. However, if the Company has other incumbent accounting firm during the vacant period, such accounting firm shall still perform their duties.

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

## **CHAPTER 9 NOTICES AND ANNOUNCEMENTS**

**Article 179** Subject to compliance with laws, administrative regulations, departmental rules and the regulatory rules of the place where the Company's shares are listed, the Company's notice shall be delivered in the following forms:

- (I) by personal delivery;
- (II) by e-mail or mail;
- (III) by publishing an announcement on the website of the Company and the website designated by the Hong Kong Stock Exchange, subject to the applicable laws, administrative regulations, departmental rules, normative documents and, Hong Kong Listing Rules;
- (IV) by other ways prescribed by the regulatory rules of the place where the Company's shares are listed or these Articles.

Where the notice of the Company is served by way of announcement in compliance with laws, administrative regulations, departmental rules, and the regulatory rules of the place where the Company's shares are listed, all relevant personnels (including all shareholders of domestic shares, shareholders of unlisted foreign shares and shareholders of overseas listed foreign shares) are deemed to have received the notice upon the publication of the announcement.

**Article 180** In respect of the manner in which the Company may make available or send corporate communications to the shareholders of H shares in accordance with the requirements of the Hong Kong Listing Rules, subject to the laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed and these Articles, corporate communications may be provided or sent to Shareholders through the Company's designated website and/or the website of the Hong Kong Stock Exchange, or by electronic means. Corporate communications mentioned above shall refer to any document issued or to be issued by the Company for the information or action of any H Shareholder of the Company or such other person as may be required under the Hong Kong Listing Rules. Notices convening the shareholders' meetings of the Company shall be made by way of announcements.

**Article 181** The notices of convening the meetings of the board of directors shall be served by personal delivery, e-mails, post, announcement or any other method stipulated by the rules of procedure of the board of directors.

**Article 182** For notices of the Company served by personal delivery, the recipient shall sign (or seal) on the delivery receipt and the date of signature affixed by the recipient shall be the date of service. For notices delivered by post, the fifth business day commencing from the date on which the notice is submitted to the post office for delivery shall be the date of service. For notices served by e-mail, the date on which the email is sent shall be the date of service. For notices served by announcement, the first date of publishing the announcement shall be the date of service.

**Article 183** Where a meeting notice is not issued to a person entitled to the notice or such a person fails to receive the notice for any accidental omission, the validity of the meeting and the resolutions of the meeting shall not be affected.

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

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

**Article 184** The Company may be merged or divided in accordance with the law.

A merger of the Company may take the form of merger by absorption or merger by new establishment. The Company absorbing other companies is a merger by absorption, and the absorbed Company is dissolved. The merger of two or more companies to create a new Company is a merger by new establishment, and the merging parties are dissolved.

**Article 185** If the consideration to be paid by the Company for a merger does not exceed 10% of net assets of the Company, it may not be subject to a resolution of the shareholders' meeting, unless otherwise provided in these Articles.

Where the merger of the Company pursuant to the preceding paragraph is not subject to a resolution of the shareholders' meeting, it shall be resolved by the board of directors

**Article 186** In the case of a merger, a merger agreement shall be signed by all parties, and the balance sheets and inventory list of assets shall be prepared. The Company shall notify the creditors within 10 days since the date of making the merger resolution, and shall make an announcement within 30 days.

Creditors may, within 30 days since the date of receiving the notice, or creditors who do not receive the notice may, within 45 days since the date of the announcement, request the Company to pay off its debts in full or to provide a corresponding guarantee.

**Article 187** Where companies merge, the credits and debts of the merging parties shall be assumed by the surviving company or the newly established company upon merging.

**Article 188** If the Company is to be divided, its property shall be divided accordingly.

In the case of a division, the balance sheets and inventory list of assets shall be prepared. The Company shall notify its creditors within 10 days since the date on which the resolution to proceed with the division is adopted, and make an announcement within 30 days.

**Article 189** The debts of the Company which have accrued prior to the division shall be jointly borne by the divided companies, unless it is otherwise agreed by way of an agreement in writing with the creditors in respect of the settlement of debts before the Company's division.

**Article 190** If the Company reduces its registered capital, it shall prepare the balance sheets and inventory list of assets.

The Company shall notify its creditors within 10 days since the date on which the resolution to proceed with the reduction in the registered capital is adopted, and make an announcement within 30 days. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

If the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares according to the proportion of shares held by the shareholders, unless otherwise provided by law or these Articles.

