

**ARTICLES OF ASSOCIATION**

**OF**

**SHANGHAI XIZHI TECHNOLOGY CO., LTD.**

**(Applicable after the initial public offering and listing of overseas listed shares (H Shares))**

## CONTENTS

<b>CHAPTER 1</b>	<b>GENERAL PROVISIONS</b> .....	<b>1</b>
<b>CHAPTER 2</b>	<b>MISSION AND SCOPE OF BUSINESS</b> .....	<b>2</b>
<b>CHAPTER 3</b>	<b>SHARES</b> .....	<b>3</b>
Section 1	Issuance of Shares .....	<b>3</b>
Section 2	Increase, Reduction and Repurchase of Shares .....	<b>9</b>
Section 3	Transfer of Shares.....	<b>11</b>
<b>CHAPTER 4</b>	<b>SHAREHOLDERS AND SHAREHOLDERS' MEETINGS</b> .....	<b>12</b>
Section 1	General Provisions for Shareholders .....	<b>12</b>
Section 2	Controlling Shareholders and Actual Controllers .....	<b>16</b>
Section 3	General Provisions for Shareholders' Meetings.....	<b>18</b>
Section 4	Convening of the Shareholders' Meetings .....	<b>22</b>
Section 5	Proposed Resolutions and Notices of Shareholders' Meetings .....	<b>24</b>
Section 6	Holding of Shareholders' Meetings .....	<b>26</b>
Section 7	Voting and Resolutions of Shareholders' Meetings .....	<b>30</b>
<b>CHAPTER 5</b>	<b>DIRECTORS AND BOARD OF DIRECTORS</b> .....	<b>35</b>
Section 1	General Provisions of Directors .....	<b>35</b>
Section 2	The Board of Directors .....	<b>40</b>
Section 3	Independent Non-executive Directors.....	<b>45</b>
Section 4	Special Committees under the Board .....	<b>47</b>
<b>CHAPTER 6</b>	<b>SENIOR MANAGEMENT MEMBERS</b> .....	<b>50</b>
<b>CHAPTER 7</b>	<b>FINANCIAL AND ACCOUNTING SYSTEM,     PROFIT DISTRIBUTION AND AUDIT</b> .....	<b>52</b>
Section 1	Financial and Accounting System .....	<b>52</b>
Section 2	Internal Audit.....	<b>54</b>
Section 3	Appointment of Accounting Firm.....	<b>55</b>
<b>CHAPTER 8</b>	<b>NOTICES AND ANNOUNCEMENTS</b> .....	<b>56</b>
Section 1	Notices .....	<b>56</b>
Section 2	Announcements .....	<b>57</b>
<b>CHAPTER 9</b>	<b>MERGER, DIVISION, CAPITAL INCREASE,     CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION .</b>	<b>57</b>
Section 1	Merger, Division, Capital Increase and Capital Reduction.....	<b>57</b>
Section 2	Dissolution and Liquidation .....	<b>59</b>
<b>CHAPTER 10</b>	<b>AMENDMENT OF ARTICLES OF ASSOCIATION</b> .....	<b>62</b>
<b>CHAPTER 11</b>	<b>SUPPLEMENTARY PROVISIONS</b> .....	<b>63</b>

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association 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 Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Guidelines for the Application of Regulatory Rules — Overseas Offering and Listing No. 1, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Appendices thereto (hereinafter referred to as the "**Hong Kong Listing Rules**"), and with reference to the Guidelines for the Articles of Association of Listed Companies and relevant laws and regulations and other provisions, for the purpose of protecting the legitimate rights and interests of Shanghai Xizhi Technology Co., Ltd. (hereinafter referred to as the "**Company**"), its shareholders, employees and creditors, and regulating the organization and activities of the Company.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law and other relevant provisions.

The Company is established by means of promotion and has been registered with and obtained business license from Shanghai Municipal Administration for Market Regulation, with unified social credit code of 91310110MA1G8MM66Q.

**Article 3** On [•], the Company completed the filing procedures with the China Securities Regulatory Commission (the "**CSRC**") and obtained the approval/listing permission from The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the initial public offering of [•] overseas listed foreign shares (the "**H Shares**") to the public. If the Over-allotment Option of [•]% is exercised in full, the total number of H Shares issued will be [•]. The Company's H Shares were listed on the Hong Kong Stock Exchange on [•].

**Article 4** The registered name of the Company  
Chinese name: 上海曦智科技股份有限公司  
English name: Shanghai Xizhi Technology Co., Ltd.

**Article 5** Address of the Company: No. 111, 125 and 139 Boxia Road, China (Shanghai) Pilot Free Trade Zone, Postal code: 201203.

**Article 6** The registered capital of the Company is RMB[•] ten thousand.

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

**Article 8** The general manager shall be the legal representative of the Company. Where the general manager resigns, he/she shall be deemed to have resigned as the legal representative at the same time. Where the legal representative resigns, the Company shall appoint a new legal representative within thirty days from the date of such resignation.

**Article 9** The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company. The limitation on the functions and powers of the legal representative in the Articles of Association or by the general meeting shall not be asserted against a bona fide counterpart. Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall bear civil liability for such damage. The Company may, after bearing such civil liability, seek indemnification from the legal representative at fault in accordance with laws or the Articles of Association.

**Article 10** The shareholders are responsible for the Company to the extent of their subscribed shares, and the Company is responsible for its debts with all its assets.

**Article 11** From the date on which it becomes effective, the Articles of Association shall constitute a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and its shareholders and between shareholders inter se and are binding upon the Company and its shareholders, directors and senior management members. Shareholders may sue shareholders; shareholders may sue directors and senior management members of the Company; shareholders may sue the Company; and the Company may sue shareholders, directors and senior management members in accordance with the Articles of Association.

**Article 12** Senior management members referred to in the Articles of Association include the general manager, the chief financial officer, the secretary to the Board of the Company.

**Article 13** The Company shall establish an organization of the Communist Party and carry out Party activities in accordance with the requirements of the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the Party organization.

## **CHAPTER 2 MISSION AND SCOPE OF BUSINESS**

**Article 14** The mission of the Company: to adhere to the principle of maximizing the social value of the enterprise, continuously improve the level of production, operation and management decision-making, and through institutional and technological innovation, continuously enhance the competitiveness and risk resistance capability of the enterprise, so as to become a world-class enterprise.

**Article 15** Upon registration in accordance with the law, the business scope of the Company includes: General activities: technical services, technical development, technical consultation, technical exchange, technology transfer, technology promotion; information system integration services; software development; corporate management consultation; wholesale of computer software, hardware and auxiliary equipment; retail of computer software, hardware and auxiliary equipment; sales of electronic products; sales of electrical equipment; sales of electronic components and electromechanical equipment; sales of special electronic equipment; sales of mechanical equipment; sales of special equipment for semiconductor components; sales of communication equipment; sales of instruments and meters; wholesale and retail of hardware products; sales of electrical materials; import and export of goods; import and export of technology. (Except for projects subject to statutory approval, business activities may be conducted legally and independently with a business license)

The final business scope shall be subject to the registration and approval by the relevant administration for market regulation.

## **CHAPTER 3 SHARES**

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

**Article 16** Shares of the Company take the form of registered share certificates.

**Article 17** The issuance of the shares of the Company shall be conducted in the principle of openness, fairness and impartiality, and each share of the same class shall rank *pari passu*. Each share of the same class in the same issue shall be issued on the same conditions and at the same price. The same price shall be paid for each share subscribed for by subscribers.

**Article 18** All par value stock issued by the Company are denominated in RMB, with a par value of RMB1.00 per share.

**Article 19** The overseas listed foreign shares of the Company listed on the Hong Kong Stock Exchange are referred to as H shares. The Shares issued by the Company but not listed on any domestic or overseas stock exchange are referred to as unlisted shares. Subject to the filing with the competent securities regulatory authority of the State Council, the unlisted shares of the Company may be converted into overseas listed foreign shares and listed and traded on an overseas stock exchange. Listing and trading on an overseas stock exchange shall also comply with the regulatory procedures, requirements and conditions of such overseas stock exchange. The conversion of unlisted shares into overseas listed foreign shares and the listing and trading thereof on an overseas stock exchange shall not require a resolution of the general meeting. Among the Shares issued by the Company, the unlisted shares shall be registered and deposited on a

centralized basis with a domestic securities depository and clearing institution. The registration, clearing and settlement arrangements for the overseas listed foreign shares shall be subject to the applicable laws, regulations and practices of the place where the Company's shares are listed, and such shares shall primarily be deposited in the Central Clearing and Settlement System in Hong Kong, and may also be held by shareholders in their own names.

**Article 20** At the time of its establishment, each promoter of the Company subscribed for the Company's shares by converting its audited net asset value corresponding to its equity interests in the limited liability company into shares. The total number of shares issued upon the establishment of the Company was 76,831,836 shares, with a par value of RMB1.00 per share. The names of the promoters of the Company, the number of shares subscribed for by them, shareholding percentages, the contribution method and contribution date are as follows:

No.	Name of Promoters	Number of Shares (10,000 shares)	Shareholding Percentage (%)	Contribution Method	Contribution Date
1.	Shanghai Youguang Yihui Enterprise Management Partnership (Limited Partnership) (上海有光耀輝企業管理合夥企業(有限合夥))	873.0379	11.3631	Net assets converted into shares	August 29, 2025
2.	Shen Yichen	667.6177	8.6893	Net assets converted into shares	August 29, 2025
3.	Shanghai Youguang Zhiyuan Enterprise Management Partnership (Limited Partnership) (上海有光致遠企業管理合夥企業(有限合夥))	443.1092	5.7673	Net assets converted into shares	August 29, 2025
4.	LightAI EIP Holdings LP	435.0056	5.6618	Net assets converted into shares	August 29, 2025
5.	MPC V HK Limited	389.9511	5.0754	Net assets converted into shares	August 29, 2025
6.	MachC L.P.	389.0088	5.0631	Net assets converted into shares	August 29, 2025
7.	Tencent Mobility Limited	327.2298	4.2590	Net assets converted into shares	August 29, 2025
8.	Ha Wai Kwan Benjamin	304.5519	3.9639	Net assets converted into shares	August 29, 2025

No.	Name of Promoters	Number of Shares (10,000 shares)	Shareholding Percentage (%)	Contribution Method	Contribution Date
9.	Shanghai CM Digital Transformation Investment Fund, L.P. (上海中移數字轉型產業私募基金合夥企業(有限合夥))	299.5570	3.8989	Net assets converted into shares	August 29, 2025
10.	Global Bridge Capital USD Fund I, L.P.	283.3712	3.6882	Net assets converted into shares	August 29, 2025
11.	Huzhou Jingxin Equity Investment Partnership Enterprise (Limited Partnership) (湖州景鑫股權投資合夥企業(有限合夥))	257.9630	3.3575	Net assets converted into shares	August 29, 2025
12.	Hangzhou Yihong Equity Investment Partnership (Limited Partnership) (杭州毅鴻股權投資合夥企業(有限合夥))	241.0263	3.1371	Net assets converted into shares	August 29, 2025
13.	Nanjing Heli Guoxin Zhixin Equity Investment Partnership Enterprise (Limited Partnership) (南京和利國信智芯股權投資合夥企業(有限合夥))	236.6577	3.0802	Net assets converted into shares	August 29, 2025
14.	Shanghai Guofu Linghang Investment Partnership (Limited Partnership) (上海國孚領航投資合夥企業(有限合夥))	200.4433	2.6089	Net assets converted into shares	August 29, 2025
15.	Nanjing Jiangbei Jiakang Technology Venture Capital Partnership (Limited Partnership) (南京江北佳康科技創業投資合夥企業(有限合夥))	186.0674	2.4217	Net assets converted into shares	August 29, 2025
16.	CICC Culture and Consumption Industry Equity Investment Fund (Xiamen) Partnership (Limited Partnership) (中金文化消費產業股權投資基金(廈門)合夥企業(有限合夥))	168.6673	2.1953	Net assets converted into shares	August 29, 2025
17.	Vertex Ventures China IV, L.P.	161.9264	2.1075	Net assets converted into shares	August 29, 2025

