

**Hangzhou Jiuyuan Gene Engineering Co., Ltd.**

**Articles of Association**

(Applicable following the issuance of H Shares)

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## CHAPTER 1 GENERAL PROVISIONS

- Article 1** To safeguard the legitimate rights and interests of Hangzhou Jiuyuan Gene Engineering Co., Ltd. (hereinafter referred to as the “**Company**”), its shareholders and creditors, and to regulate the organisation and conduct of the Company, these articles of associations (hereinafter referred to as 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 on Articles of Association of Listed Companies (hereinafter referred to as the “**AoA Guidelines**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other relevant laws, regulations, prescriptive documents and the requirements of relevant regulatory authorities.
- Article 2** The Company is a joint stock limited company established by all shareholders of Hangzhou Jiuyuan Genetic Engineering Co., Ltd. by way of overall conversion in accordance with the Company Law and other relevant regulations. It is registered with Hangzhou Municipal Administration for Market Regulation and obtained a business licence in accordance with the law, with a unified social credit identifier of 91330100609130315G.
- Article 3** On [••], with the approval of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “**SEHK**”), the Company carried out initial public offering of [••] shares to be listed on SEHK (hereinafter referred to as “**H Shares**”) and listed on SEHK on [••].
- Article 4** The registered name of the Company:  
Chinese name: 杭州九源基因工程股份有限公司.  
English name: Hangzhou Jiuyuan Gene Engineering Co., Ltd.
- Article 5** The domicile of the Company: No. 23, Eighth Street, Baiyang Street, Qiantang District, Hangzhou, Zhejiang Province.
- Article 6** The registered capital of the Company is RMB[••].
- Article 7** The Company is a joint stock limited company in perpetual existence.
- Article 8** The chairperson of the board of directors shall be the legal representative of the Company. Where the chairperson of the board of directors resigns, he/she shall be deemed to have resigned from the position of the legal representative at the same time. Where the legal representative resigns, the Company shall appoint a new legal representative within 30 days after the date of his/her resignation.

**Article 9** All assets of the Company are divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they have subscribed for, and the Company shall be liable for the debts of the Company to the extent of all its assets.

**Article 10** These Articles of Association shall, from the date on which it becomes effective, become a legally binding document regulating the organisation and conduct of the Company, the rights and obligations between the Company and its shareholders, and the rights and obligations between the shareholders inter se, and a legally binding document over the Company, its shareholders, directors, supervisors, the general manager and other senior management personnel, all of whom are entitled to claim their rights in relation to the Company's affairs in accordance with these Articles of Association.

**Article 11** Pursuant to these Articles of Association, shareholders may sue shareholders, and shareholders may sue directors, supervisors, general managers and other senior management personnel of the Company; shareholders may sue the Company, and the Company may sue its shareholders, directors, supervisors, general managers and other senior management personnel.

The term "sue" referred to in the preceding paragraph shall include filing a lawsuit with a court or applying for arbitration with an arbitration institution.

**Article 12** The "senior management personnel" under these Articles of Association shall refer to the general manager of the Company and the "other senior management personnel", which shall refer to the deputy general manager, secretary to the board of directors and the person in charge of financial matters (financial officer).

**Article 13** The Company establishes an organization of the Communist Party and carries out activities of the Party in accordance with the provisions of the Constitution of the Communist Party of the PRC. The Company provides necessary conditions for the activities of the Party organisation.

## CHAPTER 2 OBJECTIVE AND SCOPE OF BUSINESS

**Article 14** The business objective of the Company is: Guided by genetic engineering, we contribute to human health.

**Article 15** The scope of business of the Company, as registered in accordance with the laws, covers: Licensed items: Pharmaceutical production (excluding the application of the concocting technology such as steaming, frying, roasting and calcining of Chinese medicine tablets and the production of confidential prescription products of proprietary Chinese medicines); the operation of Class III medical devices; import and export of pharmaceutical products; road freight transport (excluding dangerous goods); manufacturing of pharmaceutical excipients; sales of pharmaceutical excipients (For items that require approval in accordance with the law, business activities may only be carried out after approval by relevant departments. The specific business items are subject to the result of the approval). General items: Sales of Class I medical devices; sales of Class II medical devices; technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; property management; import and export of goods; health consulting services (excluding diagnosis and treatment services); (Except for those items which are subject to approval in accordance with the law, business activities are to be carried out independently in accordance with the law on the basis of the business licence). The following items are restricted to be operated by branches only: Licensed items: The production of Class III medical devices (For items that require approval in accordance with the law, business activities may only be carried out after approval by relevant departments. The specific business items are subject to the result of the approval).

The Company may adjust its scope of business in accordance with changes in domestic and overseas markets, business development and its own capabilities, and shall complete the relevant business registration procedures for changes in accordance with the requirements.

## CHAPTER 3 SHARES

### Section 1 Issuance of Shares

#### Article 16

The stock of the Company shall take the form of registered share certificates. The Company shall have ordinary shares; ordinary shares issued by the Company shall include domestic shares and foreign shares; the Company may, in accordance with its needs, set up other classes of shares in accordance with the provisions of the relevant laws, regulations, prescriptive documents and articles of association.

Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as overseas listed foreign shares. Shares held by overseas investors that are not listed domestically or overseas shall be referred to as unlisted foreign shares. Holders of domestic shares, unlisted foreign shares and overseas listed foreign shares shall be entitled to the same rights in respect of any distribution made by way of dividend or otherwise.

The “overseas investors” referred to in the preceding paragraph shall refer to investors from foreign countries or from the regions of Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company; and the term “domestic investors” shall refer to investors within the PRC, excluding the abovementioned regions, that subscribe for shares issued by the Company.

Shares issued by the Company that are listed and traded on overseas stock exchanges are referred to as overseas listed shares; shares listed on SEHK are referred to as H Shares. H Shares shall refer to the shares approved for listing on SEHK with their par value denominated in Renminbi and subscribed and traded in Hong Kong dollars.

The term “foreign currency” referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognized by the competent state foreign exchange administration authority and can be used for payment of subscription monies for the Company’s shares.

Upon filing with the securities regulatory authorities under the State Council, holders of domestic shares and unlisted foreign shares of the Company may transfer all or part of their shares to overseas investors and have them listed and traded overseas; all or part of the domestic shares and unlisted foreign shares of the Company may be converted into overseas listed shares and the overseas listed shares so converted may be listed and traded on overseas stock exchanges. The transferred or converted shares, if listed and traded on an overseas stock exchange, shall also be subject to the regulatory procedures, provisions and requirements of the overseas securities markets.

Where the capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares. Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting right” or “limited voting right”.

**Article 17** The issuance of shares of the Company shall comply with the principle of fairness and impartiality, and each share of the same category shall have equal rights.

Shares of the same class issued at the same time shall be issued on the same terms and at the same price per share; a same price shall be paid for each share subscribed by subscriber(s).

**Article 18** The Company has a total of 12 promoters, each of whom, together with the number of shares subscribed, the percentage of shareholding, the method of capital contribution and the timing of capital contribution, are set out below:

No.	Name of the promoter	Number of shares subscribed for (share)	Shareholding percentage	Method of capital contribution	Time of capital contribution
1.	Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	42,120,453	21.0602%	Shares converted from net assets	August 31, 2023
2.	Zhejiang Wangxin Technology Venture Capital Co., Ltd.	24,513,775	12.2569%	Shares converted from net assets	August 31, 2023
3.	Hangzhou Huasheng Pharmaceutical Group Co., Ltd.	32,498,151	16.2491%	Shares converted from net assets	August 31, 2023
4.	CORPORACION QUIMICO-FARMACEUTICA ESTEVE, SOCIEDAD ANÓNIMA	30,000,000	15.0000%	Shares converted from net assets	August 31, 2023
5.	Highland Pharma Limited	20,000,000	10.0000%	Shares converted from net assets	August 31, 2023
6.	Hangzhou Investment Holdings Co., Ltd.	17,429,338	8.7147%	Shares converted from net assets	August 31, 2023
7.	Chengheda (Hangzhou) Enterprise Management Partnership (Limited Partnership)	7,320,364	3.6602%	Shares converted from net assets	August 31, 2023
8.	Hangzhou Nanbeiju Enterprise Management Partnership (Limited Partnership)	5,045,498	2.5227%	Shares converted from net assets	August 31, 2023
9.	Hangzhou Qingfanghao Enterprise Management Partnership (Limited Partnership)	3,849,762	1.9249%	Shares converted from net assets	August 31, 2023
10.	Wanliyang Group Co., Ltd.	9,800,000	4.9000%	Shares converted from net assets	August 31, 2023
11.	Li Bangliang	2,333,184	1.1666%	Shares converted from net assets	August 31, 2023
12.	Wu Qiyuan	5,089,475	2.5447%	Shares converted from net assets	August 31, 2023
<b>Total</b>		<b>200,000,000</b>	<b>100.00%</b>	-	-

**Article 19** Prior to the issuance of H Shares, the total number of Shares of the Company was 200,000,000 Shares, all of which were ordinary Shares with par value denominated in Renminbi.

With the approval of SEHK, the Company issued [•••] H Shares to overseas investors on [•••]. Upon completion of the aforesaid issuance, the total number of shares of the Company is [•••], all of which are ordinary shares, of which a total of [•••] Shares are held by domestic shareholders, a total of [•••] Shares are held by overseas unlisted foreign shareholders and a total of [•••] Shares are held by overseas listed foreign shareholders.

**Article 20** The shares issued by the Company shall have par value, and shall be denominated in RMB with a par value of RMB1 per share.

H Shares issued by the Company are mainly deposited with a trustee-custodian company under the Hong Kong Securities Clearing Company Limited, and may also be held by shareholders in their personal capacity.

**Article 21** The Company or any subsidiary of the Company (including an affiliate of the Company) shall not give any financial assistance in the form of a grant, advance, guarantee, compensation or loan to a person who is purchasing or proposing to purchase shares in the Company, unless it carries out an employee stock ownership plan.

For the benefit of the Company, the Company may, upon a resolution by the shareholders' meeting or by the board of directors under these Articles of Association or the authorization of the shareholders' meeting, provide financial assistance for others to obtain the shares of the Company or its parent company, provided that the total accumulative amount of the financial assistance shall not exceed 10% of the total issued share capital. A resolution by the board of directors shall be adopted by two thirds (2/3) or more of all the directors.

Any director, supervisors or senior management personnel who is liable for any loss to the Company due to violation of the provisions of the preceding two paragraphs shall be liable for compensation.

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

### **Article 22**

The Company may, in accordance with the needs of its business operation and development and in accordance with the requirements of laws, regulations and the prescriptive documents, increase its capital by separate resolutions of the shareholders' meeting in the following manners:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing of new shares to existing shareholders;
- (IV) bonus issue to existing shareholders;
- (V) capitalizing its capital reserves;
- (VI) other means as stipulated by laws, regulations and prescriptive documents and as approved by relevant regulatory authorities such as China Securities Regulatory Commission and the regulatory authority of the place where the Company's shares are listed.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association and the requirements of the rules of the stock exchange of the place where the Company's shares are listed, be conducted in accordance with the procedures stipulated in relevant laws, regulations, prescriptive documents in the PRC and the laws and regulations as well as the requirements of the listing rules of the places where the Company's shares are listed.

The shareholders' meeting may authorize the board of directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. Where the board of directors decides to issue new shares, a resolution of the board of directors shall be adopted by two thirds (2/3) or more of all the directors.

Where the board of directors decides to issue shares pursuant to the preceding paragraph, and thus results in a change in the registered capital or the number of issued shares of the Company, the voting at the shareholders' meeting may not be needed to revise such item set forth in the Articles of Association.

**Article 23**

The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be made in accordance with the requirements of the Company Law and other relevant regulations and the procedures stipulated in the Articles of Association.

**Article 24**

The Company may acquire its own shares in accordance with laws, regulations and prescriptive documents and these Articles of Association under the following circumstances:

- (I) reduction of the Company's registered capital;
- (II) mergers with other companies holding the Company's shares;
- (III) shares are used for employee stock ownership plan or equity incentive;
- (IV) any shareholder opposes a resolution on the merger or division of the Company adopted at a shareholders' meeting and requests the Company to purchase his or her shares;
- (V) shares are used for conversion of corporate debts issued by the Company that could be converted into its share certificates;
- (VI) when it is necessary for the Company to maintain corporate value and the interest of its shareholders.

Except for the aforesaid circumstances, the Company shall not trade in its own shares.

**Article 25**

The Company may acquire its own shares by means of public centralised trading or by other means as recognised by laws, regulations, prescriptive documents and the securities regulatory authorities.

If the Company acquires its own shares in the circumstances specified in items (III), (V) and (VI) of paragraph 1 of Article 24 of these Articles of Association, it shall do so through public centralised trading.

Where the Company repurchases its shares by an off-market agreement, the prior approval of the shareholders' meeting shall be obtained in accordance with these Articles of Association. Upon obtaining the prior approval of the shareholders' meeting in the same manner, the Company may terminate or amend the contracts entered into in the aforementioned manner or waive any of its rights under such contracts. The contracts for the repurchase of shares referred to in the preceding paragraph include (without limitation) an agreement whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company shall not assign contracts for the repurchase of its own shares or any of its rights thereunder.