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

**Article 191** If the Company still incurs losses after making up for its losses in accordance with the provisions of paragraph 2 of Article 162 of these Articles, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distributions to shareholders, nor exempt the shareholders from their obligation to make capital contributions or share payments.



If the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 189 of these Articles shall not apply, but announcements shall be made within 30 days from the date when the a resolution is made at the shareholders' meeting to reduce the registered capital.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve fund and discretionary reserve reaches 50% of the Company's registered capital.

**Article 192** Where the registered capital is reduced in violation of the Company Law or other relevant provisions, shareholders shall return funds received and the original state shall be restored if capital contributions from shareholders are reduced or exempted; if losses are caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

**Article 193** When the Company issues new shares for increasing its registered capital, shareholders shall have no pre-emptive rights, unless otherwise stipulated in these Articles or where the resolution of shareholders' meeting decides that shareholders are entitled to pre-emptive rights.

**Article 194** Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the Company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new Company is established, its establishment shall be registered according to law.

If the Company increases or decreases its registered capital, it shall apply for a registration of the change with the Company registry in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 195** The Company shall be dissolved if:

- (I) business term specified in these Articles expires or other dissolution reasons as stipulated in these Articles arise;
- (II) the shareholders' meeting resolves to dissolve the Company;
- (III) dissolution due to merger or division of the Company;
- (IV) the business license is revoked, or the Company is ordered to close or is canceled in accordance with the law;
- (V) there is a severe difficulty in the operation and management of the Company, and the continued existence of the Company will have a material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders holding more than 10% of the voting rights of all shares of the Company can make a petition to the People's Court to dissolve the Company.

If the Company has grounds for dissolution as stipulated in the preceding paragraph, it shall announce such grounds for dissolution within ten days.

Voluntary dissolution of the Company shall be approved by a special resolution of the shareholders' meeting. If laws, regulations, or regulatory rules of the place where the Company's securities are listed stipulate otherwise, such provisions shall be concurrently observed.

**Article 196** In the event of the circumstances described in items (I) and (II) of Article 195 of these Articles, the Company may carry on its existence by amending these Articles or passing the resolution of shareholder's meeting.

Amendments to these Articles or resolutions of the shareholders' meeting in accordance with the provisions set out above shall be passed by more than two-thirds of the shareholders with voting rights who attend the shareholders' meeting.

**Article 197** Where the Company is to be dissolved pursuant to items (I), (II), (IV) and (V) in Article 195 of these Articles, it shall be liquidated. Directors are the liquidation obligors of the Company and shall establish a liquidation committee within 15 days from the date of the occurrence of the grounds for dissolution to commence liquidation. The liquidation committee shall be composed of directors or other persons determined by the shareholders' meeting. If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

**Article 198** A liquidation committee may exercise the following powers during the liquidation period:

- (I) to dispose of the Company's assets and to prepare a balance sheet and an inventory of the assets;
- (II) to notify the Company's creditors through notice or announcement;
- (III) to handle the Company's outstanding businesses related to liquidation;
- (IV) to settle all tax overdue as well as tax amounts arising from the process of liquidation;
- (V) to settle credits and pay off debts;
- (VI) to distribute the Company's remaining assets after settling its debts;
- (VII) to represent the Company in a civil lawsuit.

**Article 199** The liquidation committee shall notify the Company's creditors within 10 days upon its establishment and publish an announcement within 60 days. A creditor shall file his/her/its claim with the liquidation committee within 30 days upon receipt of the notification, or within 45 days of the date of the announcement if he/she/it has not received any notification.

A creditor shall state all matters related to his/her/its creditor rights in making his/her/its claim and furnish evidence. The liquidation committee shall register such creditor's claims.

The liquidation committee shall not make any debt settlement with the creditors during the period of the claim.

**Article 200** Upon disposal of the Company's assets and preparation of the balance sheet and inventory list of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the shareholders' meeting or the people's court for verification.

**Article 201** The Company's remaining assets, after payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the Company's debts, shall be distributed to shareholders according to the proportion of their shareholding. The Company's assets shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

**Article 202** The Company shall continue to exist during the liquidation period, it however cannot commence any operating activities that are not related to the liquidation.

**Article 203** Upon liquidation of the Company's assets, and preparation of the balance sheet and inventory list of assets, if the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to the people's court for bankruptcy liquidation in accordance with the laws.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over liquidation affairs to the administrator designated by the people's court.