No.	Name of Promoters	Number of Shares (10,000 shares)	Shareholding Percentage (%)	Contribution Method	Contribution Date
18.	Guanzi Equity Investment (Lishui) Partnership Enterprise (Limited Partnership) (關子股權投資(麗水)合夥企業(有限合夥))	159.6598	2.0780	Net assets converted into shares	August 29, 2025
19.	P7 China Holdings PCC Limited (acting solely in respect of the P7CH Direct P7 I cell)	159.6598	2.0780	Net assets converted into shares	August 29, 2025
20.	Beijing Casstar Key & Core Technology Venture Capital Investment L.P. (北京中科創星硬科技創業投資合夥企業(有限合夥))	124.0590	1.6147	Net assets converted into shares	August 29, 2025
21.	HSG Growth VI Holdco A (HK) Limited	119.7448	1.5585	Net assets converted into shares	August 29, 2025
22.	Jiangsu Qianquan Yuanhe Origin Intelligence No. 3 Venture Capital Partnership Enterprise (Limited Partnership) (江蘇韋泉元禾原點智能參號創業投資合夥企業(有限合夥))	119.5098	1.5555	Net assets converted into shares	August 29, 2025
23.	Photon Technology Investment VI LPF	118.8185	1.5465	Net assets converted into shares	August 29, 2025
24.	Shanghai Sci-Tech Innovation Center Capital Fund I Partnership (Limited Partnership) (上海科創中心壹號股權投資基金合夥企業(有限合夥))	108.9826	1.4185	Net assets converted into shares	August 29, 2025
25.	Shanghai Pudong Pilot Zone Investment Fund (Limited Partnership) (上海浦東引領區投資中心(有限合夥))	100.2216	1.3044	Net assets converted into shares	August 29, 2025
26.	Shaanxi Advanced OEIC Technologies L.P. (陝西先導光電集成科技投資合夥企業(有限合夥))	97.1559	1.2645	Net assets converted into shares	August 29, 2025
27.	FreeS International Holdings (Hong Kong) Limited	81.2609	1.0576	Net assets converted into shares	August 29, 2025
28.	Beijing Biwei Original Innovation Consulting Center (L.P.) (北京百度畢威企業管理中心(有限合夥))	79.1028	1.0296	Net assets converted into shares	August 29, 2025

No.	Name of Promoters	Number of Shares (10,000 shares)	Shareholding Percentage (%)	Contribution Method	Contribution Date
29.	Xiamen HongShan Yaheng Equity Investment Partnership (Limited Partnership) (廈門紅杉雅恆股權投資合夥企業(有限合夥))	76.6930	0.9982	Net assets converted into shares	August 29, 2025
30.	Pi Holdings Limited	60.7223	0.7903	Net assets converted into shares	August 29, 2025
31.	Chongqing Yuanhong Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (重慶元弘私募股權投資基金合夥企業(有限合夥))	59.0692	0.7688	Net assets converted into shares	August 29, 2025
32.	Zhen Partners IV (HK) Limited	48.5821	0.6323	Net assets converted into shares	August 29, 2025
33.	Morningside TMT Holding IV Limited	43.4223	0.5652	Net assets converted into shares	August 29, 2025
34.	China Merchants Venture Capital Fund, L.P.	40.4816	0.5269	Net assets converted into shares	August 29, 2025
35.	Shaanxi Chuangfa Chuangxing Photon Venture Capital Partnership Enterprise (Limited Partnership) (陝西川發創星光子創業投資合夥企業(有限合夥))	39.9149	0.5195	Net assets converted into shares	August 29, 2025
36.	HSG Growth VI 2021-H, L.P.	39.9149	0.5195	Net assets converted into shares	August 29, 2025
37.	Shenzhen Dezhixi Information Consulting Co., LTD (深圳市德之曦信息諮詢有限公司)	33.4379	0.4352	Net assets converted into shares	August 29, 2025
38.	Sky Spring Holdings Limited	28.6196	0.3725	Net assets converted into shares	August 29, 2025
39.	Tai You Fund I, LP	25.0784	0.3264	Net assets converted into shares	August 29, 2025
40.	Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	21.0551	0.2740	Net assets converted into shares	August 29, 2025

No.	Name of Promoters	Number of Shares (10,000 shares)	Shareholding Percentage (%)	Contribution Method	Contribution Date
41.	JIANGSU HOTLAND INTELLIGENT VENTURE INVESTMENT FUND (L.P.) (江蘇惠泉紅土智能創業投資 基金(有限合夥))	21.0551	0.2740	Net assets converted into shares	August 29, 2025
42.	Newlight Fund I LP	11.7701	0.1532	Net assets converted into shares	August 29, 2025
<b>Total</b>		<b><u>7,683.1836</u></b>	<b><u>100.0000</u></b>	—	—

**Article 21** The total number of shares of the Company is [•], all of which are ordinary shares. Upon completion of the filing with the CSRC, an aggregate of [•] domestic unlisted shares held by [•] shareholders of the Company were converted into overseas listed shares.

After the completion of the initial public offering and overseas listing, assuming the Over-allotment Option is not exercised, the shareholding structure of the Company shall be as follows: an aggregate of [•] ordinary shares, of which [•] are domestic unlisted shares, representing [•]% of the total number of ordinary shares of the Company; and [•] are overseas listed shares, representing [•]% of the total number of ordinary shares of the Company. If the Over-allotment Option is exercised in full, the shareholding structure of the Company shall be as follows: an aggregate of [•] ordinary shares, of which [•] are domestic unlisted shares, representing [•]% of the total number of ordinary shares of the Company; and [•] are overseas listed shares, representing [•]% of the total number of ordinary shares of the Company.

**Article 22** The Company and its subsidiaries (including affiliated enterprises of the Company) shall not provide financial assistance in the form of gifts, advances, guarantees or borrowings to other people for the acquisition of the Company's or its parent company's shares, except for the implementation of the Company's employee stock ownership plan.

For the interests of the Company, upon a resolution of the Board in accordance with the Articles of Association, the Company may provide financial assistance to other people for the acquisition of the Company's or its parent company's shares, provided that the cumulative total amount of the financial assistance shall not exceed ten percent of the total issued share capital. Resolutions made by the Board shall be approved by more than two-thirds of all directors.

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

**Article 23** Based on its operation and development needs, in accordance with the laws and regulations, and subject to the special resolutions of the Shareholders' meeting, the Company may increase its capital by any of the following ways:

- (1) issuing shares to unspecified targets;
- (2) issuing shares to specific targets;
- (3) distribution of bonus shares to existing Shareholders;
- (4) conversion of capital reserve into share capital;
- (5) other means stipulated by laws and administrative regulations, and approved by the CSRC, the Hong Kong Listing Rules and the securities regulatory authority of the place where the Company's shares are listed.

**Article 24** The Company may reduce its registered capital. The reduction of registered capital shall comply with the procedures stipulated in the Company Law and other relevant regulations as well as the Articles of Association.

**Article 25** The Company may not purchase its own shares except under any of the following circumstances:

- (1) where the Company's registered capital is reduced;
- (2) where it merges with another company holding its shares;
- (3) where its shares are used for employee stock ownership plan or equity incentive;
- (4) where any Shareholder, who raises objections to the resolution of the Shareholders' meeting on the merger or split-up of the Company, requests the Company to purchase its shares;
- (5) where its shares are used for converting the corporate bonds into convertible stock issued by the Company;
- (6) it is necessary for the Company to maintain its company value and its Shareholders' equity.

**Article 26** The Company may purchase its own shares through public centralized trading or other methods permitted by laws, administrative regulations and the CSRC, Hong Kong Listing Rules and securities regulatory authority of the place where the Company's shares are listed.

In the event that the Company acquires shares of the Company under the circumstances set forth in items (3), (5) and (6) of Article 25 hereof, such acquisition shall be conducted through public centralized trading.

**Article 27** The acquisition of the Company's shares by the Company pursuant to the circumstances as stipulated in items (1) and (2) of Article 25 hereof, shall be subject to a resolution of the Shareholders' meeting; in the case of acquisition of shares of the Company under the circumstances specified in items (3), (5) and (6) of Article 25 hereof, a resolution may be passed at a Board meeting attended by two-thirds or more of the directors.

After the Company has acquired its own shares in accordance with Article 25 of the Articles of Association, if the shares are acquired under the circumstances specified in item (1), such shares shall be cancelled within 10 days from the date of acquisition; if the shares are acquired under the circumstances specified in items (2) and (4), such shares shall be transferred or cancelled within six months; if the shares are acquired under the circumstances specified in items (3), (5) and (6), the number of the Company's shares held by the Company in aggregate shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Notwithstanding the foregoing provisions, if the applicable laws and regulations, or the laws or securities regulatory rules of the place where the Company's shares are listed, have other provisions on the aforesaid matters relating to the repurchase of the Company's shares, the Company shall comply with such provisions. The repurchase of the Company's overseas listed foreign shares shall comply with the Hong Kong Listing Rules and other relevant laws, regulations and regulatory requirements of the place where the Company's overseas listed foreign shares are listed.

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

**Article 28** Shares of the Company shall be transferred in accordance with the laws.

All transfers of H shares shall be effected by instruments of transfer in writing in a general or ordinary form or in any other forms acceptable to the Board of Directors (including the standard transfer format or form of transfer that the Hong Kong Stock Exchange may provide from time to time). Where the transferor or transferee of the shares of the Company is a recognized clearing house as defined by relevant regulations of Hong Kong laws from time to time (the “**recognized clearing house**”), or any of its agents, the written instruments of transfer may be signed manually or in a machine-printed form. All instruments of transfer shall be maintained at the statutory address of the Company or such places as the Board of Directors may designate from time to time.

**Article 29** The Company shall not accept its own shares as the subject of pledge.

**Article 30** The shares issued before the Company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the Company are listed and traded on the stock exchange.

The directors and senior management of the Company shall declare to the Company the shares they hold and the changes thereof. During their term of office, the shares transferred each year shall not exceed 25% of the total shares they hold of the Company. The shares of the Company held by them shall not be transferred within 1 year as of the day when the stocks of the Company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the Company held within six months after he/she leaves the position in the Company.

## CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

### Section 1 General Provisions for Shareholders

**Article 31** The Company shall establish a register of members with the evidence provided by the securities registration authority. The register of members shall be sufficient evidence of the holding of the shares of the Company by the Shareholders. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. The branch register of members in Hong Kong shall be open for inspection by members but the Company may close the register on terms equivalent to section 632 of the Hong Kong Companies Ordinance.

Any Shareholder whose name is recorded on the register of members, or any person whose name is required to be entered on the register of members, in the event of loss of share certificate, may apply to the Company for a replacement share certificate for such shares. Application by a holder of domestic-invested shares, who has lost his/her/its share certificate, for a replacement share certificate shall be dealt with in accordance with the relevant provisions of the Company Law. Application by a holder of overseas-listed foreign invested shares, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of Shareholders for holders of overseas-listed foreign invested shares is maintained, the rules of the stock exchange or other relevant regulations.

**Article 32** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities which require the verification of the identities of shareholders, the Board or the convener of the general meeting shall decide the date of record. The shareholders whose names are registered on the register of members at the close of trading on the date of record shall be entitled to the relevant rights.

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

- (1) to receive dividends and other distributions in proportion to the shares they hold;
- (2) to request the convening of, summon, hold, attend or appoint a proxy to attend a Shareholders' meeting and exercise the corresponding voting rights in accordance with laws;
- (3) to supervise, present suggestions on or make inquiries about the operations of the Company;
- (4) to transfer, gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;
- (5) to inspect and duplicate the Articles of Association, register of Shareholders, minutes of the Shareholders' meetings, resolutions of the board meetings, and financial accounting reports; Shareholders who individually or collectively hold more than 3% of the Company's shares for more than one hundred and eighty (180) consecutive days may inspect the Company's accounting books and certificates. If a Shareholder requests to access the Company's accounting books and certificates, they shall submit a written request to the Company and explain the purpose. If the Company has reasonable grounds to believe that the purpose of the Shareholder's access to the accounting books and certificates is illegitimate, and the legitimate interests of the Company may be prejudiced, it may refuse to provide access, and shall reply to the Shareholder in writing and explain the reasons;
- (6) in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion with the number of shares held by them;
- (7) to require the Company to purchase their shares in the event of objection to the resolutions of the Shareholders' meeting on merger or division of the Company;
- (8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, relevant provisions of the securities regulatory authority and stock exchange of the place where the securities of the Company are listed or the Articles of Association.