**Article 26**

Where the Company acquires its own shares for reasons set out in items (I) and (II) of Article 24 of these Articles of Association, the acquisition shall be resolved by a shareholders' meeting; if the Company acquires its own shares under the circumstances set out in items (III), (V) and (VI) of Article 24 of these Articles of Association, the acquisition shall be resolved at a meeting of the board of directors attended by two-thirds (2/3) or more of the directors.

After the Company acquires its own shares pursuant to the provisions of Article 24, in the case of item (I), the repurchased shares shall be deregistered within ten days from the date of repurchase; in the case of items (II) and (IV), the repurchased shares shall be transferred or deregistered within six months. The shares of the Company acquired by itself pursuant to items (III), (V) and (VI) of Article 24 shall not exceed 10% of the total issued shares of the Company and shall be transferred or deregistered within three years.

Where the Company deregisters a portion of its shares as a result of repurchasing the Company's shares, it shall, in accordance with the law, apply to the original company registration authority for registration of change in registered capital. The amount of the Company's registered capital shall be reduced by the aggregate par value of those deregistered shares.

The repurchase of the Company's H Shares shall comply with the Hong Kong Listing Rules and other relevant laws, regulations and regulatory requirements in the place where H Shares are listed.

**Section 3 Transfer and Pledge of Shares**

**Article 27**

Unless otherwise specified by laws, regulations, prescriptive documents and the listing rules of the place where the Company's shares are listed, shares of the Company may be freely transferred in accordance with the laws and free from any liens. The transfer of shares by shareholders shall be carried out on a stock exchange established in accordance with the law, or in other ways prescribed by the State Council.

## Article 28

All H Shares, being fully paid up, shall be freely transferable in accordance with these Articles of Association; however, the board of directors may refuse to recognise any instruments of transfer without stating any reasons therefor unless the following conditions are satisfied:

- (I) Instruments of transfer and other documents in relation to or affecting the ownership of any H Shares must be registered and a fee shall be paid to the Company for such registration in accordance with the charging standards prescribed under the Hong Kong Listing Rules, and such fee shall not exceed the maximum fees prescribed under the Hong Kong Listing Rules from time to time;
- (II) the instrument of transfer shall only involve H Shares;
- (III) the stamp duty payable on the instrument of transfer has been paid;
- (IV) the relevant share certificate, and upon the reasonable request of the board of directors, any evidence in relation to the right of the transferor to transfer the shares shall be provided;
- (V) if the share is proposed to be transferred to joint holders, the number of the joint registered shareholders shall not exceed four;
- (VI) the Company does not have any lien over the relevant shares.

If the board of directors refuses to register a transfer of shares, the Company shall, within two months from the date on which the application for transfer was duly lodged, serve on the transferor and the transferee a certificate of refusal to register the transfer of such shares.

## Article 29

All transfers of H Shares shall be effected by an instrument of transfer in writing in the usual or common form or in any other form acceptable to the board of directors (including standard transfer format or ownership transfer form prescribed by SEHK from time to time) and such instrument of transfer may be executed by hand only or under a valid corporate seal (if the transferor or transferee is a corporation). If the transferor or transferee is a recognised clearing house as defined in the relevant ordinance in force from time to time under the laws of Hong Kong (hereinafter referred to as “**Recognised Clearing House**”) or its nominee(s), the instrument of transfer may be executed by hand or by machine imprint.

All instruments of transfer shall be deposited at the legal address of the Company or at such address as the board of directors shall from time to time designate.

The instrument of transfer of ownership of shares and other documents and files must be registered with the share registrar entrusted by the Company.

**Article 30** The Company does not accept its own shares as the subject matter of a pledge.

**Article 31** Shares issued by the Company prior to the public issuance of shares shall not be transferred within one year from the date of listing and trading of the Company's shares on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the listing rules of the stock exchange where the shares of the Company are listed for the transfer of the Company's shares held by the shareholders or de facto controllers of the Company, such provisions shall prevail.

Directors, supervisors and senior management personnel of the Company shall declare to the Company the shares held by them in the Company and the changes therein, and shall not transfer more than 25% of the total number of shares held by them in the Company each year during their term of office as determined when they assume the posts; their shareholding in the Company shall not be transferred within 1 year from the date of listing and trading of the Company's shares. The Company's shares held by the above-mentioned personnel shall not be transferred within half a year after their departure from office.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

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

### **Section 1 Shareholders**

**Article 32** A shareholder of the Company is a person who lawfully holds the shares of the Company and whose name is registered in the register of members. The Company shall establish a register of members in accordance with the credentials issued by the share registrar. The register of members shall be sufficient evidence of the holding of shares in the Company by the shareholders. Shareholders shall enjoy rights and assume obligations in accordance with the type of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and assume equal obligations.

**Article 33** When the Company convenes a shareholders' meeting, distributes dividends, carries out liquidation or other matters requiring the identification of shareholders, the board of directors or the convener of the shareholders' meeting shall determine the shareholding record date, and the shareholders registered on the register of members following close of trading on the shareholding record date shall be entitled to the relevant rights and interests.

**Article 34**

Any shareholder who is registered on, or any person who requests to have his or her name registered on the register of members may, if his or her share certificates (the “**original certificates**”) are lost, apply to the Company for a replacement share certificate in respect of such shares (the “**relevant shares**”). Holders of domestic shares who have lost their share certificates and apply for the issue of replacement shall be dealt with in accordance with the relevant provisions of the Company Law. Holders of H Shares who have lost their share certificates and apply for replacement may be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original register of members of H Shares is kept.

**Article 35**

Holders of ordinary shares of the Company shall be entitled to the following rights:

- (I) to receive dividends and other forms of profit distributions in accordance with the proportion of the shares they hold;
- (II) to request, summon, preside over, attend or appoint a proxy to attend shareholders’ meetings in accordance with the law, and exercising the corresponding rights to vote;
- (III) to supervise the Company’s business operations and make recommendations or queries;
- (IV) to transfer, grant or pledge shares held by them in accordance with the provisions of laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company’s shares are listed and the provisions of these Articles of Association;
- (V) to obtain relevant information in accordance with the provisions of these Articles of Association, including:
  - 1. to obtain a copy of the Articles of Association, subject to payment of relevant costs;
  - 2. to inspect and copy, subject to payment of a reasonable charge:
    - (1) all parts of the register of members;
    - (2) minutes of shareholders’ meetings and the Company’s special resolutions, resolutions of meetings of the board of directors and resolutions of meetings of the supervisory committee;
    - (3) the latest audited financial statements and the reports of the board of directors, auditors and the supervisory committee of the Company;

- (4) financial accounting reports;
- (5) a copy of the latest annual report for the latest period which has been filed with the administration for industry and commerce and other competent authorities;
- (6) to inspect the accounting books and accounting vouchers of the Company upon written request stating the purposes of such inspection by any shareholder of the Company who holds, or several shareholders thereof who jointly hold, three percent or more of the Company's shares for 180 or more consecutive days.

In accordance with the requirements of Hong Kong Listing Rules, the Company shall make available the documents stipulated in items (1) to (5) above and any other applicable documents at the Company's address in Hong Kong, for free inspection by the public and shareholders.

- (VI) to participate in the distribution of the remaining assets of the Company in the event of its termination or liquidation in accordance with the proportion of the shares they hold;
- (VII) with respect to shareholders who disagree with any resolution on the merger or division of the Company proposed at a shareholders' meeting, the right to demand the Company to repurchase the shares held by them;
- (VIII) Shareholders who individually or collectively hold 1% or more of the Company's shares shall have the right to make a provisional motion and submit it in writing to the convener 10 working days before the date of the shareholders' meeting;
- (IX) other rights provided by laws, regulations and prescriptive documents and the listing rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association.

The Company shall not exercise any power against any person who fails to disclose any of his or her direct or indirect interest in the Company for the purpose of freezing or otherwise damaging the rights attached to shares held by such person.

#### **Article 36**

Shareholders demanding inspection of the relevant information referred to in item (V) of the preceding article or requesting for information shall provide to the Company the written documents certifying the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

Where a shareholder requests to access the accounting books or accounting vouchers of the Company referred to in item (V) of the preceding article, it shall make a written request and state the purposes therefor. If the Company, with justifiable reasons, considers that the shareholder's request to consult the accounting books or accounting vouchers has any improper purposes and may damage the lawful rights and interests of the Company, it may reject the request of the shareholder, and shall, within 15 days from the day when the shareholder makes the written request, give the shareholder a written reply and state the reason therefor. If the Company refuses to provide access, the shareholder may bring a lawsuit to a People's Court.

**Article 37**

If the content of a resolution of the shareholders' meeting or the board of directors of the Company violates laws, regulations and prescriptive documents, shareholders shall have the right to request a People's Court to hold it invalid.

If the summoning procedure or voting method of a shareholders' meeting or a meeting of the board of directors violates laws, regulations and prescriptive documents or these Articles of Association, or the content of a resolution violates these Articles of Association, a shareholder shall have the right to request the People's Court to revoke the relevant resolution within sixty days from the date on which the resolution was made, except where the procedures for convening a meeting of the shareholders' meeting or the board of directors or the voting method only have some minor defects, which produce no substantial effect on the resolution.

**Article 38**

If a director or senior management personnel violates the provisions of laws, regulations and prescriptive documents or these Articles of Association in performing duties and caused damage to the Company, shareholders who individually or collectively hold 1% or more of the Company's shares for 180 or more consecutive days shall have the right to request the supervisory committee in writing to institute legal action in a People's Court; if the supervisors violate any laws, regulations and prescriptive documents or breach the Articles of Association in performing duties and cause damage to the Company, the aforesaid shareholders may request the board of directors in writing to institute legal action in a People's Court.

If the supervisory committee or the board of directors refuses to institute legal actions after receiving a written request from the shareholder as provided for in the preceding paragraph, or if no legal actions are instituted within thirty days from the date of receipt of the request, or if the situation is urgent and failure to institute proceedings immediately would cause irreparable damage to the interests of the Company, the shareholder as provided for in the preceding paragraph shall have the right to institute proceedings directly in the People's Court in his own name and for the interests of the Company.

In the event that a third party infringes upon the lawful rights and interests of the Company and causes damage to the Company, the shareholders specified in the first paragraph of this Article may institute legal action in a People's Court pursuant to the first two paragraphs of this Article.

If a director, supervisor or senior management personnel of a wholly-owned subsidiary of the Company is under the circumstance specified in the preceding paragraph, or if the legitimate rights and interests of a wholly-owned subsidiary of the Company are impaired by any other person, thus causing any losses, the shareholders separately or aggregately holding 1% or more of the total shares of the Company for 180 consecutive days or more may request the supervisory committee or the board of directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the People's Court or directly files a lawsuit with the People's Court in their own name.

**Article 39**

If the director or senior management personnel violates the provisions of laws, regulations and prescriptive documents or these Articles of Association to the detriment of the interests of shareholders, shareholders may institute legal action in People's Court.

**Article 40**

Holders of ordinary shares of the Company shall assume the following obligations:

- (I) to comply with laws, regulations and prescriptive documents as well as rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association;
- (II) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (III) not to surrender the shares except under circumstances prescribed by laws, regulations and prescriptive documents;
- (IV) not to abuse the rights of shareholders to the detriment of the Company or other shareholders; shareholders of the Company who abuse their shareholders' rights and thereby cause damage to the Company or other shareholders shall be liable for compensation in accordance with the law;
- (V) not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to the detriment of the Company's creditors;

Shareholders of the Company who abuse their shareholders' rights and thereby cause damage to the Company or other shareholders shall be liable for compensation in accordance with the law;

Where shareholders of the Company abuse the Company's independent status as a legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

(VI) other obligations that shall be undertaken as prescribed by laws, regulations and prescriptive documents as well as rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association.

**Article 41**

Where any shareholder who holds 5% or more of shares with voting rights of the Company have pledged such shares, the relevant shareholder shall report to the Company in writing on the date of occurrence of such fact.

**Article 42**

The controlling shareholders and de facto controllers of the Company shall not use their connected relationship to the detriment of interests of the Company. Any violation of requirements that causes damage to the Company shall be liable for compensation.

The controlling shareholder and the de facto controller of the Company shall owe a duty of fidelity to the Company and all shareholders of the Company. The controlling shareholder shall exercise its rights as a capital contributor in strict accordance with the law. The controlling shareholders shall not damage the legitimate rights and interests of the Company and those of other shareholders by means of profit distribution, asset restructuring, external investment, fund occupation and loan guarantee, etc., and shall not use their controlling position to damage the interests of the Company and those of other shareholders.

Where any controlling shareholder or de facto controller of the Company instructs any director or senior management personnel to carry out any act damaging the interests of the Company or the shareholders, it shall bear joint and several liability with the director or senior management personnel.