**Article 204** Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for verification. It shall also file with a company registration authority for deregistration of the Company and announce the termination of the Company.

**Article 205** Members of the liquidation committee shall be obliged to perform their liquidation obligations with loyalty and diligence.

Members of the liquidation committee who are negligent in performing their liquidation obligations and cause losses to the Company shall be liable for compensation. If losses are caused to the Company or creditors due to intent or gross negligence, such member shall be liable for compensation.

**Article 206** A company which has declared bankrupt in accordance with the laws shall be subject to liquidation of bankruptcy in accordance with the laws on corporate bankruptcy.

## **CHAPTER 11 AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**Article 207** The Company shall amend the Articles of Association under any of the following circumstances:

- (I) Matters provided for in the Articles of Association are in conflict with the provisions of the amended Company Law or relevant laws, administrative regulations, departmental rules, normative documents or the listing rules of the place where the Company's shares are listed;
- (II) A change in the condition of the Company that is inconsistent with the matters recorded in the Articles of Association;
- (III) The shareholders' meeting decides to amend the Articles of Association.

**Article 208** The amendment to the Articles of Association shall be made in accordance with the following procedures:

- (I) The board of directors shall pass a resolution about the amendment of these Articles, and formulate a proposal for amending the Articles of Association;
- (II) The board of directors shall convene a shareholders' meeting to vote on the proposal to amend the Articles of Association;
- (III) The shareholders' meeting adopts the amendments to the Articles of Association by special resolution;
- (IV) The Company files the amended Articles of Association with the competent market supervision and management authority.

**Article 209** If the amendments to the Articles of Association approved by the resolution of the shareholders' meeting are subject to the approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registration shall be handled according to law.

**Article 210** The board of directors shall amend these Articles according to the resolution of the shareholders' meeting on the amendment of the Articles of Association and the examination and approval opinions of the competent authority.

**Article 211** Where the amendments to the Articles of Association belong to information required to be disclosed by relevant laws and administrative regulations, such amendments shall be announced in accordance with the regulations.

## CHAPTER 12 SUPPLEMENTARY PROVISIONS

**Article 212** The board of directors may formulate the articles of association in accordance with the provisions of these Articles, provided that such articles of association shall not contravene the provisions of these Articles.

**Article 213** These Articles are prepared in Chinese. In case of any inconsistency between the Articles of Association in any other language or of different version and these Articles, the Chinese Articles of Association last approved by and registered with the competent administration for market regulation of the Company shall prevail.

**Article 214** The terms “above”, “within”, “below”, “not less than”, as stated in these Articles shall all include the given figure; the terms “excess”, “over”, “except”, “lower”, “more than” shall all exclude the given figure.

The “controlling shareholder” referred to in these Articles shall have the meaning as defined in the Hong Kong Listing Rules.

The term “de facto controller” as stated in these Articles refers to a person who, individually or jointly, directly or indirectly, through equity, voting rights, trusts, agreements or other arrangements, etc., exercises actual control over the Company.

The “connected transaction” referred to in these Articles shall have the meaning as defined in the Hong Kong Listing Rules.

**Article 215** Where the Articles of Association conflicts with the relevant provisions of the Hong Kong Listing Rules and other relevant laws, regulations and normative documents promulgated from time to time, the relevant provisions of the Hong Kong Listing Rules and other relevant laws, regulations and normative documents shall prevail.

**Article 216** These Articles shall be subject to interpretation by the board of directors of the Company.

**Article 217** Appendixes to these Articles include the rules of procedure for the shareholders’ meeting and the rules of procedure for the meetings of the board of directors. In case of any discrepancy among the rules of procedure for the shareholders’ meeting, the rules of procedure for the meetings of the board of directors and these Articles, these Articles shall prevail.

**Article 218** After consideration and approval by the shareholders’ meeting of the Company and the corresponding provisions of these Articles have been adjusted or supplemented by the board of directors of the Company after the completion of stock issuance pursuant to the authorization of the shareholders’ meeting, these Articles shall take effect and be adopted from the date of initial public offering and listing of H Shares of the Company, and the original Articles of Association shall be repealed at the same time.

(Below is intentionally left blank for a signature page to the Articles of Association (Draft) of Shanghai Forest Cabin Cosmetics Group Co., Ltd.)

Shanghai Forest Cabin Cosmetics Group Co., Ltd. (Company chop)

Signature of legal representative: \_\_\_\_\_

December 30, 2025