**Article 34** The shareholder who asks to inspect and duplicate the relevant information of the Company shall comply with the provisions of laws and administrative regulations including the Company Law, the Securities Law and the Hong Kong Listing Rules. When a shareholder requests to inspect the relevant information mentioned in the preceding Article or requests any materials,

such shareholder shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall provide such relevant information or such materials upon request after verifying his/her shareholder identity.

**Article 35** If the contents of a resolution of the general meeting or the Board of the Company violate the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution.

If the convening procedure or voting method of the Shareholders' meeting or the Board meeting violates the laws, administrative regulations or the Articles of Association or the contents of a resolution violate the Articles of Association, the shareholders shall have the right to petition the people's court to revoke the resolution within sixty days from the date of the adoption of such resolution. However, this does not apply if such procedures for convening the Shareholders' meeting and the Board meeting, or the voting thereat, have only minor flaws that have no substantial impact on the resolution.

Where the Board, shareholders and 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 a cancellation of a resolution, the stakeholders shall execute the resolution of the Shareholders' meeting. The Company, its directors and senior management members shall perform their duties diligently to ensure the normal operation of the Company.

Where the people's court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with laws, administrative regulations, the rules of the CSRC and stock exchanges, fully explain the impact of the judgement or ruling on the Company, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. Where previous matters need to be corrected, the Company shall handle the correction in a timely manner and fulfil its obligations to disclose the information accordingly.

**Article 36** A resolution of the Shareholders' meeting or Board meeting of the Company shall be deemed not to have been validly adopted under any of the following circumstances:

- (1) no Shareholders' meeting or Board meeting has been convened to pass the resolution;
- (2) the resolution is not voted on at the Shareholders' meeting or Board meeting;

- (3) the number of persons attending the meeting or the number of voting rights held by them does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of Association;
- (4) the number of persons or the number of voting rights held by them voting for the resolution does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of Association.

**Article 37** If a director or any senior management member (other than members of the Audit Committee) of the Company violates any law or administrative regulation or breaches the Articles of Association in performing his or her duties, causing losses to the Company, shareholders holding 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Audit Committee in writing to institute a legal action in a people's court; if a member of the Audit Committee violates any law or administrative regulation or breaches the Articles of Association in performing its duties, causing losses to the Company, such aforementioned shareholders may request the Board in writing to institute a legal action in a people's court.

If the Audit Committee or the Board refuses to institute a legal action upon receipt of the written request from the shareholders, or fails to do so within thirty days from the date of receipt of the written request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm, the shareholders mentioned in the preceding paragraph shall have the right to institute a legal action in a people's court in their own names in the interests of the Company.

In the event that a third party infringes upon the legal interests of the Company, thereby causing the Company to sustain a loss, the shareholders, as specified in the first paragraph of this Article, may institute a legal action in a people's court pursuant to the first two paragraphs hereinabove in this Article.

In the event the directors, supervisors and senior management members of a wholly-owned subsidiary of the Company violate the law, administrative regulations or the provisions of the Articles of Association in performing their duties, and incur a loss to the Company, or in the event the legal interests of a wholly-owned subsidiary of the Company are violated by other parties and a loss is incurred, shareholders, either individually or jointly holding 1% or more of the Company's shares for 180 or more consecutive days may, in accordance with the provisions of the preceding three paragraphs of Article 189 of the Company Law, submit a written request to the Supervisory Committee or the Board of the wholly-owned subsidiary for commencing legal proceedings in the people's court, or directly file a lawsuit with the people's court in their own name.

**Article 38** In the event that any director or senior management member violates laws, administrative regulations or the Articles of Association to the detriment of the interests of the shareholders, the shareholders may initiate litigation in the people's court.

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

- (1) to abide by the laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies as per the shares subscribed for and the method of subscription;
- (3) not to withdraw the share capitals unless prescribed otherwise in laws and administrative regulations;
- (4) not to abuse Shareholders' rights to impair the interests of the Company or other Shareholders; not to abuse the independent status of legal person or Shareholders' limited liabilities to impair the interests of the creditors of the Company;
- (5) to assume other obligations prescribed by the laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

**Article 40** Shareholders of the Company who abuse their Shareholders' rights and thereby cause loss on the Company or other Shareholders shall be liable for loss compensation according to the laws. Where Shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of Shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such Shareholders shall be jointly and severally liable for the debts owed by the Company.

## **Section 2 Controlling Shareholders and Actual Controllers**

**Article 41** The controlling Shareholders and actual controllers of the Company shall exercise their rights and perform their obligations in accordance with the provisions of laws, administrative regulations, the CSRC and relevant regulatory authority of the place where the Company's shares are listed, and shall safeguard the interests of the listed Company.

**Article 42** Controlling Shareholders and actual controllers of the Company shall comply with the following provisions:

- (1) exercise Shareholder rights in accordance with the law, and shall not abuse control rights or exploit related-party relationships to the detriment of the legitimate rights and interests of the Company or other Shareholders;
- (2) strictly fulfil any public statements and commitments made, and shall not alter or waive them without authorization;
- (3) strictly comply with relevant regulations in fulfilling information disclosure obligations, actively cooperate with the Company in disclosing information, and promptly inform the Company of any material events that have occurred or are expected to occur;
- (4) shall not occupy or misappropriate the Company's funds in any manner;
- (5) shall not compel, instruct, or require the Company or its relevant personnel to provide guarantees in violation of laws and regulations;
- (6) shall not use the Company's undisclosed material information for personal gain, disclose any undisclosed material information related to the Company by any means, or engage in insider trading, short-swing trading, market manipulation, or other illegal or non-compliant activities;
- (7) shall not harm the legitimate rights and interests of the Company and other Shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment, or any other means;
- (8) shall ensure the Company's asset integrity, personnel independence, financial independence, organizational independence, and business independence, and shall not affect the Company's independence in any manner;
- (9) comply with other provisions stipulated by laws, administrative regulations, the CSRC, Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed and these Articles.

Where a controlling Shareholder or actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of these Articles relating to the duties of loyalty and diligence of directors shall apply.

Where the controlling Shareholder or actual controller of the Company instructs any director or senior management personnel to engage in acts that are detrimental to the interests of the Company or its Shareholders, such controlling Shareholder or actual controller shall bear joint and several liability together with the relevant director or senior management personnel.

**Article 43** A controlling shareholder or actual controller shall maintain control over the Company and the stability of its production operations if they pledge the Company's shares held or effectively controlled by them.

**Article 44** In the event of any transfer of the Company's shares held by a controlling shareholder or actual controller, they shall comply with the restrictive provisions regarding the transfer of shares stipulated under the laws, administrative regulations and regulations of the CSRC, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, as well as the undertakings they have made in respect of restrictions in share transfer.

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

**Article 45** The Company's Shareholders' meeting is composed of all Shareholders. The Shareholders' meeting is the organ of authority of the Company and shall exercise the following duties and powers in accordance with laws:

- (1) to elect and replace directors who are not served by non-employee representatives and to determine matters relating to the remuneration of the directors;
- (2) to consider and approve the reports of the Board;
- (3) to consider and approve the profit distribution plan and loss recovery plans of the Company;
- (4) to resolve on the increase or reduction of the registered capital of the Company;
- (5) to resolve on the issue of corporate bonds;
- (6) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (7) to amend these Articles;
- (8) to resolve on the appointment and dismissal of accounting firm engaged to conduct the Company's audit;

- (9) to consider and approve the guarantee matters specified in Article 46 of the Articles of Association;
- (10) to consider matters relating to the purchase and sale by the Company within 1 year of material assets valued at more than 30% of the audited total assets of the Company as at the most recent period;
- (11) to consider and approve matters relating to changes in the use of proceeds;
- (12) to consider share incentive scheme and employee stock ownership scheme;
- (13) to consider other matters to be resolved by the Shareholders' meeting as required by laws, administrative regulations, departmental rules, or the Articles of Association.

The Shareholders' meetings may authorize the Board to resolve on the issue of corporate bonds.

The Company may, by a resolution of the Shareholders' meetings, or by a resolution of the Board of Directors as authorised by the Articles of Association or the Shareholders' meetings, issue shares and corporate bonds convertible into shares. The implementation of such issuance shall comply with the provisions of laws, administrative regulations, the CSRC and the relevant securities regulatory authorities of the place where the Company's shares are listed.

Unless otherwise provided by laws, administrative regulations, the regulations of the CSRC, or relevant securities regulatory rules of the place where the Company's shares are listed, the aforementioned powers of the Shareholders' meetings shall not be delegated to the Board of Directors or other institutions or individuals for exercise.

**Article 46** The following external guarantees of the Company shall be considered and approved at the Shareholders' meeting:

- (1) any guarantee provided after the total amount of external guarantees by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets;
- (2) any guarantee provided after the total amount of external guarantees by the Company exceeds 30% of the latest audited total assets;
- (3) any guarantee to other persons provided by the Company within one year with guaranteed amount in excess of 30% of the latest audited total assets of the Company;

- (4) any guarantee with a single guaranteed amount in excess of 25% of the latest audited net assets;
- (5) other guarantees that shall be determined by the Shareholders' meeting as stipulated by the laws, administrative regulations and relevant securities regulatory rules of the place where the Company's shares are listed.

When the Shareholders' meeting considers a guarantee proposal to be provided to a shareholder or its connected persons, such shareholder or shareholders controlled by the actual controller shall not participate in the voting on such proposal. The proposal shall be approved by more than half of the voting rights held by the other shareholders present at the Shareholders' meeting.

Where the Company provides a guarantee to a wholly-owned subsidiary, or provides a guarantee to a controlled subsidiary and the other shareholders of such controlled subsidiary provide guarantees on a pro-rata basis in accordance with their respective equity interests, and such guarantee does not harm the interests of the Company, the provisions set out in paragraphs 1 to 3 of this Article may be waived, unless otherwise stipulated by these Articles of Association.

**Article 47** When a transaction of the Company (except for provision of guarantees and financial assistance) meets one of the following criteria, it shall be submitted to the Shareholders' meeting for consideration and approval:

- (1) the total assets involved in the transaction (the higher of the book value and the assessed value as the case may be) account for more than 50% of the Company's latest audited total assets;
- (2) the concluded transaction amount accounts for more than 50% of the Company's valuation;
- (3) the net assets of the transaction subject (such as equity) in the most recent accounting year accounts for more than 50% of the Company's valuation;
- (4) the related operating income of the transaction subject (such as equity) in the most recent accounting year accounts for more than 50% of the audited operating income of the Company in such accounting year, with the amount of more than RMB50 million;
- (5) the profits from the transaction account for more than 50% of the audited net profit of the Company in the latest accounting year, with an amount exceeding RMB5 million;

- (6) the net profit related to the transaction subject (such as equity) for the latest accounting year accounts for more than 50% of the Company's audited net profit for the latest accounting year, with an amount exceeding RMB5 million;
- (7) the transaction amount between the Company and related parties (except for guarantees provided) accounts for more than 1% of the Company's latest audited total assets or valuation, with the amount exceeding RMB30 million;
- (8) transactions which should be determined by the Shareholders' meeting under the relevant securities regulatory rules of the place where the Company's shares are listed (including but not limited to Chapter 14 and Chapter 14A of the Hong Kong Listing Rules).