## **Section 2 General Provisions for the Shareholders' Meeting**

### **Article 43**

The shareholders' meeting is the authority of power of the Company and shall exercise the following functions and powers in accordance with the law:

- (I) to elect and replace directors and supervisors who are not employee representatives and to decide on matters in relation to the remuneration of directors and supervisors;
- (II) to consider and approve the report of the board of directors;
- (III) to consider and approve the report of the supervisory committee;
- (IV) to consider and approve the Company's projects for profit distribution and loss recovery;
- (V) to resolve on the increase or reduction of the registered capital of the Company;
- (VI) to resolve on the issuance of corporate bonds or the issuance and listing of other securities;
- (VII) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (VIII) to amend these Articles of Association;
- (IX) to resolve on the engagement and dismissal of the Company's accounting firm;
- (X) to consider and approve the guarantees as provided in Article 44;
- (XI) to consider the purchase or sales of material assets by the Company within one year that exceeds 30% of total assets of the Company in its latest audited consolidated statement;
- (XII) to consider and approve the change of use of proceeds;
- (XIII) to consider share incentive schemes and employee stock ownership plan;
- (XIV) to consider other matters prescribed by laws, regulations and prescriptive documents as well as rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association that shall be decided by the shareholders' meeting.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

Without violating the mandatory requirements of relevant laws, regulations, prescriptive documents of the PRC, as well as those of the laws, regulations and listing rules of the place of listing, the shareholders' meeting may authorize or entrust the board of directors to handle the matters authorized or entrusted by it, including but not limited to, subject to applicable laws, regulations and listing rules, to grant the board of directors a general mandate to issue, allot and deal with additional shares within three years, the number of which shall not exceed fifty percent (50%) (or other proportions stipulated by applicable laws, regulations and the listing rules of the place where the Company's shares are listed) of the total issued share capital of the Company on the date when the resolution is passed. The content of the authorization shall be clear and specific. As regards the authorization to the board of directors by the shareholders' meeting, if matters authorized are those that shall be adopted by the shareholders' meeting by means of ordinary resolution as specified in these Articles of Association, they shall be adopted by more than half (1/2) of the voting rights held by the shareholders (including proxies) present at the meeting; if matters authorized are those that shall be adopted by the shareholders' meeting by means of special resolution as specified in these Articles of Association, they shall be adopted by two thirds (2/3) or more of the voting rights held by the shareholders (including proxies) present at the meeting.

The above-mentioned functions and powers of the shareholders' meeting shall not be exercised by the board of directors or other organisations and individuals on its behalf by way of delegation.

#### **Article 44**

The following external guarantees of the Company shall be subject to the approval of the shareholders' meeting:

- (I) any guarantee provided by the Company and the Company's controlled subsidiaries after the total amount of external guarantees exceeds 50% of the latest period of audited net assets;
- (II) any guarantee provided by the Company and the Company's controlled subsidiaries after the total amount of external guarantees exceeds 30% of the latest period of audited total assets;
- (III) any guarantee that will result in the aggregate amount of external guarantees provided by the Company within one year exceeding 30% of the latest period of audited total assets of the Company;
- (IV) guarantees provided to subjects with a debt-to-asset ratio over 70%;

- (V) guarantees where the amount of an individual guarantee exceeds 10% of the latest period of audited net assets;
- (VI) guarantees provided to shareholders, de facto controllers and their connected parties;
- (VII) other external guarantees that shall be submitted to the shareholders' meeting for consideration as required by laws, regulations and prescriptive documents, and the listing rules of the stock exchange of the place where the Company's shares are listed.

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

Where the Company provides a guarantee for any shareholder or de facto controller of the Company, it shall be subject to a resolution of the shareholders' meeting.

The shareholder as mentioned in the preceding paragraph or the shareholder controlled by the de facto controller as set forth in the preceding paragraph shall not participate in voting on any matter as prescribed in the preceding paragraph. Such matter shall be adopted by more than half of the voting rights held by other shareholders present at the meeting.

**Article 45**

The shareholders' meetings shall be divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting is to be held once a year and shall be held within six months after the end of the previous financial year.

**Article 46**

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of the fact in any of the following cases:

- (I) when the number of directors is less than the minimum number prescribed by the Company Law or two-thirds of the number as is provided in these Articles of Association;
- (II) when the losses of the Company that have not been made up have reached one-third of its total paid-in share capital;
- (III) when requested by shareholders who individually or collectively hold 10% or more of the Company's shares;
- (IV) when deemed necessary by the board of directors;
- (V) when proposed by the supervisory committee;

- (VI) other circumstances provided by laws, regulations and prescriptive documents and the listing rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association.

The number of shares held in item (III) mentioned above shall be calculated based on the number of shares held at the close of trading on the day the shareholder makes the written request or on the previous one (1) trading day (if the day the written request is made is a non-trading day).

**Article 47**

The shareholders' meeting may formulate rules of procedure of the shareholders' meeting to clarify the manner of proceedings and voting procedures of the shareholders' meeting, so as to ensure the efficiency and scientific decision-making of the shareholders' meeting. The rules of procedure of the shareholders' meeting shall set out the procedures for convening and voting in the shareholders' meeting. The rules of procedure of the shareholders' meeting shall be included in these Articles of Association or annexed hereto, drafted by the board of directors and approved by the shareholders' meeting. In the event of any conflict between the rules of procedure of the shareholders' meeting and these Articles of Association, these Articles of Association shall prevail.

**Article 48**

When the Company convenes a shareholders' meeting, it may engage a lawyer to issue a legal opinion on the following issues:

- (I) whether the summoning and convening procedures of the meeting are in line with the requirements stipulated by laws, regulations, prescriptive documents and these Articles of Association;
- (II) whether the qualifications of the persons attending the meeting and the qualifications of the convenor are legal and valid;
- (III) whether the voting procedures and voting results of the meeting are legal and valid;
- (IV) legal opinions on other relevant issues as requested by the Company.

**Section 3 Summoning of the Shareholders' Meeting**

**Article 49**

The shareholders' meeting shall be summoned by the board of directors. In compliance with the requirements of this section, the supervisory committee or the shareholders may summon a shareholders' meeting on their own initiative.

**Article 50**

Independent non-executive directors shall have the right to propose to the board of directors the convening of an extraordinary shareholders' meeting. In response to a proposal by an independent non-executive director to convene an extraordinary shareholders' meeting, the board of directors shall, in accordance with the laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and the provisions of these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary shareholders' meeting within ten days after receiving the proposal.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made; if the board of directors does not agree to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.

If the securities regulatory authorities of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

**Article 51**

The supervisory committee shall have the right to propose to the board of directors the convening of an extraordinary shareholders' meeting and shall submit the proposal in writing to the board of directors. The board of directors shall, in accordance with the laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and the provisions of these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary shareholders' meeting within ten days after receiving the proposal.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made, and any changes to the original proposal in the notice shall be subject to the consent of the supervisory committee.

If the board of directors does not agree to convene an extraordinary shareholders' meeting or failed to provide feedback within ten days after receiving the proposal, it shall be deemed that the board of directors is unable to perform or does not perform its duty to summon a meeting of the shareholders' meeting, and the supervisory committee may summon and preside over the meeting on its own initiative.

**Article 52**

Shareholders who individually or collectively hold 10% or more of the Company's shares shall have the right to request the board of directors to convene an extraordinary shareholders' meeting and shall submit the request in writing to the board of directors to clarify the topics of the meeting. The board of directors shall, in accordance with the laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and the provisions of these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary shareholders' meeting within ten days after receiving the request.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors does not agree to convene an extraordinary shareholders' meeting or failed to provide feedback within ten days after receiving the request, shareholders who individually or collectively hold 10% or more of the Company's shares shall have the right to propose to the supervisory committee that an extraordinary shareholders' meeting be convened and shall submit their request in writing to the supervisory committee.

If the supervisory committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice to convene the meeting within five days of receipt of the request, and any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the supervisory committee fails to issue the notice of shareholders' meeting within the prescribed period, it shall be deemed that the supervisory committee would not summon and preside over the shareholders' meeting, and shareholders who individually or collectively hold 10% or more of the Company's shares for ninety or more consecutive days may summon and preside over the meeting on their own initiative.

**Article 53**

Where the supervisory committee or the shareholders have decided to summon a shareholders' meeting on their own initiative, they shall notify the board of directors in writing.

In case a shareholder summons a shareholders' meeting on his own initiative, the shareholding ratio of the summoning shareholder(s) shall not be less than 10% before the resolution of the shareholders' meeting is made.

**Article 54**

The supervisory committee and the secretary to the board of directors will cooperate with shareholders' meetings that are summoned by the supervisory committee or the shareholders on their own initiative. The board of directors will provide the register of members as at the shareholding record date.

**Article 55** For shareholders' meetings summoned by the supervisory committee or the shareholders on their own initiative, the expenses necessary for the meeting shall be borne by the Company.

#### **Section 4 Proposals and Notices for the Shareholders' Meeting**

**Article 56** The content of the proposals shall fall within the scope of the functions and powers of the shareholders' meeting, have clear topics and specific matters for resolution, and comply with the relevant provisions of laws, regulations and prescriptive documents, the laws and regulations and listing rules of the place where the Company's shares are listed and these Articles of Association.

**Article 57** When the Company convenes a shareholders' meeting, the board of directors, the supervisory committee and shareholders who individually or collectively hold 1% or more of the Company's shares shall be entitled to submit proposals to the Company.

Shareholders who individually or collectively hold 1% or more of the Company's shares may make a provisional proposal and submit it in writing to the convener ten days before the date of the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two days of receipt of the proposal, announcing the content of the provisional proposal, unless the provisional proposal is in violation of any law, administrative regulation or these Articles of Association or fails to fall into the scope of functions of the shareholders' meeting.

Except as provided for in the preceding paragraph, the convener shall not amend the proposals already specified in the notice of the shareholders' meeting or add new proposals after the notice of the shareholders' meeting has been issued.

Proposals not specified in the notice of shareholders' meeting or not in compliance with the provisions of Article 56 of these Articles of Association shall not be voted on and resolved by the shareholders' meeting.

**Article 58** The convener shall notify shareholders at least twenty-one (21) days before the annual shareholders' meeting and at least fourteen (14) days before the extraordinary shareholders' meeting.

When calculating the starting period, the Company shall not include the date on which the meeting is to be convened.

**Article 59**

The notice of a shareholders' meeting shall meet the following criteria:

- (I) it shall be made by way of an announcement;
- (II) it shall specify the time, venue, means and duration of the meeting;
- (III) it shall explain matters and proposals submitted for consideration at the meeting;
- (IV) it shall provide such information and explanations as are necessary for the shareholders to make an advisable decision on the matters to be discussed; this principle includes (but not limited to) where the Company proposes a merger, repurchase of shares, reorganising share capital or restructuring the Company in any other way, the specific terms and contracts (if any) of the proposed transaction shall be provided, and the cause and effect of such transaction shall be carefully explained;
- (V) in case any director, supervisor, general manager and other senior management personnel have a material interest in the matter to be discussed, the nature and extent of such interest shall be disclosed; if the matter to be discussed affects such director, supervisor, general manager and other senior management personnel as shareholders in a way that is different from the impact on other shareholders of the same class, then the difference shall be explained;
- (VI) it shall contain the full text of any special resolutions proposed to be passed at the meeting;
- (VII) it shall contain a clear statement that: all shareholders are entitled to attend the shareholders' meeting and may appoint a proxy in writing to attend and vote at the meeting, and that such proxy need not be a shareholder of the Company;
- (VIII) it shall specify the time and place for lodging proxy forms for the meeting;
- (IX) it shall designate the shareholding record date of the shareholders entitled to attend the shareholders' meeting, and the interval between the shareholding record date and the date of the meeting shall be no more than 7 working days. The shareholding record date shall not be changed once confirmed;
- (X) it shall specify the name and telephone number of standing contact person for meeting affairs;
- (XI) it shall specify the time and procedure for voting online or by other means.

Full and complete disclosure of the full particulars of all proposals, as well as all information or explanations necessary to enable shareholders to make a reasonable judgement on the matters to be discussed shall be made in the notices of shareholders' meeting and any supplementary notices thereof. Where the matters to be discussed require the opinion of the independent non-executive directors, the opinion of the independent non-executive directors and the reasons therefor will be disclosed at the same time when the notice of shareholders' meeting or supplementary notice is issued.

**Article 60**

Where the shareholders' meeting is to discuss matters of election of directors and supervisors, full details of the candidates for directors and supervisors will be disclosed in the notice of the shareholders' meeting, including at least the following particulars:

- (I) personal circumstances such as educational background, work experience and part-time employment;
- (II) whether there is a connected relationship with the Company or the Company's controlling shareholders and de facto controllers;
- (III) disclosure of the number of shareholding in the Company;
- (IV) whether they have been penalized by the securities regulatory authorities and other relevant authorities and subject to the disciplinary actions imposed by stock exchanges;
- (V) information on newly appointed, re-elected or re-designated directors or supervisors as required to be disclosed by the Hong Kong Listing Rules.

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

**Article 61**

Subject to compliance with the relevant provisions of laws, regulations, prescriptive documents and the requirements of the listing rules of the stock exchange of the place where the Company's shares are listed and the fulfilment of the relevant procedures, the Company may issue notices of shareholders' meeting by posting it on the Company's website and the website designated by SEHK, or in any other manner permitted by the Hong Kong Listing Rules and these Articles of Association.

**Article 62**

After the notice of the shareholders' meeting is given, the shareholders' meeting shall not be adjourned or cancelled without justifiable reasons, and the proposals specified in the notice of the shareholders' meeting shall not be cancelled. In the event of an adjournment or cancellation, the convener shall make a notice at least two working days prior to the original date of the meeting and explain the reasons therefor.

## **Section 5 Convening of Shareholders' Meetings**

### **Article 63**

All shareholders registered in the register of members on the shareholding record date or their proxies shall be entitled to attend the shareholders' meeting, and exercise the voting rights in accordance with the relevant laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association.

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

Any shareholder entitled to attend and vote at a shareholders' meeting may attend a shareholders' meeting in person, and may also entrust one or more persons (who may not be a shareholder) as his proxy(ies) to attend and vote on his behalf. Such proxy(ies) may exercise the following rights as entrusted by such shareholder:

- (I) the right to speak at the shareholders' meeting of such shareholder;
- (II) the right to demand a poll or join in such a demand;
- (III) the right to vote by poll.

Where such shareholder is a recognised clearing house as defined in the relevant laws and regulations of the place where the Company's shares are listed or its proxy(ies), such shareholder may authorize such person or persons as it thinks fit to act as its representative or representatives at any shareholders' meeting; provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized and shall be signed by an authorized officer of the recognised clearing house. The person(s) so authorized may represent the recognized clearing house (or its proxy) to attend the meeting and exercise its rights, without the need to show the shareholding certificate, notarized power of attorney and/or further evidence to prove that they have been duly authorized, as if such person(s) were individual shareholder(s) of the Company.

### **Article 64**

If an individual shareholder attends the meeting in person, he/she should present his/her ID card or other valid documents or proofs that can identify him/her; if he/she appoints proxy to attend the meeting, such proxy should present his/her own valid identity document and the power of attorney of the shareholder.

A legal person shareholder shall be represented at the meeting by its legal representative or a proxy appointed by such legal representative. If a legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate proving that he/she has the qualification of a legal representative; if he/she appoints a proxy to attend the meeting, the proxy shall present his/her identity card and a written power of attorney issued in accordance with the law by the legal representative of the legal person shareholder entity.

The identity of shareholders participating in the shareholders' meeting through online voting shall be confirmed by the Internet voting system.

**Article 65**

Shareholders shall appoint a proxy by written instrument which is signed by the principal or his or her agent so authorized in writing, or if the principal is a legal person, affixed with the seal of the legal person or signed by its director or a duly appointed agent.

The power of attorney issued by a shareholder to appoint another person to attend a shareholders' meeting shall contain the following particulars:

- (I) name of the proxy;
- (II) number of shares of the principal represented by the proxy;
- (III) with or without voting rights;
- (IV) instructions to vote for, against or abstain from voting on each matter to be considered that are included on the agenda of the shareholders' meeting, respectively;
- (V) date of issuance and date of expiry of the power of attorney;
- (VI) signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal person unit shall be affixed.

The proxy form shall be lodged at the domicile of the Company or such other place as specified in the notice of the meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the principal, the power of attorney or any other authorization document for signing shall be notarized. The notarized power of attorney or any other authorization document, together with the proxy form, shall be lodged at the domicile of the Company or such other place as specified in the notice of the meeting.

In the event the appointer is a body corporate, such shareholder shall be represented in the shareholders' meeting of the Company by the legal representative or such person authorized by the resolution of the Board or decision-making body of such appointer.

In the event the appointer is a non-body corporate, the principal or such person authorized by the decision-making body shall attend the shareholders' meeting of the Company as a representative.

**Article 66**

The format of any proxy form issued by the board of directors of the Company to shareholders for the appointment of a shareholder's proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directions on each of the issues to be voted on at the meeting. The power of attorney shall state whether the proxy may vote as he/she wishes if the shareholder does not give specific instructions.

**Article 67**

Where the principal has deceased, lost capacity, revoked the appointment or the signed authorization for appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of the proxy form shall remain valid as long as the Company did not receive a written notice of such event prior to the commencement of the relevant meeting.

**Article 68** The register of meeting for those attending the meeting shall be produced by the Company. The register of meeting shall contain the names (or names of entities), identity card number, domicile or addresses, the amount of shares held or represented with voting rights, and the names (or names of entities) of proxies, etc. of those attending the meetings.

**Article 69** The convener will verify the legitimacy of the shareholders' qualifications based on valid register of members and register their names (company's name) and the number of shares held with voting rights. Registration of the meeting shall be closed before the presiding officer announces the number of shareholders and proxies present at the meeting and the total number of shares with voting rights.

**Article 70** When a shareholders' meeting is convened, all directors, supervisors and the secretary to the board of directors of the Company shall attend the meeting, and the general manager and other relevant senior management personnel shall be present at the meeting, unless there is a valid reason and the leave of absence has been submitted in writing to the convener of the meeting in advance. However, directors, supervisors, the secretary to the board of directors, the general manager and other senior management personnel who are required to be questioned at the shareholders' meeting shall not be granted leave of absence.

**Article 71** Shareholders' meetings shall be summoned by the board of directors, and the chairperson of the board of directors shall act as the presiding officer and preside over the meeting. If the chairperson of the board of directors is unable to perform his duties or does not perform his duties, a director jointly elected by more than half of the directors shall act as the presiding officer and preside over the meeting.

The chairperson of the supervisory committee shall act as the presiding officer and preside over the shareholders' meetings summoned by the supervisory committee on its own initiative. If the chairperson of the supervisory committee is unable to perform his duties or does not perform his duties, a supervisor jointly elected by more than half of the supervisors shall serve as the presiding officer and preside over the meeting.

As regards shareholders' meetings summoned by the shareholders on their own initiative, the convener shall elect a representative to serve as the presiding officer of the meeting and preside over the meeting. If, for any reason, shareholders are unable to elect a representative to preside over the meeting, the shareholder (including shareholder proxies) holding the largest number of voting shares present at the meeting (other than HKSCC Nominees) shall preside over the meeting.

When convening a shareholders' meeting, in the event that the shareholders' meeting is unable to continue due to the presiding officer's violation of these Articles of Association or the rules of procedure of the shareholders' meeting of the Company, the shareholders' meeting may, with the consent of a majority of the shareholders present at the shareholders' meeting with voting rights, elect a person to act as the presiding officer and continue with the meeting.

**Article 72**

At an annual shareholders' meeting, the board of directors and the supervisory committee shall make a report to the shareholders' meeting on their works during the past year. Each independent non-executive director shall also make a report on his or her duties.

**Article 73**

Directors, Supervisors and senior management personnel shall give explanations and clarifications in response to shareholders' queries and suggestions at shareholders' meetings.

**Article 74**

The presiding officer of the meeting shall announce the number of shareholders and proxies attending the meeting on site and the total number of shares held with voting rights before the vote is taken. The number of shareholders and proxies attending the meeting on site and the total number of shares held with voting rights are subject to the meeting registration.

**Article 75**

Shareholders' meetings shall have minutes, which shall be maintained by the secretary to the board of directors.

Such minutes shall record the following particulars:

- (I) the time and place of the meeting, the agenda and the name or company's name of the convener;
- (II) the presiding officer of the meeting and the name of the directors, supervisors, managers and other senior management personnel attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of shares with voting rights and the proportion of the total number of shares of the Company;
- (IV) the consideration process, major points of speeches and voting results of each proposal;
- (V) shareholders' queries or suggestions and the corresponding answers or explanations;
- (VI) the name of the counting officers and scrutineers;
- (VII) such other matters as required by the relevant regulations that shall be entered in the minutes of the meeting.

**Article 76** The convener shall ensure that the minutes of the meeting are true, accurate and complete. The minutes shall be signed by the directors, supervisors, the secretary to the board of directors, the convener or his representative, the presiding officer and the record keeper attending the meeting. The minutes shall be kept together with the register of signatures of shareholders attending on site and the power of attorney for proxy attendance, validity information on voting by internet and other means, for a period of not less than ten years.

**Article 77** Shareholders may check photocopies of the meeting minutes during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes from the Company, the Company shall send such photocopy within seven days upon receipt of reasonable fees.

**Article 78** The convener shall ensure that the shareholders' meeting is held continuously until a final resolution is reached. If the shareholders' meeting is suspended or no resolution can be made due to special reasons such as force majeure, necessary measures shall be taken to resume the shareholders' meeting as soon as possible or to terminate such shareholders' meeting outright and to make an announcement in a timely manner.

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

**Article 79** Resolutions at the shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' meeting shall be passed by over half of the voting rights represented by shareholders' (including proxies) present at the meeting.

Special resolutions of the shareholders' meeting shall be passed by over two-thirds (2/3) of the voting rights represented by shareholders (including proxies) present at the meeting.

**Article 80** The following matters shall be adopted by an ordinary resolution of the shareholders' meeting:

- (I) work reports of the board of directors and the supervisory committee;
- (II) projects in relation to profit distribution and loss recovery prepared by the board of directors;
- (III) the appointment and removal of members of the board of directors and the supervisory committee and their remuneration and payment method thereof;
- (IV) the balance sheet, income statement and other financial statements;

- (V) the annual report of the Company;
- (VI) the engagement, dismissal or discontinuation of the appointment of accounting firms by the Company, and the remuneration of such accounting firms;
- (VII) matters other than those prescribed by laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association that shall be adopted by a special resolution.

**Article 81**

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

- (I) increase or reduction in the registered capital of the Company and issuance of shares of any class, warrants and other similar securities;
- (II) issuance of corporate bonds;
- (III) the division, merger, dissolution and liquidation of the Company;
- (IV) amendments to these Articles of Association;
- (V) the purchase or sales of material assets of the Company exceeding 30% of the Company's latest audited total assets within one year;
- (VI) share incentive schemes;
- (VII) the repurchase of the Company's shares in accordance with the requirements of these Articles of Association;
- (VIII) other matters prescribed by laws, regulations and prescriptive documents, the listing rules of the place where the Company's shares are listed or these Articles of Association, and those matters determined by a shareholders' meeting via ordinary resolution as having a material impact on the Company and are required to be adopted by a special resolution.

**Article 82**

A shareholder (including proxy) shall exercise his or her voting rights based on the number of voting shares held. Each share shall have one vote.

When the shareholders' meeting considers material matters affecting the interests of small and medium-sized investors, votes for small and medium-sized investors shall be counted separately. The results of the separate vote count shall be disclosed publicly in a timely manner in accordance with the relevant laws and regulations and the listing rules of the stock exchange of the place where the Company's shares are listed.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at shareholders' meetings.

The board of directors, independent non-executive directors and shareholders who satisfy the relevant requirements of the Company may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information such as specific voting intentions to the solicited person. The solicitation of shareholders' voting rights by way of remuneration or disguised remuneration is prohibited. The Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

**Article 83**

When matters in relation to connected transactions are considered at a shareholders' meeting, shareholders with connected relationship shall not participate in the voting and the number of shares with voting rights represented by them shall not be counted towards the total number of valid votes; the resolutions of the shareholders' meetings shall adequately disclose the votes of non-connected shareholders.

Before the proposal in relation to connected transactions are considered at the shareholders' meeting, the presiding officer of the meeting shall remind the connected shareholders that they do not have the right to vote on such proposal, and shall announce the number of shareholders and proxies other than connected shareholders attending the meeting on site as well as the total number of shares with the voting rights held.

If a connected shareholder participates in voting in violation of the provisions of this article, the proportion of such shareholder's votes as regards the relevant connected transaction matters shall become invalid.

In order to be valid, the resolutions made at a shareholders' meeting on connected transaction matters shall be passed by more than half of the votes cast by the non-connected shareholders attending the shareholders' meeting. However, when the connected transaction matter involves matters as stipulated in article 81 of these Articles of Association, the resolution of the shareholders' meeting shall be valid only if it is passed by two-thirds (2/3) or more of the voting rights held by the non-connected shareholders present at the shareholders' meeting.

**Article 84**

Unless in exceptional circumstances such as the Company is in a crisis, the Company will not enter into contracts with persons other than directors, general manager and other senior management personnel to place the management of all or significant business of the Company under the responsibility of such persons unless approved by a special resolution at a shareholders' meeting.

**Article 85**

The list of candidates for directors, independent non-executive directors and shareholder representative supervisors shall be put forward for voting at the shareholders' meeting by way of a proposal.

When the shareholders' meeting votes on the election of directors, independent non-executive directors and shareholder representative supervisors, a cumulative voting system is to be adopted.

The cumulative voting system referred to in the preceding paragraph means that when directors, independent non-executive directors and shareholder representative supervisors are elected at a shareholders' meeting, each share shall have the same number of votes as the number of directors, independent non-executive directors and shareholder representative supervisors to be elected, and shareholders' voting rights may be used on a concentrated basis. The board of directors shall announce to the shareholders the curriculum vitae and basic information of the candidates of directors, independent non-executive directors and shareholder representative supervisors.