If the data involved in the calculation of the above indicators is negative, the absolute value shall be taken for calculation. When the Company conducts transactions of the same category and related to the subject matter as stipulated above, the principle of cumulative calculation over a consecutive 12-month period shall apply. Transactions in respect of which obligations have been fulfilled in accordance with the aforesaid provisions shall no longer be included in the relevant cumulative calculation.

This transaction matters referred to in this Article shall include those defined under the relevant securities regulatory rules of the place where the Company's shares are listed (including but not limited to Chapter 14 of the Hong Kong Listing Rules).

**Article 48** The Shareholders' meetings are classified into annual Shareholders' meetings and interim Shareholders' meetings. The annual Shareholders' meeting shall be convened once every accounting year within six months from the end of the previous accounting year.

**Article 49** The Company shall convene an interim Shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

- (1) where the number of directors is less than the number as provided by the Company Law or two thirds of the number as provided by the Articles of Association;
- (2) when the uncovered loss of the Company reaches one-third of its total share capital;
- (3) upon request(s) by Shareholder(s) individually or collectively holding 10% or above of the shares of the Company (excluding treasury shares);
- (4) when the Board deems it necessary;

- (5) when the Audit Committee proposes such a meeting be held;
- (6) other circumstances required by the laws, administrative regulations, departmental rules or the Articles of Association.

The number of shares held by the Shareholders specified in item (3) above shall be based on the number of shares of the Company held on the date of written request by the Shareholders.

**Article 50** The Shareholders' meeting shall be convened in accordance with the provisions of laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed. The Company shall provide shareholders with convenient access to the general meeting by means of on-site attendance, internet, video, telephone or other secure, cost-effective and convenient methods. Shareholders who attend the shareholders' meeting through the aforesaid means shall be deemed to be present.

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

**Article 51** The Board of Directors shall convene the Shareholders' meetings on time within the specified period.

With consent of a majority of all independent non-executive Directors, the independent non-executive Directors shall have the right to propose to the Board the convening of an interim Shareholders' meeting. In respect of a proposal by independent non-executive Directors requesting the convening of an interim Shareholders' meeting, the Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give a written response of approval or disapproval of the convening of an interim Shareholders' meeting within ten days upon receipt of the proposal. Where the Board approves the convening of an interim Shareholders' meeting, a notice of the Shareholders' meeting shall be issued within five days after the adoption of the relevant board resolution. Where the Board disapproves the convening of an interim Shareholders' meeting, it shall state the reasons therefor and make an announcement.

**Article 52** When the Audit Committee proposes to the Board to convene an interim Shareholders' meeting and such proposal shall be made to the Board in writing. The Board shall give a written response as to whether or not it agrees to convene such an interim Shareholders' meeting within ten days upon receipt of the proposal in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Where the Board agrees to hold an interim Shareholders' meeting, a notice of the Shareholders' meeting shall be given within five days after the resolution of the Board is made. Any change to the original proposal in the notice shall be subject to approval from the Audit Committee.

Where the Board does not agree to hold an interim Shareholders' meeting or fails to give a reply within ten days upon receipt of the proposal, it shall be deemed that the Board is unable or fails to perform its duty of convening a Shareholders' meeting. In such a case, the Audit Committee may convene and preside over the meeting on its own.

**Article 53** Shareholder(s) individually or collectively holding 10% or more of the shares of the Company shall request the Board to convene an interim Shareholders' meeting and such request shall be made to the Board in writing. The Board shall give a written response as to whether or not it agrees to convene such an interim Shareholders' meeting within ten days upon receipt of the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Where the Board agrees to hold an interim Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after the resolution is made. Any change to the original request in the notice shall be subject to the approval from the relevant Shareholders.

Where the Board does not agree to hold an interim Shareholders' meeting or fails to give a reply within ten days upon receipt of the request, Shareholders who individually or together hold 10% or more of the shares of the Company shall submit a proposal to the Audit Committee on holding an interim Shareholders' meeting and such request shall be made in writing.

Where the Audit Committee agrees to hold an interim Shareholders' meeting, it shall issue a notice of Shareholders' meeting within five days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant Shareholders.

Where the Audit Committee fails to give the notice of the Shareholders' 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, Shareholders who individually or together hold 10% or more of the shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.

**Article 54** Where the Audit Committee or the Shareholders resolve to convene the Shareholders' meeting on their own, they shall give a written notice to the Board and shall comply with the relevant rules of the securities regulatory authorities of the place where the Company's shares are listed.

Prior to the announcement of the resolution of the Shareholders' meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

**Article 55** The Board and the Company Secretary shall render assistance in respect of the Shareholders' meeting convened by the Audit Committee or Shareholders on their own initiative. The Board shall provide the register of members as of the record date.

**Article 56** For the Shareholders' meeting convened by the Audit Committee or Shareholders on their own initiative, the necessary expenses for such meeting shall be borne by the Company.

### **Section 5 Proposed Resolutions and Notices of Shareholders' Meetings**

**Article 57** The content of a proposal shall fall within the scope of the powers of the Shareholders' meeting, contain clear agenda items and specific resolutions, and comply with the relevant provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

**Article 58** When the Company convenes the Shareholders' meeting, the Board, the Audit Committee, and Shareholders holding individually or jointly 1% or more of the Company's issued shares shall have the right to submit proposals to the Company.

Shareholders holding individually or jointly 1% or more of the Company's shares may put forward interim proposals and submit them in writing to the convener ten days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposals, setting out the contents of such interim proposals and submitting them to the Shareholders' meeting for consideration. This shall not apply where an interim proposal violates the provisions of laws, administrative regulations or the Articles of Association, or falls outside the scope of powers of the Shareholders' meeting.

Save for the circumstances specified in the preceding paragraph, after issuing the notice of the Shareholders' meeting, the convener shall not amend the proposals already set out in the notice or add new proposals.

The Shareholders' meeting shall not vote on or pass resolutions in respect of any proposal not set out in the notice of the Shareholders' meeting or failing to comply with the provisions of the Articles of Association.

**Article 59** The convener shall notify the shareholders by announcement twenty days prior to the annual Shareholders' meetings, and shall notify the shareholders by announcement fifteen days prior to the interim Shareholders' meetings.

When calculating the aforementioned starting period, the Company does not include the day when the meeting is held.

**Article 60** The notice of a Shareholders' meeting shall include the following details:

- (1) the means, time, address and duration of the meeting;
- (2) the matters and proposals submitted to be deliberated at the meeting;
- (3) a prominent written statement that all shareholders are entitled to attend the Shareholders' meetings and may appoint a proxy in writing to attend and vote at the meeting. The proxy may not be a shareholder of the Company;
- (4) the date of registration of shareholdings of shareholders who are entitled to attend the Shareholders' meetings;
- (5) the name and telephone number of the permanent contact person concerning meeting matters;
- (6) the time and procedure for voting through internet or other means;
- (7) other requirements stipulated by laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association.

The notice and supplementary notice of the Shareholders' meetings shall fully and completely disclose all the specific contents of all of the proposals.

**Article 61** Where the Shareholders' meeting proposes to discuss the election of directors, the notice of the Shareholders' meeting shall fully disclose the detailed information of the candidates for directors, which shall at least include the following:

- (1) personal particulars such as educational background, work experience and part-time job;
- (2) whether there is any related relationship with the Company or its controlling shareholders and actual controller;
- (3) the number of shares held in the Company;
- (4) whether they have been penalized by the CSRC and other relevant authorities or reprimanded by the stock exchange;

(5) information on candidates for directorship that is required to be disclosed under the Hong Kong Listing Rules.

Other than the directors elected through the cumulative voting system, each candidate for director shall be proposed in a separate proposal.

**Article 62** After issuance of the notice for Shareholders' meeting, the Shareholders' meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of postponement or cancellation, the convener shall make an announcement stating the reasons at least 2 business days before the original meeting date.

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

**Article 63** The Board and other conveners will take necessary measures to ensure the good order of the Shareholders' meeting, take measures to deter any act disturbing the Shareholders' meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant department for investigation and penalisation.

**Article 64** All shareholders registered on the record date or their proxies shall be entitled to attend the Shareholders' meetings, and shall exercise their voting rights in accordance with relevant laws, regulations, department rules, and the Articles of Association.

Shareholders may attend the Shareholders' meetings in person and may also appoint proxies to attend and vote on his/her behalf. Every shareholder shall be entitled to appoint a proxy or more proxies, but the proxy does not need to be a shareholder of the Company; if the shareholder is a legal person, a proxy may be appointed to attend and vote at any Shareholders' meeting of the Company, and such legal person shall be deemed to be present in person if a proxy so authorized is present thereat. A legal person may execute a form of proxy under the hand of a duly authorized officer.

**Article 65** An individual shareholder who attends the meeting in person should present his/her ID card or other valid documents or certificates that can prove his/her identity; a proxy who attends the meeting upon entrustment by a shareholder should present his/her valid ID card and the power of attorney of the shareholder.

A corporate shareholder shall attend the meeting by legal representatives or authorized representatives (the same below for overseas entities) or proxies entrusted by the above entities. The legal representatives or authorized representatives attending the meeting shall present their identity cards and valid proof of their capacities as legal representatives or authorized

representatives; proxies attending the meeting shall present their identity cards and the written power of attorney issued by the legal representatives or authorized representatives of the corporate shareholder in accordance with the laws (except where the shareholder is a Recognized Clearing House or its proxy as defined in the relevant ordinance in force from time to time under the laws of Hong Kong).

If a shareholder is a Recognized Clearing House as defined by the relevant regulations in force from time to time under the Hong Kong laws or its nominee, such shareholder may authorize one or more persons as it thinks fit to act as its proxy or representative at any Shareholders' general meeting or class meeting. However, if more than two proxies are appointed, the proxy form or power of attorney shall specify the number and class of shares represented by each of such proxies so authorized. Such proxies so authorized are entitled to exercise the rights on behalf of the Recognized Clearing House or its nominees (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its due authorization), as if they were the individual shareholders of the Company.

**Article 66** The power of attorney issued by a shareholder to appoint a proxy to attend the Shareholders' meetings shall specify:

- (1) the name or title of the principal, the type and number of shares held by the Company;
- (2) the name or title of the proxy;
- (3) the specific instructions of the shareholder, including instructions as to whether to cast affirmative, negative or abstention votes on each review issue listed on the agenda of the Shareholders' meetings;
- (4) the issuing date and validity period of the power of proxy;
- (5) the signature (or seal) of the principal; if the principal is a corporate shareholder or partnership shareholder, the seal of the legal person entity or the partnership shall be affixed.

**Article 67** If the power of attorney for voting is signed by other personnel authorized by consignor, the power of attorney for authorized signature or other authorization documents should be certified by a notary. The power of attorney for voting, together with the power of attorney or other authorization documents upon notarization shall be placed at the domicile of the Company or such other location as specified in the notice of the meeting. The proxy form for voting shall, at least 24 hours before the meeting to which the proxy form for voting is relevant or at least 24 hours before the designated voting time, be placed at the Company's address or at any other place designated in the notice convening the meeting.

**Article 68** The register of the persons attending the meeting shall be prepared by the Company. The register shall state the names (or names of the corporations), identification card number, the number of shares held or representing voting rights, names of the principals (or names of the corporations) and so on.

**Article 69** The convener shall verify the qualification of the shareholders according to the register of shareholders provided by the securities registration and clearing organization, and register the name (or title) of each shareholder and the number of shares with voting rights he/she holds. If an on-site meeting is involved, the meeting registration shall be terminated by the time the presider of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights they hold.

**Article 70** If the Shareholders' meetings require Directors and senior management to attend the meeting, the Directors and senior management shall attend the meeting and answer questions of the shareholders.

**Article 71** The Shareholders' meetings shall be presided over by the chairman of the Board. Where the chairman cannot or fails to fulfill the duties thereof, more than half of the Directors shall jointly elect a Director to preside.

The Shareholders' meetings convened by the Audit Committee on its own shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee cannot or fails to fulfill his/her duty, the meeting shall be presided over by a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee.

The Shareholders' meetings convened by shareholders on their own shall be presided over by the convener(s) or a representative elected by convener(s).