- (I) Nomination of candidates for directors, independent non-executive directors and shareholder representative supervisors
  1. Director candidates (except candidates for independent non-executive directors) shall be nominated by the board of directors or shareholders who individually or jointly hold 1% or more of the Company's total voting shares. The number of candidates nominated shall not exceed the number of directors proposed to be elected or replaced.
  2. Candidates for independent non-executive directors shall be nominated by the board of directors, supervisory committee or shareholders who individually or jointly hold 1% or more of the Company's total issued shares. The number of candidates nominated shall not exceed the number of independent non-executive directors proposed to be elected or replaced.
  3. Candidates for shareholder representative supervisors shall be nominated by the supervisory committee or shareholders who individually or jointly hold 1% or more of the Company's total voting shares. The number of candidates nominated shall not exceed the number of supervisors proposed to be elected or replaced.

If shareholders nominate candidates for directors, independent non-executive directors or shareholder representative supervisors, they shall submit in writing to the convener of the shareholders' meeting 10 days prior to the date of the shareholders' meeting, the curriculum vitae of the nominated candidates for directors, independent non-executive directors or shareholder representative supervisors, and the proposal shall include a list of candidates for directors, independent non-executive directors or shareholder representative supervisors, the curriculum vitae and the basic information of each of the candidates.

(II) The following principles shall be followed for the implementation of the cumulative voting system at a shareholders' meeting:

1. The number of candidates for directors, independent non-executive directors or supervisors may be more than the number of candidates to be elected at the shareholders' meeting, provided that the number of candidates voted for by each shareholder shall not exceed the number of directors, independent non-executive directors or supervisors proposed to be elected at the shareholders' meeting, and that the total number of votes allotted shall not exceed the number of votes possessed by the shareholders, otherwise such votes shall be null and void;
2. Independent non-executive directors and non-independent non-executive directors shall be voted separately. When electing independent non-executive directors, each shareholder is entitled to a number of votes equal to the product of the number of shares held by him/her multiplied by the number of independent non-executive directors proposed to be elected, and such votes can only be cast to independent non-executive director candidates of the Company; for the election of non-independent non-executive directors, each shareholder is entitled to a number of votes equal to the product of the number of shares held by him/her multiplied by the number of non-independent non-executive directors proposed to be elected, and such votes can only be cast to non-independent non-executive director candidates of the Company;

3. As regards candidates for directors, independent non-executive directors or supervisors, the final elected candidates shall be determined in accordance with the order of the number of votes received, provided that the minimum number of votes received by each elected candidate must exceed half of the total number of shares held by the shareholders (including proxies) present at the shareholders' meeting. If the number of elected directors, independent non-executive directors or supervisors is insufficient for the number of directors, independent non-executive directors or supervisors proposed to be elected at the shareholders' meeting, all candidates for directors, independent non-executive directors or supervisors with insufficient votes shall be voted again for the vacancies. If the elected candidates are still insufficient, the vacancies shall be elected by the next shareholders' meeting of the Company. If two or more candidates for directors, independent non-executive directors or supervisors receive the same number of votes, but only some of them can be elected due to the limitation on the number of vacancies proposed to be elected, such candidates for directors, independent non-executive directors or supervisors who receive the same number of votes shall be re-elected by way of a separate poll.

**Article 86** Except for the cumulative voting system, the shareholders' meeting shall vote on all proposals one by one, and if there are different proposals on the same matter, they will be voted on in the chronological order in which they are put forward. The shareholders' meeting will not set aside or withhold a vote on a proposal, except for special reasons such as force majeure, which causes the shareholders' meeting to be suspended or unable to make a resolution.

**Article 87** The proposal would not be amended when it is considered at the shareholders' meeting, otherwise the relevant modification shall be considered as a new proposal, which cannot be put to vote on at the current shareholders' meeting.

**Article 88** Only one of the on-site, online or other voting means can be selected for the same voting right. In the event of duplicate votes on the same voting right, the result of the first vote shall prevail.

**Article 89** If the matter demanded to be resolved by a poll is the election of the chairperson or the suspension of the meeting, a poll shall be taken immediately; for other matters requiring a poll, the chairperson shall decide when to carry out the vote, and the meeting may continue to discuss other matters and the voting results are still deemed to be resolutions passed at that meeting.

**Article 90** On a poll taken at a meeting, a shareholder (including proxy) entitled to two (2) or more votes need not cast all his/her votes for or against in the same way.

**Article 91** The shareholders' meetings shall adopt a registered voting system. The Company must announce the poll results in the manner specified in the Hong Kong Listing Rules.

**Article 92** Before the shareholders' meeting carry out voting on a proposal, the presiding officer of the meeting shall designate two representatives of shareholders to participate in the counting and scrutinizing of votes, and shall state the number of shares held by the scrutineers acted by the representative of shareholders. If the matter under consideration has connected relationship with a shareholder, the relevant shareholders and their proxies shall not participate in the counting and scrutinizing of votes.

When a proposal is voted on at a shareholders' meeting, the representative of shareholders together with the representative of supervisors shall be jointly responsible for counting and scrutinizing of votes, and the results of the vote shall be announced on site, and the results of the vote on the resolution shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote via the Internet or other means shall be entitled to inspect their voting results through the appropriate voting system.

**Article 93** The shareholders' meeting on site shall end no earlier than online or other means and the presiding officer shall announce the vote and the result of each proposal and, based on the result of the vote, whether the proposal is adopted or not. The decision of the presiding officer shall be final, which shall be announced at the meeting and recorded in the minutes thereof.

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

**Article 94** Shareholders attending a shareholders' meeting should express one of the following opinions on the proposal put to vote: For, against or abstention. Except where the securities registrar and settlement institution who acts as the nominal holder of shares under the connection mechanism of the Mainland and Hong Kong stock markets and makes a declaration in accordance with the intention of the actual holder.

Votes that are not filled in, incorrectly filled in, illegible, or not cast shall be deemed to be a renunciation of the voter's right to vote, and the result of the vote on the number of shares held by such voter shall be counted as "abstention".

If the Hong Kong Listing Rules require that any shareholder shall abstain from voting on a certain resolution or limit a shareholder to cast affirmative or negative votes on a certain resolution, any votes cast by the shareholder or his or her proxy in violation of the aforesaid requirements or restrictions shall not be counted in the voting results.

**Article 95** If the presiding officer is in any doubt as to the result of the resolution submitted for voting, he may organise the votes cast to be counted; if the presiding officer fails to conduct a vote count and a shareholder or a proxy present at the meeting objects to the announcement of the result by the presiding officer, he shall be entitled to demand a count immediately after the announcement of the result of the vote, and the presiding officer shall organise a vote count immediately.

If votes are counted at a shareholders' meeting, the counting results shall be included in the minutes of the meeting. The minutes together with the signature book of the shareholders present and proxy forms shall be kept at the domicile of the Company.

**Article 96** Resolutions of a shareholders' meeting shall be announced in a timely manner in accordance with the relevant laws, regulations, prescriptive documents and the securities regulatory rules of the place where the Company's shares are listed, and the announcement shall set out detailed contents of the matters such as the number of shareholders and proxies attending the meeting, the total number of shares with voting rights and the proportion of the total number of shares with voting rights of the Company, the voting method, the voting result of each proposal and the detailed content of each resolution adopted, as well as such other contents required to be announced under the Hong Kong Listing Rules.

**Article 97** If the proposal is not passed, or if the current shareholders' meeting changes the resolution of the previous shareholders' meeting, a special reminder shall be included in the announcement of resolutions of the shareholders' meeting.

**Article 98** If a proposal for the election of directors and supervisors is adopted at a shareholders' meeting, the new directors and supervisors shall assume office at the time specified in the resolution of the shareholders' meeting; if the resolution of the shareholders' meeting did not specify the time of assumption of office, the new directors and supervisors shall assume office after the resolution of the shareholders' meeting is made.

**Article 99** If the shareholders' meeting adopts the proposal on distribution of cash dividend, share bonus or capitalisation of capital reserves, the Company will implement the specific project within two months after the conclusion of the respective shareholders' meeting.

## CHAPTER 5 BOARD OF DIRECTORS

### Section 1 Directors

#### Article 100

Directors of the Company shall be natural persons. A person who is applicable to any one of the following circumstances shall not become a director of the Company:

- (I) having no capacity for civil conduct or limited capacity for civil conduct;
- (II) being sentenced to criminal punishment for corruption, bribery, embezzlement of properties, misappropriation of properties or sabotaging the order of socialist market economy, where not more than five years have elapsed since the expiration of the period of punishment; or being deprived of his political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation; in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;
- (III) a former director, factory principal or general manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise, the business license of which was revoked or such company or enterprise was ordered to shut down due to violation of law and such person is personally liable for such consequences, where less than three years have elapsed since the date of the revocation of business license or the order for closure of such company or enterprise;
- (V) being listed as a dishonest person subject to enforcement by the People's Court due to his/her failure to pay off a relatively large amount of debts which have fallen due;
- (VI) other content as prescribed by laws, regulations and prescriptive documents.

Any election or appointment of directors in violation of the provisions of this Article shall be null and void. The Company shall dismiss a director from office if the circumstances under this Article arise during his or her term of office.

**Article 101**

Directors shall be elected and replaced by the shareholders' meeting with a term of office of three years. Directors are eligible for re-election upon expiry of their term of office, unless as otherwise provided for in relevant regulations, the laws, regulations and listing rules of the place where the Company's shares are listed and these Articles of Association. Pursuant to the Hong Kong Listing Rules, each director (including directors with a specified term) shall retire by rotation at least once (1 time) every three (3) years.

A shareholders' meeting may remove a director within his or her term of office by an ordinary resolution, provided that the relevant laws, regulations and the listing rules of the stock exchange of the place where the Company's shares are listed are observed (however, the claim of such director for compensation under any contract shall not be affected).

The term of office of the directors shall be calculated from the date of their assumption of office to the expiry of the current term of office of the board of directors. Upon expiration of the term of office of a director, in the absence of a timely re-election, the original director shall continue to perform the duties as a director in accordance with the requirements of laws, regulations and prescriptive documents and these Articles of Association until the re-elected director assumes office.

The general manager or other senior management personnel may concurrently serve as a director, provided that the total number of directors who also hold the position of general manager or other senior management personnel shall not exceed one-half (1/2) of the total number of directors of the Company.

Directors are not required to hold shares of the Company.

**Article 102**

Directors shall comply with laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association, and shall owe the following duties of loyalty to the Company and take measures to avoid the conflict between their own interests and those of the Company and shall not seek any improper interests by taking advantage of their powers:

- (I) not to use their authority to accept bribes or other illegal income and not to embezzle the property of the Company;
- (II) not to misappropriate funds of the Company;
- (III) not to open accounts in which the assets or funds of the Company are deposited in his or her personal name or in the name of other individuals;

- (IV) not to lend the Company's funds to others or provide security for others with the Company's property without the consent of the shareholders' meeting or the board of directors in contravention of the provisions of these Articles of Association;
- (V) not to enter into contracts or transactions with the Company in contravention of the provisions of these Articles of Association without the consent of the board of directors or shareholders' meeting. Where any director directly or indirectly enters into a contract or conducts a transaction with the Company, he/she shall report the matters relating to the conclusion of the contract or transactions to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to these Articles of Association;
- (VI) not to utilise inside information or the convenience of his office to secure for himself or others business opportunities that should have belonged to the Company, except under any of the following circumstances: (1) where he/she has reported to the board of directors or the shareholders' meeting and approval by a resolution of the board of directors or the shareholders' meeting according to these Articles of Association has been obtained; (2) where the Company cannot make use of the business opportunity as stipulated by laws, administrative regulations or these Articles of Association;
- (VII) without reporting to the board of directors or the shareholders' meeting and obtaining an approval by resolution of the board of directors or the shareholders' meeting according to these Articles of Association, he/she shall not engage in any business that is similar to that of the Company for himself/herself or for any other person;
- (VIII) not to accept commissions in connection with the Company's transactions for his/her own benefit;
- (IX) no unauthorized disclosure of secrets of the Company;
- (X) not to use their connected relationship to the detriment of interests of the Company;
- (XI) other duties of loyalty provided by laws, regulations and prescriptive documents and the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association.

Any directors' income in contravention of the provisions of this Article shall belong to the Company; for any damages incurred to the Company, such director shall be liable for compensation.

Where any of the close relatives of the directors, or any of the enterprises directly or indirectly controlled by the directors or any of their close relatives, or any of the connected parties who has any other connected relationship with the directors, enters into a contract or conducts a transaction with the Company, item (V) of the preceding article shall apply.

**Article 103**

Directors shall comply with laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association, and shall owe the following duties of diligence to the Company. When performing their duties, they shall, for the best interests of the Company, exercise the reasonable care that shall be generally possessed by a manager:

- (I) to exercise the rights conferred upon them by the Company in a prudent, conscientious and diligent manner so as to ensure that the Company's business conduct complies with the requirements of laws, regulations and prescriptive documents and various national economic policies and that its business activities do not exceed the scope of business as stipulated in its business licence;
- (II) to treat all shareholders fairly;
- (III) to carefully read the Company's business and financial reports, keep abreast of the operation and management of the Company's businesses;
- (IV) to sign a written confirmation of the Company's periodic reports; to ensure that the Company discloses information promptly and fairly, and that the information disclosed shall be true, accurate and complete. Where they are unable to guarantee the authenticity, accuracy, completeness or have any objection to the contents of securities issuance documents and periodic reports, they shall express their opinion and state the reasons thereof in the written confirmation, which the issuer shall disclose. If the issuer does not disclose, the directors may directly apply for disclosure;
- (V) to provide relevant information and data to the supervisory committee in a truthfully manner, and shall not hinder the supervisory committee or individual supervisors in the exercise of their powers;
- (VI) other duties of diligence provided by laws, regulations and prescriptive documents and the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association.

**Article 104**

The directors (including independent non-executive directors) shall, both collectively and individually, fulfil fiduciary duties and degree of skill, care and diligence to a standard at least commensurate with the standard established by the laws of Hong Kong. This means that every director must, in the performance of his duties as a director:

- (I) act honestly and in good faith in the interests of the Company as a whole;
- (II) act for a proper purpose;
- (III) be accountable to the Company for the use or misuse of its assets;
- (IV) avoid actual and potential conflict of interests and positions;
- (V) disclose fully and fairly the interests in contracts entered into between him/her and the Company; and
- (VI) to exercise such degree of skill, care and diligence as others would reasonably expect of a person with same knowledge and experience and who holds directorship of the Company.

**Article 105**

A director who fails to attend meetings of the board of directors in person or by proxy for two consecutive times shall be deemed failed to perform his or her duties, and the board of directors shall recommend to the shareholders' meeting for replacement of such director.

**Article 106**

A director may resign before the expiration of his or her term of office. A resigning director shall submit written resignation report to the board of directors. The board of directors will disclose the relevant circumstances within two days or in accordance with the listing rules of the stock exchange of the place where the Company's shares are listed.

If, as a result of the resignation of a director, the number of directors on the board of directors of the Company is lower than the minimum number prescribed by the law, the original director shall continue to perform the duties as a director in accordance with laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association until the newly elected director assumes office.

Except in the circumstances set out in the preceding paragraph, the resignation of a director shall take effect when the resignation report is served on the board of directors.

Without violating relevant laws, regulations and regulatory rules of the place where the Company's shares are listed, if the board of directors appoints a new director to fill a casual vacancy on the board of directors or to increase the number of directors, the term of office of such director so appointed shall be limited to the period up to the next following annual shareholders' meeting of the Company, and he/she shall then be eligible for re-election. All directors appointed to fill a casual vacancy shall be subject to election by the shareholders at the first shareholders' meeting after their appointment.

**Article 107**

A director shall complete all formalities for handing over to the board of directors when his resignation takes effect or when his term of office expires, and his duty of loyalty to the Company and its shareholders shall not *ipso facto* be discharged at the end of his term of office. A director's obligation to keep the Company's trade secrets confidential shall remain in force after the expiration of his term of office until such secrets become public information. The duration of other obligations of directors shall be determined on an equitable basis, depending on the length of time between the event and the departure from office and the circumstances and conditions under which the relationship with the Company ends.

**Article 108**

No director shall act on behalf of the Company or the board of directors in his personal capacity without the provisions of these Articles of Association or the lawful authority of the board of directors. Where a director is acting in his personal capacity, he shall declare his position and identity in advance where a third party would reasonably believe that he is acting on behalf of the Company or the board of directors.

**Article 109**

A director shall be liable for compensation as regards the damages caused to the Company if he or she violates the provisions of laws, regulations and prescriptive documents, listing rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association in the performance of his or her duties.

**Article 110**

The relevant matters such as the qualifications for appointment, nomination and election procedures, resignation and duties and powers of the independent non-executive directors shall be implemented in accordance with the relevant provisions of laws, regulations and prescriptive documents, as well as the listing rules of the stock exchange of the place where the Company's shares are listed.

An independent non-executive director may resign before the expiration of his or her term of office. If, at any time, the independent non-executive directors of the Company do not satisfy the number, qualifications or independence requirements under the Hong Kong Listing Rules, the Company shall immediately notify SEHK, and shall state the relevant particulars and reasons by way of an announcement. The Company shall also appoint a sufficient number of independent non-executive directors to meet the requirements of the Hong Kong Listing Rules within 3 months after it ceases to comply with the relevant requirements.

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

- Article 111** Independent non-executive directors shall refer to the directors who do not hold any other positions in the Company (other than that of a director, member or chairperson of a specialised committee of the directors), and are not related to the Company and its substantial shareholders in a way that may hinder their independent and objective judgment, and comply with the independence requirements under the laws and regulations and listing rules of the place where the Company's shares are listed.
- Article 112** The Company's board of directors shall have independent non-executive directors. There shall be no less than three (3) independent directors and they shall constitute no less than one third (1/3) of all members of directors, and at least one of them shall possess the appropriate professional qualifications or accounting or relevant financial management expertise and one (1) independent non-executive director shall ordinarily reside in Hong Kong.
- Article 113** Independent non-executive directors shall possess the qualifications and independence as required by laws, regulations, prescriptive documents and the Hong Kong Listing Rules.
- Article 114** The term of office of the independent non-executive directors shall be the same as those of other directors of the Company, and independent non-executive directors are eligible for re-election upon expiry of their term of office.
- Article 115** Where the independent non-executive director resigns or is removed from office during his term of office, the Company shall publish an announcement and disclose the relevant information in accordance with the laws and regulations and listing rules of the place where the Company's shares are listed.
- If, at any time, the number of the independent non-executive directors of the Company does not satisfy the number, qualifications or independence requirements under the Hong Kong Listing Rules, the Company shall immediately notify SEHK, and shall state the relevant details and reasons by way of an announcement. The Company shall also appoint a sufficient number of independent non-executive directors to meet the requirements of the Hong Kong Listing Rules within three (3) months after it ceases to comply with the relevant requirements.
- Article 116** Independent non-executive directors shall perform their duties in accordance with the relevant requirements of laws, regulations, prescriptive documents and the Hong Kong Listing Rules.
- Article 117** The Company shall formulate a working system for independent non-executive directors, which shall specify the conditions of appointment, nomination, election and replacement, rights and obligations of independent non-executive directors, and shall be approved by the shareholders' meeting.

**Article 118** In respect of the independent non-executive directors, where no express provision is made in this section, the relevant provisions of the relevant laws, regulations, prescriptive documents, the Hong Kong Listing Rules and these Articles of Association shall apply.

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

**Article 119** The Company shall have a board of directors, which shall consist of 9 directors, 3 of them shall be independent non-executive directors, with 1 chairperson of the board of directors.

**Article 120** The board of directors shall exercise the following functions and powers:

- (I) to summon shareholders' meetings and report its works to the shareholders' meeting;
- (II) to implement resolutions of the shareholders' meeting;
- (III) to decide on the Company's business plan and investment project;
- (IV) to formulate the Company's projects for profit distribution and loss recovery;
- (V) to formulate projects for the increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and the listing of the Company;
- (VI) to formulate projects for major acquisitions of the Company, acquisition of the Company's own shares or mergers, division, dissolutions and changes in corporate form of the Company;
- (VII) to decide, within the scope of authorization of the shareholders' meeting, on matters such as external investments, acquisition and sale of assets, pledging of assets, external guarantee matters, entrusted wealth management, connected transactions and external donations of the Company;
- (VIII) matters such as investments, acquisitions or disposals of assets, financing, connected transactions (other than transactions between the Company and its subsidiaries) that require decision-making by the board of directors in accordance with the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed;
- (IX) to decide on the establishment of the internal management structure of the Company;

- (X) to appoint or, in line with the procedures, dismiss the general manager and the secretary to the board of directors of the Company; to appoint or dismiss senior management personnel such as deputy general manager and the person in charge of financial matters in accordance with the nominations made by the general manager, and to decide on matters in relation to their remuneration, rewards and punishments;
- (XI) to formulate the basic management system of the Company;
- (XII) to formulate the project of amendments to these Articles of Association;
- (XIII) to manage information disclosure matters of the Company;
- (XIV) to submit to the shareholders' meeting a request for the engagement or replacement of the accounting firm auditing for the Company;
- (XV) to listen to reports on the work of the Company's managers and to inspect the work of the managers;
- (XVI) to be in charge of environmental, social and governance (hereinafter referred to as "ESG") works, including identifying ESG risks, formulating and reviewing the Company's ESG strategies and goals (at a frequency not less than twice a year) and internal controls;
- (XVII) such other powers as required by laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association or granted by the shareholders' meeting.

When the board of directors makes resolutions as regards matters stipulated in the preceding paragraph, except for items (VI), (VII), and (XII) and other matters stipulated in laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association which must be approved by two-thirds (2/3) or more of the directors, the remaining matters may be approved by more than half of the directors.

Matters exceeding the scope of authority delegated by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

#### **Article 121**

The board of directors of the Company shall make a statement to the shareholders' meeting regarding the non-standard audit opinion issued by the certified public accountant on the Company's financial report.

**Article 122** The board of directors may formulate a set of rules of procedure of the board of directors to ensure that the board of directors would implement the resolutions of the shareholders' meeting, improve working efficiency and ensure scientific decision-making. The rules of procedure of the board of directors shall specify the convening and voting procedures of meetings of board of directors, and shall be included in these Articles of Association or annexed hereto, drafted by the board of directors and approved by the shareholders' meeting. In the event of any conflict between the rules of procedure of the board of directors and these Articles of Association, these Articles of Association shall prevail.

**Article 123** The board of directors shall determine the authority of material matters such as external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management and connected transactions, and establish strict examination and decision-making procedures; for material investment projects, the relevant experts and professionals shall be organised to carry out evaluation and examination, and such projects shall be reported to the shareholders' meeting for approval.

**Article 124** The board of directors shall have one chairperson and no vice-chairperson. The chairperson of the board of directors shall be elected by more than half of all directors. The chairperson of the board of directors shall have a term of office of three years and shall be eligible for re-election.

**Article 125** The chairperson of the board of directors shall exercise the following duties and powers:

- (I) to preside over shareholders' meetings and to summon and preside over meetings of the board of directors;
- (II) to supervise and inspect the implementation of resolutions of board of directors;
- (III) to sign on important documents approved by the board of directors or other documents which should be signed by the Company's legal representative (including but not limited to signing on securities issued by the Company);
- (IV) such other duties and powers granted by the board of directors.

**Article 126** If the chairperson of the board of directors is unable to perform his duties or does not perform his duties, such duties shall be performed by a director jointly elected by more than half of the directors.

**Article 127** Meetings of the board of directors shall be convened at least four times per year. Such meetings shall be summoned by the chairperson of the board of directors, and all directors and supervisors shall be notified in writing 14 days prior to the convening of the meeting.

**Article 128** An extraordinary meeting of the board of directors may be proposed by shareholders with over one-tenth or more of voting rights, one-third or more of the directors or the supervisory committee, the general manager, the chairperson of the board of directors, and half or more of the independent non-executive directors. The chairperson of the board of directors shall summon and preside over such meeting of the board of directors within ten days upon receipt of the proposal.

**Article 129** The notice of meeting of the board of directors shall be given: by hand, by facsimile, by mail, by telephone or by other means; the notice period shall be: 14 days prior to a regular meeting of board of directors and 5 days prior to an extraordinary meeting of board of directors. With written consent from all directors, the notice period of interim meetings may be shortened.

**Article 130** The notice of meetings of board of directors shall include the following particulars:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) subject matter and topic thereof;
- (IV) the date on which the notice is despatched.

The meeting notice in oral form shall at least include the contents of items (I) and (III) above, as well as a statement that the emergency situation requires convening an extraordinary meeting of the board of directors as soon as possible.

**Article 131** Meetings of the board of directors shall be held in the presence of more than half of the directors, unless otherwise provided in these Articles of Association.

**Article 132** Except as otherwise provided in these Articles of Association, resolutions made by the board of directors must be passed by more than half of all directors.

Voting on resolutions of the board of directors shall be made on a one-person-one-vote basis.

In the event of an equality of votes between those against and in favour, the chairperson of the board of directors shall be entitled to cast one additional vote.

**Article 133**

Directors who have connected relationship with the enterprise involved in the matters resolved at the meeting of the board of directors shall not exercise voting rights on the respective resolution, nor should they exercise voting rights on behalf of other directors. Such meeting of board of directors shall be held in the presence of a majority of directors without connected relationship and a resolution at such meeting of the board of directors shall be approved by more than half of the directors without connected relationship. Where the number of directors without connected relationship present at such meeting of the board of directors is less than three, the matter shall be submitted to a shareholders' meeting for consideration.

**Article 134**

The means of voting for resolutions of the board of directors shall be: registered voting.

In principle, meetings of the board of directors shall be held on site. Where necessary, on the premise of ensuring that the directors can adequately express their opinions, the meeting may be convened by other means such as video, telephone, facsimile or e-mail voting. The relevant person in charge shall produce a resolution of the board of directors after the meeting and submit it to the participating directors for signature.

Directors shall sign on resolutions of the board of directors and be liable therefor. If a resolution of the board of directors is in violation of laws, regulations and prescriptive documents or these Articles of Association, thereby causing losses to the Company, directors who take part in the resolution shall be liable to the Company for damages. However, if a director is proved to have expressed his or her opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be exonerated from liability.