When convening a Shareholders' meeting, the presider of the meeting violates the rules of procedure and makes it impossible to continue the meeting, with the consent of more than half of the shareholders at the meeting with voting rights, the shareholders' meeting may elect a person to serve as the presider of the meeting and continue the meeting.

**Article 72** The Company shall formulate the rules of procedure for the Shareholders' meetings, defining in details the holding, convening and voting procedure of the Shareholders' meetings, covering notification, registration, consideration of proposal, voting, counting of votes, announcement of voting results, formation of resolution, meeting minutes and signing and announcement thereof, and the principle for authorization by the Shareholders' meetings to the

Board. The contents of the authorization shall be clear and specific. The rules of procedure for the Shareholders' meetings shall be an appendix to the Articles of Association and shall be formulated by the Board and approved at the Shareholders' meetings.

**Article 73** The Board shall report their work in the preceding year at the annual Shareholders' meetings. Every independent director shall also make his/her work report.

**Article 74** Directors and senior management members shall make explanations and illustrations on shareholders' inquiries and suggestions at the Shareholders' meetings.

**Article 75** If an on-site meeting is involved, the presider of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting as well as the total number of their shares carrying voting rights, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their shares carrying voting rights as indicated in the meeting's registration record.

**Article 76** Minutes of Shareholders' meetings shall be recorded by the Secretary to the Board. The minutes of the meeting shall specify the following:

- (1) time, place, agenda of meeting and the name of the convener;
- (2) names of the holder of the meeting, Directors and senior management members present at the meeting;
- (3) number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of shares carrying voting rights held by them to the total number of shares of the Company;
- (4) process of consideration, key points of the speech and voting results for each proposal;
- (5) shareholders' enquiries or recommendations and respective answers or explanations;
- (6) names of the vote counter and the scrutinizer;
- (7) other matters which shall be recorded in the meeting minutes pursuant to the Articles of Association.

**Article 77** The convener of the meeting shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors and Secretary to the Board who attend or present at the meeting, the convener of the meeting or his representative and the chairman of the meeting shall sign on the

meeting minutes. The meeting minutes should be maintained with the signature book of attending shareholders and letters of attorney of their proxies and valid information on voting via internet and other means for a period not less than ten years.

**Article 78** The convener shall ensure that the Shareholders' meetings is being conducted continuously until resolutions have been resulted. If the Shareholders' meetings is adjourned or fails to reach any resolution due to force majeure or other special reasons, the convener shall take necessary measures to resume the Shareholders' meetings as soon as possible or directly terminate the Shareholders' meetings and make a responsive announcement and report in accordance with relevant regulations of laws, regulations, the Hong Kong Listing Rules and the securities regulatory rules of the places where the shares of the Company are listed.

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

**Article 79** Resolutions of Shareholders' meetings are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the Shareholders' meetings shall be passed with the approval of a majority of the voting rights represented by all the shareholders present at the meeting.

A special resolution of the Shareholders' meetings shall be passed with the approval of more than two thirds of the voting rights represented by all the shareholders (excluding treasury shares, if any) present at the meeting.

**Article 80** The following matters shall be adopted by way of ordinary resolutions at the Shareholders' meetings:

- (1) work reports of the Board;
- (2) the profit distribution plans and loss recovery plans prepared by the Board;
- (3) appointment and dismissal of the members of the Board, their remunerations and the method of payment thereof;
- (4) other matters than those that should be passed by special resolutions pursuant to laws, the regulations of administrative regulations and the Articles of Association.

**Article 81** The following matters shall be approved by special resolutions at the Shareholders' meetings:

- (1) increase or decrease of the registered capital of the Company;
- (2) the division, demerger, merger, dissolution and liquidation or change of corporate form of the Company;
- (3) amendments to the Articles of Association;
- (4) the share option schemes;
- (5) other matters required by the laws, administrative regulations, the Hong Kong Listing Rules, the regulations of the Articles of Association or the securities regulatory rules of the place where the Company's shares are listed, and matters considered in an ordinary resolution adopted at the Shareholders' meetings having a material impact on the Company, and thus in need of approval by a special resolution.

**Article 82** Shareholders shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote. On a poll taken at a meeting, shareholders (including their proxies) entitled to two or more votes need not cast all their votes as affirmative, negative or abstention votes.

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

**Article 83** When a connected transaction is considered at the Shareholders' meetings, connected shareholders shall not vote, and the voting shares they represent shall not be counted in the total number of valid voting shares; the announcement of any resolution made at the Shareholders' meetings shall adequately disclose information relating to voting by non-connected shareholders.

The procedures for abstention and voting by connected shareholders are as follows:

- (1) Prior to issuing the notice of the Shareholders' meeting, the convener shall, in accordance with the relevant provisions of laws, regulations and rules, determine whether the matters to be submitted to the Shareholders' meeting for deliberation constitute connected transactions. If the convener determines that the matters to be deliberated constitute connected transactions, the convener shall notify the connected shareholders in writing and specify the information of the connected persons involved in the matters to be deliberated in the notice of the shareholders' meeting.

- (2) At the Shareholders' meeting, connected shareholders shall take the initiative to apply for abstention, and other shareholders shall also have the right to request the convener to order such shareholders to abstain. The convener shall verify whether such shareholders are connected shareholders in accordance with the relevant provisions and shall have the right to decide whether such shareholders shall abstain. After the connected parties have abstained, voting shall be conducted by other shareholders based on their voting rights, and corresponding resolutions shall be adopted in accordance with the Articles of Association. In the case of an on-site meeting, the chairman of the meeting shall announce the number of shareholders and proxies present at the on-site meeting excluding the connected parties, as well as the total number of shares carrying voting rights held by them.
- (3) The shareholders disagree with the convener's aforementioned decision on the connected transactions or connected shareholders, such shareholders shall have the right to request a people's court to make a ruling on the relevant matter; provided that the exercise of the foregoing right by such shareholders shall not affect the holding of the Shareholders' meetings.
- (4) The connected shareholders involved in connected transactions may provide explanations and clarifications to the Shareholders' meetings regarding whether such connected transactions are fair and lawful and the reasons for their occurrence, but shall not have the right to vote on such matter and shall not serve as shareholder representatives for the purpose of counting votes on such matter.
- (5) The connected transactions shall be approved by more than one-half of the voting rights held by the shareholders present at the Shareholders' meetings other than the connected shareholders. If such matter falls within the scope of special resolution matters as stipulated in Article 81 of the Articles of Association, it shall be approved by at least two-thirds of the voting rights held by the shareholders present at the Shareholders' meetings other than the connected shareholders.
- (6) If connected shareholders vote in violation of the provisions of this Article, such vote shall be null and void with respect to the voting on the relevant connected transactions.

**Article 84** Unless the Company is in a crisis or any special circumstance, the Company may not enter into any contract with anyone other than a director, senior management member to have all or significant part of the Company's business in the care of the said person, unless with the approval by special resolutions at the Shareholders' meetings.

**Article 85** The list of candidates for directors is submitted to the Shareholders' meetings for voting by way of proposal.

As to voting for the election of directors at the Shareholders' meetings, cumulative voting system shall be adopted according to the regulations of the Articles of Association or the resolution of the Shareholders' meetings.

The Shareholders' meetings shall adopt the cumulative voting system if more than two independent non-executive directors are to be elected.

The cumulative voting system mentioned in the preceding paragraph means that when directors are being elected at the Shareholders' meetings, each share has as many voting rights as the number of candidates for directors, and the shareholders' voting rights may be used in a concentrated manner.

**Article 86** Save for the cumulative voting system, the Shareholders' meetings shall resolve on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Except for special reasons such as force majeure causing suspension of the Shareholders' meetings or failure to reach a resolution, the Shareholders' meetings shall not set aside any proposal or have any proposal not voted.

**Article 87** No amendment shall be made to a proposal when it is considered at the Shareholders' meetings, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the Shareholders' meetings.

**Article 88** The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 89** Shareholders shall be entitled to (1) make a speech at the Shareholders' meetings and (2) vote at Shareholders' meetings (unless individual shareholders are required to abstain from voting on individual matters under the Hong Kong Listing Rules). The voting at the Shareholders' meetings shall be taken by way of registered poll.

**Article 90** Before the relevant proposal is voted on at a Shareholders' meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. Any shareholder who is interested in the matter under consideration and his/her proxy shall not take part in counting the votes or scrutinizing the poll.

Before the relevant proposal is voted on at a Shareholders' meeting, the representatives of shareholders shall be responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.

Shareholders of the Company or their proxies, who have cast their votes by online voting or by other means, have the right to check their voting results through the respective voting system.

**Article 91** If an on-site meeting is involved, the on-site Shareholders' meetings shall not end earlier than the online meeting or meeting delivered through other means. The chairman of the meeting shall announce the voting status and voting result for each proposal and announce whether a resolution is passed according to the voting result.

Before the voting result is officially announced, the Company, counter, scrutineer, shareholders, network services provider and other related parties involved in the on-site Shareholders' meetings, online meeting or meeting delivered through other means shall keep in confidential the voting result.

**Article 92** Shareholders who attend the Shareholders' meetings shall take one of the following stances when a proposal is put forward for voting: to vote for, vote against or abstain from voting, except for securities registration and clearing institutions which serve as the nominal holders of stocks traded in the stock markets of the Mainland and Hong Kong under the stock connect mechanism, or recognized clearing houses, as defined in the relevant regulations in force from time to time under the laws of Hong Kong, or their agents which serve as the nominal holders, and make declarations according to the intention of the actual holders.

If the Hong Kong Listing Rules or any applicable laws and regulations stipulate that any shareholder must waive its voting right on a specific matter to be resolved, or limit any shareholder to voting for (against) a specific matter to be resolved, and the shareholder violates such stipulation or limitation, the votes cast by the shareholder or proxy thereof shall not be counted.

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

**Article 93** If the presider has any doubt as to the result of a resolution which has been put to vote at the Shareholders' meetings, he/she may have the votes counted. If the presider has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the result, demand that the votes be counted and the presider shall have the votes counted immediately.

**Article 94** Resolutions of the Shareholders' meetings shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every proposal and the

details of each of the resolutions passed. When issuing domestic-listed foreign investment shares, details of the attendance by the holders of domestic investment shares and holders of foreign investment shares and how they voted shall be accounted for separately and published in the announcement.

**Article 95** Where the proposed resolution is not passed, or the Shareholders' meetings alter the resolution(s) passed at the previous Shareholders' meetings, a special note shall be made in the announcement of the resolutions of the Shareholders' meetings.

**Article 96** Where proposed resolutions in relation to the election of directors are passed at a Shareholders' meeting, the term of office for the new directors shall take effect upon the date of passing such resolutions at the Shareholders' meeting.

**Article 97** Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves has been passed at the Shareholders' meetings, the Company shall implement the specific plans within two months after the conclusion of such Shareholders' meetings. Where laws, regulations, the Hong Kong Listing Rules and the securities regulatory rules of the place where the stocks of the Company are listed otherwise require in respect of the foregoing matters, such regulations shall prevail.

## **CHAPTER 5 DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 General Provisions of Directors**

**Article 98** Directors of the Company are natural persons. None of the following persons may serve as a director of the Company:

- (1) persons without capacity or with limited capacity for civil acts;
- (2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, or persons who were deprived of their political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation, or in case of a probation, less than two years have elapsed since the expiration of the probation period;
- (3) persons who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than three years have elapsed since the date of completion of the bankruptcy liquidation;

- (4) persons who served as the legal representatives of companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefor and not more than three years have elapsed since the date of revocation of the business license;
- (5) persons who have been listed by the people's court as a judgement defaulter due to comparatively large debts that have fallen due but have not been settled;
- (6) persons who have been subjected to a securities market entry ban by the CSRC, and the ban period has not yet expired;
- (7) persons who have been publicly determined by the stock exchange to be unfit to serve as directors, senior management members of a listed company, and the period of such determination has not expired;
- (8) other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the securities regulatory rules of the place where the stocks of the Company are listed.

If a director is elected or appointed in violation of the requirement of this Article, such election, appointment or engagement shall be invalid. If a director, during his/her term of office, falls under the circumstances of this Article, the Company shall remove him/her from his/her position and cease his/her performance of duties.

**Article 99** Directors shall be elected or replaced by the Shareholders' meetings, and can be dismissed by the Shareholders' meetings before expiry of the current term of office. The directors shall serve terms of three years, and may continue to serve as such if re-elected upon expiration of their terms.

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

A director may serve concurrently as senior management members, but the directors serving concurrently as such and directors who are employee representatives shall not be more than half of the directors of the Company.

**Article 100** Directors shall comply with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, fulfil their obligations of honesty to the Company, take measures to avoid conflicts between their own interests and the interests of the Company and shall not exploit his/her position to seek illegitimate benefits:

In particular, directors shall fulfil the following obligations of honesty to the Company:

- (1) not to expropriate the Company's property and embezzle funds of the Company;
- (2) not to open in their own names or in others' names any bank account for the purpose of depositing any of the Company's funds;
- (3) not to abuse his/her official powers to accept bribes or other unlawful income;
- (4) not to directly or indirectly conclude any contract or conduct any transaction with the Company without reporting to the Board of Directors or the Shareholders' meetings and being approved by the Board of Directors or the Shareholders' meetings by way of resolution pursuant to provisions of the Articles of Association;
- (5) not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, unless such business opportunities have been reported to the Board of Directors or the Shareholders' meetings and approved by the Shareholders' meetings by way of resolution, or the Company is prohibited from utilizing such business opportunities pursuant to provisions of the laws, administrative legislations or the Articles of Association;
- (6) not to conduct for themselves or others any businesses similar to those of the Company without reporting to the Board of Directors or the Shareholders' meetings and being approved by the Shareholders' meetings by way of resolution;
- (7) not to take as their own any commission for any transaction between the Company and others;
- (8) not to disclose any secret of the Company without permission;
- (9) not to use their connected relations to damage the interests of the Company;
- (10) to fulfil other obligations of honesty stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the stocks of the Company are listed, and the Articles of Association.

Earnings obtained by directors counter to this Article shall belong to the Company, and shall be liable for compensation for any loss incurred to the Company.

When close relatives of directors and senior management members, enterprises directly or indirectly controlled by directors, senior management members or their close relatives, and other related parties having other affiliations with directors or senior management members enter into contracts or conduct transactions with the Company, the provisions of paragraph 2(4) of this Article shall apply.

**Article 101** Directors shall observe laws, administrative regulations and the Articles of Association, fulfill their obligations of diligence to the Company, and exercise reasonable care as a manager for the best interests of the Company when performing their duties.

Directors shall bear the following duty of diligence obligations to the Company:

- (1) shall exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with State laws, administrative regulations and economic policies, not beyond the business scope specified in the business license of the Company;
- (2) shall treat all shareholders impartially;
- (3) to keep informed of the business operations and management of the Company;
- (4) shall sign written confirmations of the regular reports issued by the Company and to ensure the information disclosed by the Company is true, accurate and complete;
- (5) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 102** If any director fails to attend the meetings of the Board of Directors in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the Board of Directors shall suggest that the Shareholders' meetings dismiss the said director.

**Article 103** A director may resign from his/her office prior to the expiry of his/her term of office. The directors who resign shall tender a written resignation to the Company. The resignation shall take effect on the date the Company receives the written resignation, and the Company shall disclose relevant information within two trading days. If any director resigns so that the membership of the Board of Directors falls short of the quorum or fails to comply with the

requirements of the Hong Kong Listing Rules or the securities regulatory rules in the place where the stocks of the Company are listed, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association until a new director is elected.

**Article 104** The Company shall establish a director post-resignation management system, clarifying safeguard measures for pursuing liability and compensation concerning unfulfilled public commitments and other outstanding matters. If the resignation of a director takes effect or the term of office expires, such director shall complete all turnover procedures with the Board of Directors and his/her faithful obligations to the Company and the shareholders shall not be released after the term of office expires, which shall still be effective within twelve months after the end of his/her term of office. The responsibilities that directors should bear for performing their duties during their term of office shall not be exempted or terminated due to their resignation.

**Article 105** The Shareholders' meetings may resolve to dismiss a director. The dismissal shall take effect on the date when the resolution is adopted.

If the directors is dismissed before the expiration of their term without justifiable reason, the director may demand compensation from the Company. Unless otherwise provided by applicable laws and regulations, shareholders shall have the right to remove (including the chairman or other executive director) by ordinary resolution at the Shareholders' meetings before the expiration of his/her term of office, but such removal shall not affect the director's claims for damages pursuant to any contract.

**Article 106** Save as specified in the Articles of Association or properly authorized by the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her personal name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board of Directors, the said director shall make a prior statement of his/her standpoint and capacity.

**Article 107** If a director causes damage to others in performing his/her duties in the Company, the Company shall be liable for compensation; if the director acts with intentional or gross negligence, he/she shall also be liable for compensation.

If any director violates the laws, administrative regulations and departmental rules, the Hong Kong Listing Rules or the Articles of Association in fulfilling his/her duties, thereby incurring any loss of the Company, the said director shall be liable for compensation.

## **Section 2 The Board of Directors**

**Article 108** The Company shall establish a Board of Directors, the Board of Directors shall comprise nine directors, including four executive directors, two non-executive directors and three independent non-executive directors. The Board of Directors shall have one chairman. The chairman is elected by the Board of Directors by a majority of all directors. The directors of the company are divided into executive directors, non-executive directors and independent non-executive directors, among which non-executive directors refer to directors who do not hold management positions in the Company.

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

- (1) to convene the Shareholders' meetings and report on its work to the Shareholders' meetings;
- (2) to implement resolutions passed at the Shareholders' meetings;
- (3) to resolve on the Company's business plans and investment plans;
- (4) to formulate the Company's profit distribution proposals and loss recovery proposals;
- (5) to formulate the proposals for increase or decrease of the Company's registered capital, and proposals for issue of bonds, other securities and listing;
- (6) to formulate proposals for material acquisitions, purchase of stocks of the Company, merger, division, dissolution or transformation of the Company;
- (7) to decide on the external investment, purchase and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, donations etc. within the authority granted by the Shareholders' meetings;
- (8) to decide on the establishment of the Company's internal management bodies;
- (9) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management members, and decide on their remuneration, rewards and punishments; According to the nomination of the general manager, decide to appoint or dismiss the Company's financial controller and other senior management members, and decide on their remuneration, rewards and punishments;
- (10) to formulate the Company's fundamental management system;

- (11) to formulate the proposals for any amendment to the Articles of Association;
- (12) to manage matters relating to information disclosure of the Company;
- (13) to propose to the Shareholders' meetings the appointment or change of the accounting firm acting as the auditors of the Company;
- (14) to receive the work report of the general manager of the Company and examine the work of general manager;
- (15) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules in the place where the stocks of the Company are listed, the Articles of Association or conferred by the Shareholders' meetings.

**Article 110** The Board of Directors of the Company shall provide explanation to the Shareholders' meetings on qualified audit opinions issued by the certified public accountant on the financial report of the Company.

**Article 111** The Board of Directors shall formulate the Rules of Procedures for the Board of Directors to ensure that the Board of Directors implements the resolutions of the Shareholders' meetings, improves work efficiency and ensures scientific decision-making. The Rules of Procedures for the Board of Directors shall be as an annex to the Articles of Association, formulated by the Board of Directors and implemented after approval by the Shareholders' meeting.

**Article 112** Transactions of the Company meeting any of the following standards shall be submitted to the Board of Directors for consideration:

- (1) the total asset value involved in the transaction (if there are both book value and the assessed value, whichever is higher) accounts for more than 10% of the latest audited total assets of the Company;
- (2) the concluded transaction amount accounts for more than 10% of the Company's valuation;
- (3) the net assets of the transaction subject (e.g. equity) accounted for over 10% of the Company's valuation in the latest accounting year;

- (4) the business income of the transaction subject (such as equity) accounts for over 10% of the audited business income of the Company in the latest accounting year, and exceeds RMB10 million;
- (5) the profits generated from the transaction account for more than 10% of the audited net profit of the Company in the latest accounting year, and exceed RMB1 million;
- (6) the net profit of transaction subject (such as equity) accounts for more than 10% of the audited net profit of the Company in the latest accounting year, and exceeds RMB1 million;
- (7) the transaction amount between the Company and connected persons accounts for more than 0.1% of the Company's latest audited total assets or valuation and exceeds RMB3 million;
- (8) transactions that should be submitted to the Board for consideration according to the relevant securities regulatory rules of the place where the Company's stocks are listed.

Matters within the scope of authority of the Board in the preceding paragraph, such as laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's stocks are listed and the Articles of Association, must be submitted to the Shareholders' meeting for review and approval, and must be implemented in accordance with laws, regulations and normative documents.

Unless otherwise stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's stocks are listed and the Articles of Association, transactions below the above the Board review standards shall be approved by the general manager of the Company.

Except as explicitly agreed in this Article, the transaction matters as referred to in this Article are consistent with the definition in Article 47.

**Article 113** The chairman of the Board shall exercise the following functions and powers:

- (1) to preside over Shareholders' meetings and to convene and preside over Board meetings;
- (2) to supervise and inspect the implementation of resolutions passed by the Board;
- (3) to exercise other functions and powers conferred by the Board.

**Article 114** The meetings of the Board are divided into regular meetings and interim meetings. Regular meetings shall be held at least four times each year, on a quarterly basis.

**Article 115** Shareholders representing one-tenth or more of the voting rights, one-third or more of the directors or the Audit Committee may propose to convene an interim meeting of the Board. The chairman of the Board shall convene the meeting of the Board within ten days from the receipt of the proposal, and preside over such meeting.

**Article 116** To hold a regular meeting, the Board of Directors shall send a 14-day prior notice in writing; to hold an interim meeting, the Board of Directors shall send a 5-day prior notice in writing. If the directors attending the meeting have no objection or the matter is urgent, it is not limited by the above notice period, and the meeting can be convened at any time, but the convener shall make an explanation at the meeting.

**Article 117** The notice of a Board meeting shall specify:

- (1) the date and venue of the meeting;
- (2) duration of the meeting;
- (3) reason and issues;
- (4) date on which the notice is sent.

**Article 118** The Board meeting shall be attended by more than half of the directors. Resolutions made by the Board shall be approved by more than half of all the directors.

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

**Article 119** If any director has connection with the enterprise or individuals involved in the resolution made at a Board meeting, the said director shall promptly report in writing to the Board, and any director who has a connected relationship shall not vote on the said resolution for himself or on behalf of other directors. A Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution made at the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the Board meetings is less than 3, the issue shall be submitted to the Shareholders’ meetings for deliberation.

**Article 120** Voting on Board meetings may be conducted by open ballot or by a show of hands. The Board meetings may be convened and the voting can be made by electronic means of communication such as telephone, video, fax, e-mail, internet, etc. and signed by the participating directors, provided that the directors’ opinions are fully expressed.

**Article 121** Directors shall attend the Board meeting in person. Where a director is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another director to attend the meeting on his/her behalf. The name of the proxy, the subject which the proxy is related to, the scope of authorization and valid period shall be stated in the power of attorney, which shall be signed or sealed by the appointor. The director who attends the meeting on behalf of others shall exercises the rights of the directors within the scope of the authorization.

**Article 122** The Board of Directors shall make minutes of its decisions on the matters discussed at the meeting and the directors present at the meeting shall sign the minutes.

The minutes of Board meetings shall be kept as the Company's record for a period of not less than 10 years.

**Article 123** The minutes of the Board meeting shall include:

- (1) convening date, place and the convener's name of the meeting;
- (2) names of directors present and names of directors (proxy(ies)) being appointed to attend the meeting on other's behalf;
- (3) agenda of the meeting;
- (4) key points of speeches of the directors;
- (5) the voting method and the results of each resolution (the number of votes in favor, against or abstain shall all be clearly indicated).