**Article 135**

Meetings of the board of directors shall be attended by directors in person; if a director is unable to attend for any reason, he/she may appoint another director to attend on his/her behalf in writing, and the power of attorney shall contain the name of the proxy, the matters to be represented, the scope of authority and the period of validity, and shall be signed by the principal or have the seal of the principal affixed. The director attending the meeting on other director's behalf shall exercise the rights of a director within the scope of the authorization. Where a director neither attends a certain meeting of the board of directors nor appoints a proxy to attend such meeting or make a written explanation, it shall be deemed as a renunciation of his or her voting rights at the respective meeting.

**Article 136**

The board of directors shall make minutes of the decisions made on the matters discussed at the meeting, and the directors present at the meeting shall sign on the minutes.

The minutes of meeting of board of directors shall be kept as archives of the Company for a period of not less than ten years.

**Article 137**

Minutes of meetings of board of directors shall include the following particulars:

- (I) date and venue of the meeting and the name of the convener;
- (II) the names of directors present and the names of directors (proxies) entrusted by others to attend the meeting of board of directors;
- (III) meeting agenda;
- (IV) key points of directors' speeches;
- (V) the manner of voting and the result of each resolution (the result of the vote shall indicate the number of votes cast in favour, against or abstentions).

**Section 4 Special Committees under the Board of Directors**

**Article 138**

The board of directors shall establish special committees such as the audit committee, the nomination committee and the remuneration and appraisal committee. The special committees shall be accountable to the board of directors and shall perform their duties in accordance with these Articles of Association and the authority delegated by the board of directors, and their proposals shall be submitted to the board of directors for consideration and decision. The members of the special committees shall be composed entirely of directors, and a majority of them shall be independent non-executive directors. The board of directors shall be responsible for formulating and interpretation of the working rules of the special committees and regulating the operation of the special committees.

The following matters shall be submitted to the board of directors for deliberation with the approval of a majority of all members of the audit committee:

- (I) appointment or dismissal of the accounting firm providing audit services for the Company;
- (II) appointment or dismissal of the person in charge of financial affairs of the Company;
- (III) disclosure of financial accounting reports;
- (IV) other matters as stipulated by laws, regulations and prescriptive documents and the securities regulatory authority of the State Council.

**Article 139** Each of the special committees may engage intermediaries to provide professional advice at the Company's expense.

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

**Article 140** The Company shall have one general manager who shall be appointed or dismissed by the board of directors.

The general manager, deputy general manager, secretary to the board of directors and the person in charge of financial matters (financial officer) of the Company shall be the senior management personnel of the Company.

**Article 141** The provisions of Article 100 of these Articles of Association concerning the circumstances in which a person shall not serve as a director shall also apply to the senior management personnel.

The provisions of Article 102 of these Articles of Association concerning the duty of loyalty of directors and Article 103(IV) to (VI) concerning the duty of diligence shall also apply to senior management personnel.

**Article 142** A person (if any) who holds a position other than that of a director or supervisor in the entities of the controlling shareholder or de facto controller of the Company shall not act as senior management personnel of the Company.

Senior management personnel of the Company shall receive their salaries only from the Company and shall not be paid by the controlling shareholder (if any) on behalf of the Company.

**Article 143** The general manager shall have a term of three years for each session and may be reappointed upon re-election.

**Article 144** The general manager shall be accountable to the board of directors and perform the following duties and powers:

- (I) to preside over the production and management works of the Company, organize the implementation of resolutions of board of directors and report his/her works to the board of directors;
- (II) to organise the implementation of the Company's annual business plan and investment projects;
- (III) to propose and draft the project of setup of internal management structure of the Company;
- (IV) to propose and draft the basic management system of the Company;

- (V) to formulate the specific regulations of the Company;
- (VI) to propose to the board of directors the appointment or dismissal of the deputy general manager and the person in charge of financial matters (financial officer) of the Company;
- (VII) to decide on the appointment or dismissal of responsible officers and relevant personnel other than those who should be appointed or dismissed by decision of the board of directors as stipulated in these Articles of Association;
- (VIII) such other duties and powers granted by these Articles of Association or the board of directors.

The general manager may be present at meetings of board of directors. The general manager who is not a director shall not have voting rights at meetings of the board of directors.

**Article 145**

The Company shall formulate a set of detailed rules for the work of the general manager and submit to the board of directors for approval before implementation.

**Article 146**

The detailed rules for the work of the general manager shall include the following particulars:

- (I) the conditions and procedures for convening the meeting of the general manager and the persons to attend such meetings;
- (II) the specific responsibilities of each of the general manager and other senior management personnel and the allocation of their job duties;
- (III) the authority of utilisation of the Company's funds and assets, the authority to enter into major contracts, and the reporting system to the board of directors and the supervisory committee;
- (IV) such other matters as the board of directors deems necessary.

**Article 147**

The general manager may resign before the expiration of his or her term of office. The specific procedures and methods relating to the resignation of the general manager shall be set out in the employment contract or service contract between the general manager and the Company.

**Article 148**

The deputy general manager shall be nominated by the general manager and be appointed or dismissed by the board of directors; the deputy general manager shall assist the general manager in carrying out the respective works of the Company, under the leadership of and accountable to the general manager.

**Article 149**

The Company shall have a secretary to the board of directors, who shall have professional knowledge and expertise, and be in charge of matters such as the preparation of shareholders' meetings and meetings of board of directors of the Company, the custody of documents and the management of the shareholders' information of the Company, and the handling of information disclosure matters. The principal duties and responsibilities of the secretary to the board of directors are:

- (I) to ensure that the Company maintains complete organizational documents and records;
- (II) to ensure that the Company prepares and submits reports and documents required by competent authorities pursuant to the law;
- (III) to ensure that the register of members of the Company is properly established, and that the persons entitled to access relevant records and documents of the Company may access such records and documents in a timely manner.

The secretary to the board of directors shall comply with the relevant provisions of laws, regulations and prescriptive documents, rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association.

**Article 150**

Directors or other senior management personnel of the Company may concurrently act as the secretary to the board of directors of the Company. Accountants of the accounting firm engaged by the Company shall not concurrently act as the secretary to the board of directors of the Company.

**Article 151**

Senior management personnel who violate the provisions of laws, regulations and prescriptive documents or these Articles of Association in the performance of their duties and cause damage to the Company shall be liable for compensation.

**CHAPTER 7 SUPERVISORY COMMITTEE**

**Section 1 Supervisors**

**Article 152**

The provisions of Article 100 of these Articles of Association concerning the circumstances in which a person shall not serve as a director shall also apply to supervisors.

Directors, the general manager and other senior management personnel shall not concurrently serve as a supervisor.

**Article 153** Supervisors shall abide by laws, regulations and prescriptive documents, rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association, and shall have a duty of loyalty and diligence to the Company. Article 102 of these Articles of Association as regards the duties of loyalty of directors shall also apply to supervisors.

**Article 154** The term of office of the supervisors shall be three years for each session. Supervisors are eligible for re-election upon expiry of their term of office.

**Article 155** If a supervisor's term of office expires without timely re-election, or if a supervisor resigns during his or her term of office resulting in the number of supervisors on the supervisory committee falling below the minimum number prescribed by the law, the original supervisor shall still perform his or her duties as a supervisor in accordance with the provisions of laws, regulations and prescriptive documents, rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association until the re-elected supervisor assumes office.

**Article 156** Supervisors shall ensure that the information disclosed by the Company shall be true, accurate and complete and shall sign a written confirmation of its periodic reports.

**Article 157** Supervisors may be present at meetings of the board of directors and make queries or recommendations on matters to be resolved by the board of directors, but they shall not enjoy voting rights thereat.

**Article 158** Supervisors shall not use their connected relationship to the detriment of the interests of the Company and shall be liable for compensation if damages are caused to the Company.

**Article 159** A supervisor shall be liable for compensation as regards the damages caused to the Company if he or she violates the provisions of laws, regulations and prescriptive documents, as well as the rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association in the performance of his or her duties.

## **Section 2 Supervisory Committee**

**Article 160** The Company shall have a supervisory committee. The supervisory committee shall consist of three (3) supervisors and shall have one (1) chairperson. The chairperson of the supervisory committee shall be elected by more than half of all supervisors. The chairperson of the supervisory committee shall summon and preside over meetings of the supervisory committee; if the chairperson of the supervisory committee is unable to perform his duties or does not perform his duties, more than half of the supervisors shall jointly elect a supervisor to summon and preside over the meetings of the supervisory committee.

The supervisory committee shall have one (1) employee representative supervisor. Shareholder representative supervisors in the supervisory committee shall be elected by the shareholders' meeting, and the staff representative supervisor in the supervisory committee shall be democratically elected by employees of the Company through the employee representative meeting, employees' general meeting or other forms.

**Article 161**

The supervisory committee shall exercise the following duties and powers:

- (I) to review and sign written opinions of review on the offering documents of corporate securities and periodic reports of the Company prepared by the board of directors; supervisors shall ensure that the Company discloses information promptly and fairly, and that the information disclosed shall be true, accurate and complete. Where the supervisors are unable to guarantee the authenticity, accuracy, completeness or have objection to the contents of securities issuance documents and periodic reports, they shall express their opinion and state the reasons thereof in the written confirmation, which the Company shall disclose. If the Company does not disclose, the supervisor may directly apply for disclosure;
- (II) to inspect the financial affairs of the Company;
- (III) to supervise the conduct of directors and senior management personnel in performing their duties and to propose the removal of directors and senior management personnel who violate laws, regulations, prescriptive documents, these Articles of Association or resolutions of the shareholders' meeting;
- (IV) to require directors and senior management personnel to rectify their actions when such actions are detrimental to the interests of the Company;
- (V) to check the financial information such as the financial report, business reports and profit distribution plans proposed to be submitted to the shareholders' meeting by the board of directors, and to engage certified public accountants or practicing auditors in the name of the Company to assist in a second review whenever queries arise;
- (VI) to propose the convening of an extraordinary shareholders' meeting and to summon and preside over shareholders' meetings when the board of directors does not perform its duties to summon and preside over shareholders' meetings as provided for in the Company Law;
- (VII) to submit proposals to the shareholders' meeting;

- (VIII) to institute legal action against directors and senior management personnel in accordance with the provisions of Section 189 of the Company Law;
- (IX) to conduct investigations when abnormalities are discovered in the Company's operation; if necessary, professional bodies such as accounting firms and law firms may be engaged to assist in its work at the Company's expense;
- (X) such other duties and powers as stipulated by laws, regulations and prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association, or as granted by the shareholders' meeting.

#### **Article 162**

The supervisory committee shall convene a meeting at least once every six months and shall notify all participants in writing ten days prior to the convening of the meeting.

An extraordinary meeting shall be convened by the supervisory committee within ten days from the date of occurrence of any of the following circumstances:

- (I) when proposed by any supervisor;
- (II) when the shareholders' meeting or the meeting of the board of directors passed a resolution that violates laws, administrative regulations and prescriptive documents, these Articles of Association, resolutions of the shareholders' meeting of the Company and other relevant requirements;
- (III) where the misconduct of director and senior management personnel is likely to cause material damage to the Company or to cause an adverse effect in the marketplace;
- (IV) when the Company, its directors, supervisors and senior management personnel are sued by shareholders.

A supervisor may propose an extraordinary meeting of the supervisory committee. When the supervisory committee convenes an extraordinary meeting, all participants shall be notified in writing five days before the meeting. If the situation is urgent and it is necessary to convene an extraordinary meeting of the supervisory committee as soon as possible, notice of the meeting may be given by telephone or other oral means at any time, but the convener shall give an explanation at the meeting; the time limit for giving notice of an extraordinary meeting as stipulated in the preceding paragraph may be waived with the written consent of all supervisors of the Company.

Meetings of the supervisory committee shall be summoned by the chairperson of the supervisory committee. Voting on resolutions of the supervisory committee shall be made on a one-person-one-vote basis; resolutions of the supervisory committee shall be passed by the vote of more than half of the supervisors.

**Article 163**

The reasonable expenses incurred for engaging professionals, such as lawyers, certified public accountants, practicing auditors, etc., by supervisory committee in exercising its duties and powers shall be borne by the Company.

**Article 164**

The supervisory committee may formulate a set of rules of procedure of the supervisory committee to clarify the manner of proceedings and voting procedures of the supervisory committee, so as to ensure its efficiency of the works and scientific decision-making. The rules of procedure of the supervisory committee shall set out the procedures for convening of and voting on meetings of the supervisory committee. The rules of procedure of the supervisory committee shall be included in these Articles of Association or annexed hereto, drafted by the supervisory committee and approved by the shareholders' meeting. In the event of any conflict between the rules of procedure of supervisory committee and these Articles of Association, these Articles of Association shall prevail.

**Article 165**

The supervisory committee shall keep minutes of resolutions on matters discussed at its meetings, and the minutes shall be signed by the supervisors who are present at the meeting.

Supervisors shall have the right to request that certain explanatory notes be made in the minutes of their speeches at the meeting. The minutes of meeting of supervisory committee shall be kept as archives of the Company for a period of not less than ten years.

**Article 166**

The notice of meetings of supervisory committee shall include the following particulars:

- (I) the date, venue and duration of the meeting to be held;
- (II) subject matter and topic thereof;
- (III) the date on which the notice is despatched.

The meeting notice in oral form shall at least include the contents of items (I) and (II) above, as well as a statement that the emergency situation requires convening an extraordinary meeting of the supervisory committee as soon as possible.