**Article 124** The directors shall sign and be responsible for the resolutions passed at Board meetings. If any resolution of the Board meetings runs counter to the laws, administrative regulations or the Articles of Association, thereby incurring losses to the Company, the directors adopting the said resolution shall be liable for compensating the Company. However, if a director has been proved as having expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, he/she may be exempt from liability.

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

**Article 125** The independent non-executive directors shall diligently perform their duties in accordance with the laws, administrative regulations, the provisions of the CSRC, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's stocks are listed and the Articles of Association. They shall play the roles in the Board by participating in the decision-making, supervising, checking and balancing, and professional consulting, safeguard the interests of the Company as a whole, and protect the lawful rights and interests of minority shareholders.

**Article 126** Independent non-executive directors shall maintain their independence, and the following persons shall not serve as independent non-executive directors:

- (1) persons working for the Company or its subsidiaries and their spouses;
- (2) persons who work for shareholders who directly or indirectly hold more than 5% of the Company's issued shares;
- (3) persons serving in the subsidiaries of the Company's controlling shareholders and de facto controllers and their spouses;
- (4) persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in entities with which they have significant business dealings and their controlling shareholders or de facto controllers;
- (5) persons providing financial, legal, consulting and sponsorship and other services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries; including, but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the report, partners, directors, senior management and principals;
- (6) other personnel who are not independent as stipulated in laws, administrative regulations, the provisions of the CSRC, the Hong Kong Listing Rules (including but not limited to Article 3.13), securities regulatory rules of the place where the Company's stocks are listed and the Articles of Association.

The subsidiaries of the Company's controlling shareholder and de facto controller as referred to in items (3) to (5) above do not include those companies which are controlled by the same state-owned asset administration institution and the Company does and do not have a connected relationship with the Company in accordance with the relevant regulations.

The independent non-executive directors shall conduct self-inspection on the independence every year and submit the self-inspection results to the Board. The Board shall evaluate the independence of the incumbent independent non-executive directors and issue special opinions every year, which shall be disclosed together with the annual report (if applicable).

**Article 127** A person to serve as an independent non-executive director of the Company shall meet the following conditions:

- (1) being qualified to serve as the director of listed companies in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's stocks are listed and other relevant provisions;
- (2) meeting the independence requirements stipulated in the Articles of Association;
- (3) having basic knowledge of the operation of listed companies and being familiar with relevant laws, regulations and rules;
- (4) having legal, accounting or economic work experience necessary to perform the duties of an independent non-executive director;
- (5) having good personal morality, with no bad record such as major dishonesty, etc.;
- (6) other conditions stipulated by laws, administrative regulations, the provisions of the CSRC, securities regulatory rules of the place where the Company's stocks are listed and the Articles of Association.

**Article 128** As members of the Board, the independent non-executive Directors owe fiduciary duties and diligence to the Company and all shareholders, and prudently fulfill the following duties:

- (1) to involve in the decision-making of the Board and provide explicit opinions on the matters discussed;

- (2) to supervise matters that indicate potential material conflict of interest between the Company and its controlling shareholders, de facto controllers, Directors and senior management members so as to protect the legitimate interests of minority shareholders;
- (3) to provide professional and objective advice on the Company's operation and development, thereby facilitating improvement in the standard of the decisions of the Board;
- (4) other duties stipulated by laws, administrative regulations, the requirements of the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 129** The independent non-executive Directors exercise the following special functions and powers:

- (1) independently engage intermediaries to audit, provide consultation on or verify specific matters of the Company;
- (2) proposing to the Board with respect to the convening of interim Shareholders' meeting;
- (3) proposing the convening of Board meetings;
- (4) openly soliciting shareholders' rights in accordance with the law;
- (5) expressing independent opinions on matters that may harm the interests of the Company or its minority shareholders;
- (6) other powers and functions as provided by laws, administrative regulations, the requirements of the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any exercise of the powers as referred to in items (1) to (3) of the preceding article by the independent non-executive Directors shall be approved by a majority of all the independent non-executive Directors.

#### **Section 4 Special Committees under the Board**

**Article 130** The Board shall establish an Audit Committee to exercise the powers of the Supervisory Committee as prescribed by the Company Law.

**Article 131** Members of the Audit Committee shall be directors who do not hold senior management positions in the Company, and there shall be three members, including two independent non-executive directors. The convener shall be independent non-executive director with professional expertise in accounting.

**Article 132** The Audit Committee is responsible for reviewing the Company's financial information and disclosure thereof, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board for review after being approved by a majority of all members of the Audit Committee:

- (1) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;
- (2) appointing or dismissing the accounting firm that undertakes audits of listed companies;
- (3) appointing or dismissing the financial officer of listed Company;
- (4) making changes to accounting policies and accounting estimates for reasons other than changes in accounting standards, or making corrections of material accounting errors;
- (5) other matters prescribed by laws, administrative regulations, the requirements of the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 133** The Audit Committee shall meet at least once every quarter. An extraordinary meeting may be convened upon the request of two or more members or when deemed necessary by the convener. A meeting of the Audit Committee shall be held only when more than two-thirds of the members are present.

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

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

Resolutions of the Audit Committee shall be properly recorded in form of minutes in accordance with relevant provisions, and members of the Audit Committee attending the meeting shall sign the minutes.

The rules of procedure for the Audit Committee shall be established by the Board.

**Article 134** The Board shall establish the Strategy Committee, the Nomination Committee and the Remuneration and Evaluation Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Proposals from special committees shall be submitted to the Board for review and decision. The rules of procedure for special committees shall be developed by the Board.

**Article 135** The independent non-executive directors shall comprise more than half of the Nomination Committee, the convener shall be independent non-executive director. The Nomination Committee shall be responsible for establishing the criteria and procedures for selecting directors and senior management members, screening and reviewing candidates for directors and senior management members and their qualifications, and making recommendations to the Board on the following matters:

- (1) nominating or removing directors;
- (2) appointing or dismissing senior management members;
- (3) other matters prescribed by laws, administrative regulations and the Articles of Association.

If the Board does not adopt or fully adopt the recommendations from the Nomination Committee, it shall record the advice of the Nomination Committee and the specific reasons for non-adoption in the Board's resolution, and make disclosure accordingly.

**Article 136** The independent non-executive directors shall comprise more than half of the Remuneration and Evaluation Committee, the convener shall be independent non-executive director. The Remuneration and Evaluation Committee is responsible for establishing evaluation standards for directors and senior management members and conducting evaluations, as well as formulating and reviewing remuneration policies and plans for directors and senior management members regarding remuneration determination system, decision-making process, payment arrangement and stop-payment recourse arrangement. The Remuneration and Evaluation Committee shall also make recommendations to the Board on the following matters:

- (1) compensation of directors and senior management members;
- (2) establishing or amending equity incentive plans and employee stock ownership plan, including the achievement of conditions for the grant and exercise of benefits by incentive grantees;
- (3) shareholding plans for directors and senior management members in the proposed spin-off of subsidiaries;

(4) other matters prescribed by laws, administrative regulations and the Articles of Association.

If the Board does not adopt or fully adopt the recommendations from the Remuneration and Evaluation Committee, it shall record the advice of the Remuneration and Evaluation Committee and the specific reasons for non-adoption in the Board's resolution, and make disclosure accordingly.

**Article 137** The convener of the Strategy Committee shall be the Chairman of the Board; responsible for studying and making suggestions on the company's long-term development strategy and major investment decisions.

If the Board does not adopt or fully adopt the recommendations of the Strategy Committee, it shall record the advice of the Strategy Committee and the specific reasons for non-adoption in the Board's resolution.

## **CHAPTER 6 SENIOR MANAGEMENT MEMBERS**

**Article 138** The Company shall have one general manager, who shall be appointed or dismissed by the Board.

**Article 139** The provisions regarding situations in which persons shall not act as directors and the resignation management system as specified in the Articles of Association, shall also apply to senior management members.

The provisions on directors' obligations of honesty and of diligence under the Articles of Association shall also apply to senior management members.

**Article 140** Members of staff of the controlling shareholders of the Company who serve administrative positions other than director and supervisor shall not serve as senior management member of the Company.

The senior management members shall be only entitled to salaries paid by the Company, and the controlling shareholders shall not pay the salaries on behalf of the Company.

**Article 141** The general manager shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 142** The general manager is accountable to the Board and exercises the following functions and powers:

- (1) to manage the business operations of the Company, organize execution of the Board's resolutions, and report to the Board;
- (2) to organize to execute the annual business plans and investment plans of the Company;
- (3) to prepare the plan for the internal management setup of the Company;
- (4) to formulate the Company's fundamental management system;
- (5) to formulate the specific rules of the Company;
- (6) to propose to the Board to appoint or dismiss the deputy general manager and the financial officer of the Company;
- (7) to decide to appoint or dismiss executives other than those to be appointed or dismissed by the Board;
- (8) to exercise other functions and powers conferred in the Articles of Association and by the Board.

The general manager may attend Board meetings.

**Article 143** The general manager shall formulate working rules, which shall be implemented upon approval by the Board.

**Article 144** The working rules of the general manager shall specify:

- (1) the conditions and procedure for holding the general manager's meetings, and attendees;
- (2) duties and division of labor of the general manager and other senior management members;
- (3) use of funds and assets of the Company, right to conclude important contracts, and the system to report to the Board;
- (4) other matters deemed necessary by the Board.

**Article 145** The general manager may resign from his office prior to the expiry of his term of office. The procedure and rules for resignation of the general manager shall be specified in the labor contract between the general manager and the Company.

**Article 146** The Company shall have a secretary to the Board, the secretary to the Board shall be responsible for the preparations for Shareholders' meetings and the Board meetings, keeping of documentation and shareholders' data, information disclosure and other matters of the Company, etc.

The secretary to the Board shall observe the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

**Article 147** Where senior management members cause any damage to others in the course of performing his/her duties, the Company shall be liable for compensation; where there is any intentionality or gross negligence, he/she shall also be liable for compensation.

If any senior management member violates the laws, administrative regulations, departmental rules or the Articles of Association, thereby incurring any loss of the Company, the said senior management member shall be liable for compensation.

**Article 148** The senior management of the Company shall perform their duties faithfully, and protect the best interests of the Company and all shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation according to law.

## **CHAPTER 7 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

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

**Article 149** The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed and the provisions of the relevant authorities of the state.

**Article 150** The Company shall prepare annual financial and accounting reports within four months from the end of each fiscal year.

The aforesaid annual financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations, the Hong Kong Listing Rules and securities regulatory rules of the place where the Company's shares are listed.

**Article 151** The Company shall not keep account books other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

**Article 152** When the Company distributes its after-tax profits for a given year, it shall set aside 10 percent of profits for its statutory common reserve. The Company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

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

After making the allocation from its after-tax profits to its statutory common reserve, the Company may, subject to a resolution of a shareholders' meeting, make an allocation from its after-tax profits to the discretionary common reserve.

After the Company has made up its losses and made allocations to its common reserves, the remaining after-tax profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless it is not permitted in the Articles of Association to distribute profits according to the proportions of shares held by shareholders.

If the general meeting breaches the Company Law by distributing profits to shareholders, the shareholders shall return to the Company the profits that were distributed in breach of the said provisions. Shareholders, responsible directors and senior managements who have caused losses to the Company shall be liable for compensation.

No profit distribution shall be made in respect of the shares of the Company which are held by the Company.

**Article 153** The Company implements a sustainable and stable profit distribution policy. The specific profit distribution method should be determined based on the Company's profit realization condition, cash flow condition and capital scale.

**Article 154** The Company may distribute its profit in cash, shares, a combination of both cash and shares or otherwise permitted by laws and regulations. Where the conditions of cash dividend are met, the Company will in principle prioritize the cash dividend method for profit distribution.

**Article 155** The Company's common reserves shall be used to make up the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's registered capital.

When the reserve fund is used to make up for the Company's losses, the discretionary reserve fund and statutory reserve fund shall be utilised at first; if still insufficient, the capital reserve fund may be used according to regulations.

When funds in the statutory common reserve are converted into increased registered capital, the funds remaining in such reserve shall not be less than 25 percent of the Company's registered capital before the conversion.

**Article 156** After a shareholders' meeting of the Company has resolved on the profit distribution plan, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months after the convening of the shareholders' meeting.

## **Section 2 Internal Audit**

**Article 157** The Company shall conduct internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit.

The internal audit system of the Company shall be implemented after being approved by the board of directors and disclosed to the public.

**Article 158** The Company's internal audit institution supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

**Article 159** The internal audit institution is accountable to the board of directors.

The internal audit institution shall accept the supervision and guidance of the Audit Committee in the course of supervising and inspecting the Company's business activities, risk management, internal control and financial information. If the internal audit institution discovers relevant major issues or clues, it shall report directly to the Audit Committee immediately.

**Article 160** The internal audit institution is responsible for the specific organization and implementation of the internal control evaluation of the Company. The Company issues the annual internal control evaluation report based on the evaluation report issued by the internal audit institution and reviewed by the Audit Committee and relevant materials.

**Article 161** When the Audit Committee communicates with external audit entities such as accounting firms and national audit institutions, the internal audit institution shall actively cooperate and provide necessary support and collaboration.

**Article 162** The Audit Committee participates in the assessment of the person in charge of internal audit.

### **Section 3 Appointment of Accounting Firm**

**Article 163** The Company shall appoint an accounting firm which is qualified under the Securities Law to audit its accounting statement, conduct verification of net assets and other relevant consultation services. The term of appointment shall be one year and renewable.

**Article 164** The engagement and dismissal of an accounting firm by the Company, as well as the remuneration of the accounting firm, shall be determined by the general meeting. The board of directors shall not appoint an accounting firm before the decision of the general meeting.

**Article 165** The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any objection, omission or falsehood.

**Article 166** The auditing fees payable to an accounting firm shall be determined by the general meeting.

**Article 167** 30 days' prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is considered at the general meeting of the Company.

Where the accounting firm resigns, it shall make statements to the general meeting whether there is any impropriety existing in the Company.

## CHAPTER 8 NOTICES AND ANNOUNCEMENTS

### Section 1 Notices

**Article 168** A notice of the Company shall be sent via the following methods:

- (1) by hand;
- (2) by post;
- (3) by announcement;
- (4) other forms required by the Hong Kong Listing Rules, securities regulatory rules in the place where the shares of the Company are listed and the Articles of Association.

**Article 169** Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the relevant notice.

**Article 170** The notice of the general meeting of the Company shall be made by hand, post, email, facsimile.

**Article 171** The meeting notice of the board of directors of the Company shall be made by hand, post, email, facsimile.

**Article 172** Where a notice of the Company delivered by hand, the addressee shall sign (or stamp) on the receipt of the delivery, and the date of acknowledgement of receipt signed by the addressee shall be deemed as the date of delivery; where a notice of the Company is sent by post, the fifth working day after the notice is delivered to post office shall be deemed as the date of delivery; where a notice of the Company is made by facsimile, the date of transmission shall be deemed as the date of delivery; where a notice of the Company is made by email, the date when the email enters the mailbox system designated by the person to be served shall be deemed as the date of delivery; where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery.

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

## **Section 2 Announcements**

**Article 174** The Company designates the media/websites specified by the CSRC and the stock exchange of the place where the Company's shares are listed as the media for publishing Company announcements and other information subject to disclosure.

## **CHAPTER 9 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

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

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

Where one company is absorbed by another in a merger by absorption, the absorbed company is dissolved. When two or more companies merge to establish a new company, the parties to the merger dissolve.

**Article 176** If the payment for a merger to be made by a company does not exceed 10% of its net assets, a resolution of the general meeting is not required for the merger, unless otherwise stipulated in the Articles of Association.

In cases where a merger is not subject to a resolution of the general meeting according to above, it shall be subject to a resolution of the board of directors.

**Article 177** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on merger and shall make an announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days as of the date of the Company's resolution on merger.

Creditors may, within 30 days after receipt of such notice, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

**Article 178** After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**Article 179** When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on division and shall make an announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days as of the date of the Company's resolution on division.

**Article 180** Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to the division, debts incurred by the Company before its division shall be jointly borne by the companies after the division.

**Article 181** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the resolution made by the general meeting on reduction in registered capital and shall publish an announcement in the newspaper(s) or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right, within 30 days after receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

When the Company proposes to reduce its registered capital, it shall correspondingly reduce the amount of capital contribution or shares held by shareholders in proportion to their shareholdings, unless otherwise stipulated by law or the Articles of Association.

**Article 182** Where the Company still incurs losses after making up its losses in accordance with Paragraph 2 of Article 155 of the Articles of Association, 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 distribution to its shareholders, nor exempt the shareholders from their obligation to make capital contribution or calls on share.

The provisions of the Paragraph 2 of Article 181 of the Articles of Association shall not apply to the reduction in the registered capital in accordance with the preceding paragraph. The Company shall publish an announcement in the newspaper(s) or on the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at general meeting.

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

**Article 183** If the reduction of the registered capital is in violation of the Company Law and other relevant regulations, shareholders shall return the funds they have received and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the liable directors and senior management shall be liable for compensation.

**Article 184** Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless otherwise stipulated in the Articles of Association or the general meeting resolves that the shareholders shall have pre-emptive right.

**Article 185** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

When the Company increases or reduces its registered capital, such changes shall be registered with the company registration authority in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 186** The Company shall be dissolved due to any of the following reasons:

- (1) the term of operation expires, or any dissolution events as stipulated in the Articles of Association occur;
- (2) a resolution for dissolution is passed at a general meeting;
- (3) dissolution as a result of a merger or division of the Company;
- (4) the business license of the Company is revoked, or the Company is ordered to close down or is closed down in accordance with laws;
- (5) shareholders holding not less than 10% of the voting rights of the Company applies to the People's Court for dissolution when the Company experiences severe difficulties in its operations and management and continual operation of the Company will bring significant losses to the interest of shareholders while there are no other ways to resolve the difficulties.

If the Company encounters the grounds for dissolution as stipulated in the preceding paragraph, it shall publicly announce the grounds for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

**Article 187** Where the situation set forth in paragraph (I) and (II) of Article 186 of the Articles of Association occurs, and no property has been distributed to its shareholders, the Company may continue to exist by amending the Articles of Association or with approval of the general meeting.

Amendments to the Articles of Association or resolutions made by the general meeting in accordance with preceding paragraph shall be passed by a vote representing more than two-thirds of the voting rights of the shareholders present at the general meeting.

**Article 188** Should the Company dissolve due to reasons stipulated in the items (I), (II), (IV) and (V) of Article 186 of the Articles of Association, it shall be liquidated. The directors, who are the liquidation obligors of the Company, shall set up a liquidation committee to carry out liquidation within 15 days after the occurrence of the dissolution event.

The liquidation committee shall comprise the directors, unless otherwise provided for in the Articles of Association or the general meeting resolves to elect another person.

Where the liquidation obligors fail to fulfil their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

**Article 189** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with the Company's outstanding business in relation to the liquidation;
- (4) to settle outstanding taxes and taxes incurred in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to allocate the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in any civil proceedings.

**Article 190** The liquidation committee shall notify creditors within 10 days from the date of its establishment and make an announcement in the newspapers or on the National Enterprise Credit Information Publicity System within 60 days commencing from that date. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

In reporting claims, a creditor shall explain the relevant particulars of the claims with supporting materials. The liquidation committee shall register the creditor's claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 191** After ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same at the general meeting or to the People's Court for confirmation.

The remaining assets of the Company, after payment of liquidation expenses, wages, social insurance contribution and statutory compensation of staff, taxes and debts of the Company, shall be distributed in proportion to the shareholdings of shareholders.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation.

The assets of the Company shall not be distributed to shareholders before the settlement of debts in accordance with the preceding paragraph.

**Article 192** Should the liquidation committee find that the properties of the Company are insufficient for clearing off the debts after ascertaining the Company's assets and preparing the balance sheets and inventory of assets, it shall apply to the People's Court for bankruptcy liquidation.

Once the People's Court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

**Article 193** Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the general meeting or the People's Court for confirmation, and submit the same to the company registration authority to apply for deregistration of the Company.

**Article 194** The members of the liquidation committee perform the liquidation duties and have obligations of loyalty and diligence.

Where the members of the liquidation committee neglect to perform the liquidation duties and cause any loss to the Company, he/she shall be liable to make compensation; where any members of the liquidation committee cause any loss to any creditor with intention or due to gross negligence, he/she shall be liable to make compensation.

**Article 195** Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

## **CHAPTER 10 AMENDMENT OF ARTICLES OF ASSOCIATION**

**Article 196** Under any one of the following circumstances, the Company shall make amendments to the Articles of Association:

- (1) after amendment has been made to the Company Law, the Hong Kong Listing Rules, the securities regulatory rules in the places where the Company's shares are listed or relevant laws or administrative regulations, the contents of the Articles of Association shall conflict with the amended laws or administrative regulations;
- (2) the changes that the Company has undergone are inconsistent with the records made in the Articles of Association;
- (3) the general meeting decides that the Articles of Association should be amended.

**Article 197** Where the amendments to the Articles of Association passed by resolutions of the shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the change involved shall be registered in accordance with the laws.

**Article 198** The board of directors shall amend the Articles of Association in accordance with the resolutions of the shareholders' meeting and the comments of the competent authorities on any amendment hereto.

**Article 199** Any amendment to the Articles of Association shall be subject to announcement if so required by the laws and regulations.

## CHAPTER 11 SUPPLEMENTARY PROVISIONS

### Article 200 Definitions

- (1) Controlling shareholder refers to a shareholder whose shares account for more than 50% of the Company's total share capital; or shareholder who holds no more than 50% of the Company's shares but whose voting rights on the basis of their shareholdings are sufficient to exercise a significant influence on the resolutions of the shareholders' meetings, or has the meaning as defined in the Hong Kong Listing Rules.
- (2) De facto controller refers to a natural person, legal person or other organization that actually possesses the power to direct the acts of the Company through investment, contract or other arrangement.
- (3) Related relationship refers to the relationship between the controlling shareholder, de facto controller, directors or senior management, and enterprises directly or indirectly controlled by them, as well as other relationships which may possibly cause the transfer of the Company's interests, or has the meaning as defined in the Hong Kong Listing Rules. However, enterprises owned by the state will not be regarded as having related relationship only because they are owned by the state.

**Article 201** The board of directors may, in accordance with the Articles of Association, formulate detailed rules of the Articles which shall not be in conflict with the provisions hereof.

**Article 202** The Articles of Association shall be prepared in Chinese. In case of any discrepancy between different languages or versions of the articles of association and the Articles of Association, the Chinese version of the Articles of Association most recently filed and registered with the company registration authority shall prevail.

**Article 203** For the purpose of the Articles of Association, the terms "not less than", "within", "not more than" include the given figure, and the terms "over", "beyond", "lower than", "more than", "less than" and "exceeding" do not include the given figure. For the purpose of this policy, "yuan" refers to RMB yuan.

**Article 204** The board of directors of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 205** The exhibits to the Articles of Association include the rules of procedure for the shareholders' meeting and the rules of procedure for the board of directors.

**Article 206** After consideration and approval by the shareholders' meeting of the Company, the Articles of Association shall become effective and implemented from the date of initial public offering of overseas listed foreign shares (H shares) by the Company and listing on the Hong Kong Stock Exchange.

**Article 207** Any matters not covered in the Articles of Association shall follow the requirements of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the relevant provisions of the securities regulatory authorities of Hong Kong in combination with the actual situation of the Company. If the Articles of Association contradicts with the requirements of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules or the relevant provisions of the securities regulatory authorities of Hong Kong promulgated and implemented after the Articles of Association take effect, the requirements of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules or the relevant provisions of the securities regulatory authorities of Hong Kong promulgated and implemented after the Articles of Association take effect shall prevail.

(No text below)