## **CHAPTER 8 FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING**

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

- Article 167** The Company shall formulate its financial accounting system, profit distribution and audit systems in accordance with the Accounting Law of the People's Republic of China and other laws, regulations and prescriptive documents, and the laws and regulations and listing rules of the place where the Company's shares are listed.
- Article 168** The Company shall prepare a financial report at the end of each accounting year, and verification and review of the financial report shall be conducted in accordance with the law.
- The Company shall file, disclose and/or present to shareholders its annual reports, interim reports, preliminary results announcements, etc., in accordance with the laws and regulations of the listing place, the listing rules of the stock exchange of the place where the Company's shares are listed and other prescriptive documents.
- Article 169** The board of directors of the Company shall present to the shareholders at every annual shareholders' meeting such financial reports to be prepared by the Company as required by laws, regulations, prescriptive documents as well as the laws and regulations and listing rules of the place where the Company's shares are listed.
- Article 170** The financial report of the Company shall be made available at the Company for inspection by shareholders twenty-one (21) days prior to the date of the annual shareholders' meeting. Each shareholder of the Company is entitled to receive a copy of the financial report as mentioned in this chapter.
- Article 171** The Company shall not keep separate accounting books other than the statutory accounting books. The assets of the Company shall not be deposited in any accounts under the name of any individual.
- Article 172** The Company's profit distribution plan for each year shall be considered and approved by the shareholders' meeting. The Company's after-tax profit shall be distributed in the following proportions and order:
- (I) make up of losses;
  - (II) withdrawal of statutory reserve fund, (to be withdrawn at the rate of ten percent (10%) of the after-tax profit for the respective year);
  - (III) upon resolution of the shareholders' meeting, withdrawal of discretionary reserve fund;

(IV) distributing dividends to shareholders.

When distributing the after-tax profit of the current year, the Company shall allocate 10% of its profit to the statutory reserve fund. Where the accumulated amount of the Company's statutory reserve fund is 50% or more of the Company's registered capital, further allocation is not required.

If the Company's statutory reserve fund is not sufficient to cover losses of previous years, it shall, before withdrawing the statutory reserve fund in accordance with the preceding paragraph, make up the losses from the profits of the current year in the first place.

After the Company has withdrawn statutory reserve fund from its profit after tax, it may also withdraw discretionary reserve fund from its profit after tax by resolution of the shareholders' meeting.

After making up losses and allocation to the reserve fund, balance of the after-tax profit shall be distributed to shareholders in proportion to their shareholdings, except for distribution not to be made on a pro rata basis pursuant to these Articles of Association.

If the shareholders' meeting has violated the provisions of the preceding paragraph to distribute the profit to shareholders before the Company has made up for its losses and made allocations to the statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the requirements; and the shareholders and the liable directors, supervisors and senior management personnel shall be held liable for compensation if any loss is caused to the Company.

The Company's own shares held by the Company shall not participate in the distribution of profits.

### **Article 173**

The Company's reserve fund shall be used to make up the Company's losses, to expand the Company's production and operations or to be converted to increase the Company's registered capital. Where the reserve fund of the Company is used for making up losses, the discretionary reserve fund and the statutory reserve fund shall be firstly used. If losses still cannot be made up, the capital reserve fund can be used according to the relevant provisions.

The capital reserve fund shall include the following items:

- (I) premium on shares issued at a price exceeding the par value;
- (II) any other income required to be included in the capital reserve fund by the regulations of the competent finance department of the State Council.

When the statutory reserve fund is converted to increase registered capital, the amount of such reserve fund retained shall be no less than 25% of the registered capital of the Company before the conversion.

**Article 174** After the resolution on the profit distribution plan is made at a shareholders' meeting of the Company, the board of directors of the Company shall complete the distribution of dividends (or bonus shares) within two months after convening of the shareholders' meeting.

**Article 175** The Company's profits are to be distributed in the form of cash or shares, and priority is given to cash dividends in principle.

**Article 176** The Company shall appoint one or more receiving agents for holders of H Shares. The receiving agent shall receive on behalf of the relevant shareholders the dividends distributed and other amounts payable by the Company in respect of the H Shares, and the customs declaration of such amount shall be carried out by him on behalf of holders of such securities, pending payment to such holders. The receiving agents appointed by the Company shall meet the requirements of the laws or the relevant provisions of the stock exchanges in the place where the Company's shares are listed. The receiving agent(s) appointed on behalf of holders of H Shares listed in Hong Kong by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 177** The Company implements an internal audit system with dedicated auditing personnel to carry out internal audit and supervision of the Company's financial income and expenditure and economic activities.

**Article 178** The Company's internal audit system and the duties of the auditing personnel shall be implemented with the approval of the board of directors. The head of audit shall be responsible and reports to the board of directors.

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

**Article 179** The Company shall engage an accounting firm that complies with relevant requirements such as the Securities Law, the Hong Kong Listing Rules, etc., to carry out businesses such as auditing of accounting statements, verification of net assets and other relevant consulting services, etc., for a term of one year commencing from the conclusion of the current annual shareholders' meeting of the Company to the conclusion of the next annual shareholders' meeting of the Company, with the possibility of renewal.

**Article 180** The appointment of an accounting firm by the Company must be decided by the shareholders' meeting, and the board of directors shall not appoint an accounting firm before the decision is made by a shareholders' meeting. The audit committee may propose to the board of directors the audit fees of the accounting firm or make relevant suggestions on determining the audit fees. If the supervisory committee discovers abnormalities in the Company's operations, it may engage a professional organisation such as an accounting firm to assist its works when necessary.

**Article 181** The Company undertakes to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm it engages, without refusal, concealment or misrepresentation.

**Article 182** The accounting firm engaged by the Company shall enjoy the following rights:

- (I) to inspect the accounting books, records and vouchers of the Company at any time, and to require the directors, managers or other senior management personnel of the Company to provide relevant information and explanation;
- (II) to require the Company to take all reasonable measures to obtain from the Company's subsidiaries such information and explanation as are necessary for the purpose of discharging the duties of such accounting firm;
- (III) to attend shareholders' meetings and to receive all notices of, and other information relating to, the meetings that any shareholder is entitled to, and to speak at any shareholders' meeting in relation to matters concerning its role as the Company's accounting firm.

**Article 183** In the event of a vacancy in the accounting firm, the board of directors may appoint an accounting firm to fill the vacancy before the shareholders' meeting is convened. If the Company has other incumbent accounting firms during the vacancy period, such accounting firms may continue to act.

**Article 184** Notwithstanding the terms set out in the contract between the accounting firm and the Company, shareholders at the shareholders' meeting may, by way of ordinary resolution, resolve to remove such accounting firm before the expiration of its term, without prejudice to the right, if any, of the accounting firm to claim for damages in respect of such removal.

**Article 185** The appointment, removal and non-reappointment of an accounting firm shall be decided by the shareholders' meeting.

Where it is intended to pass a resolution at a shareholders' meeting to appoint an accounting firm other than the incumbent accounting firm to fill any vacancy in the office of the accounting firm, or to renew the engagement of an accounting firm engaged by the board of directors to fill up the vacancy, or to dismiss an accounting firm before the expiry of its term of appointment, such matters shall be handled pursuant to the following requirements:

- (I) a copy of the proposal in relation to the appointment or removal shall be sent to the accounting firm proposed to be appointed or the accounting firm proposed to depart from its position or the accounting firm which has departed in the relevant accounting year, before the notice of shareholders' meeting is circulated. Depart shall include departure by removal, resignation and retirement.
  
- (II) if the accounting firm that is going to depart makes any statement in writing and requires the Company to inform shareholders of such statement, unless such written statement is received too late, the Company shall take the following measures:
  - 1. in any notice given in respect of the resolution, state the fact that the statement has been made by the departing accounting firm;
  - 2. send to shareholders a copy of the statement as an annex to the notice in the manner stipulated in these Articles of Association.
  
- (III) if the statement made by the accounting firm is not sent by the Company pursuant to item (II) in this paragraph, such accounting firm may require that the statement be read out at the shareholders' meeting and may make further complaint.
  
- (IV) the departed accounting firm shall have the right to attend the following meetings:
  - 1. the shareholders' meeting at which its term of office would otherwise have expired;
  - 2. any shareholders' meeting at which the vacancy resulted from its removal is to be filled;
  - 3. any shareholders' meeting summoned in connection with its voluntary resignation.

The departed accounting firm shall have the right to receive all notices of, or other communications relating to, any of the aforesaid meeting, and to speak at such meetings with regard to other matters concerning its position as the former accounting firm of the Company.

**Article 186**

The remuneration of an accounting firm or the method of determining such remuneration shall be decided by the shareholders' meeting.

**Article 187**

When the Company removes or does not renew the engagement of the accounting firm, the accounting firm shall be notified thirty days in advance and allowed to present its views when the shareholders' meeting of the Company carries out voting on the removal of such accounting firm is taken.

If the accounting firm resigns, it shall explain to the shareholders' meeting whether there are any improper circumstances in the Company.

An accounting firm may resign from its position by depositing a written resignation notice at the legal address of the Company. The notice shall become effective on the date of such deposit or such later date stipulated in such notice. The notice shall contain the following statements:

- (I) a statement that there are no circumstances in connection with its resignation which it considers necessary to be disclosed to shareholders or creditors of the Company; or
- (II) a statement in respect of any circumstances requiring an explanation.

The Company must, within 14 days after receipt of the written notice referred to in the preceding paragraph, send a copy of the notice to the relevant competent authority. If the notice contains a statement mentioned in item (II) of the preceding paragraph, a copy of such statement shall be kept at the Company for inspection by shareholders. The Company shall also send a copy of the aforementioned statement to each shareholder who is entitled to obtain the Company's financial status report. The recipients' address shall be the address registered in the register of members.

If the resignation notice of the accounting firm contains a statement in respect of any circumstances requiring an explanation, the accounting firm may require the board of directors to summon an extraordinary shareholders' meeting for the purpose of receiving the explanation for the circumstances related to its resignation.

## CHAPTER 9 NOTICES AND ANNOUNCEMENTS

### Section 1 Notices

#### Article 188

Notices of the Company shall be given in the following forms:

- (I) by hand;
- (II) by fax;
- (III) by mail;
- (IV) by email;
- (V) by public announcement;
- (VI) by way of publication on the website of the Company and the website designated by a stock exchange, subject to the laws, regulations, prescriptive documents, the listing rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association;
- (VII) such other forms as the Company or the person to be notified may agree in advance or as the person to be notified may recognise upon receipt of the notice;
- (VIII) such other forms as recognised by the relevant regulatory authorities in the place where the Company's shares are listed or as provided for in these Articles of Association.

In respect of the manner by which the Company may provide or send corporate communications to holders of H Shares in accordance with the requirements of the Hong Kong Listing Rules, subject to compliance with the laws and regulations and the listing rules of the place of listing as well as these Articles of Association, corporate communications may be provided or sent to holders of H Shares either through the Company's designated website and/or the website of SEHK or through electronic means.

The term “corporate communication” as mentioned in the preceding paragraph shall refer to any document issued or to be issued by the Company for the information or action of any H Shareholders of the Company or such other person as may be required under the Hong Kong Listing Rules, including but not limited to:

- (I) annual report of the Company (including the report of the board of directors, the Company’s annual accounts, the auditor’s report and the financial summary report (where applicable));
- (II) interim report and interim summary report (where applicable) of the Company;
- (III) notices of meeting;
- (IV) listing documents;
- (V) circulars;
- (VI) proxy forms (which shall have the meaning ascribed to it under the listing rules of the exchange of the place where the Company’s shares are listed).

Where notices are given by way of announcements in exercise of the powers provided for in these Articles of Association, such announcements shall be published in accordance with the methods prescribed in the Hong Kong Listing Rules.

**Article 189** A notice given by the Company, if made by way of an announcement, shall be deemed to have been received by all persons concerned upon such announcement.

**Article 190** Notice of meeting for the convening of the Company’s shareholders’ meetings shall be given by way of an announcement.

**Article 191** Notice of meeting of the board of directors convened by the Company shall be given in written form such as by hand, by post, by facsimile or by e-mail, except for extraordinary meetings of the board of directors convened for urgent reasons, as otherwise provided for in these Articles of Association.

**Article 192** Notice of meeting of the supervisory committee convened by the Company shall be given in written form such as by hand, by post, by facsimile or by e-mail, except for extraordinary meetings of the supervisory committee convened for urgent reasons, as otherwise provided for in these Articles of Association.

**Article 193**

If the notice of the Company is despatched by hand, the person to be served shall sign (or affix his seal) on the return receipt, and the date of signature of the person to be served shall be the date of service; if the notice of the Company is despatched by mail, the fifth working day from the date of hand over to the post office shall be the date of service; if the notice of the Company is despatched by way of announcement, the date of publication of the first instance of the announcement shall be the date of service. If the Company's notice is sent by fax, the person to be served shall be notified by telephone at the same time and send back the return receipt in time, and the date on which the person to be served returns the receipt shall be the date of service, and if the person to be served does not send back the receipt or send back the receipt in time, the date of service shall be the date of the next day following the day on which the notice is sent by fax; and if the Company's notice is sent by e-mail, the date of service shall be the date of the transmission of the e-mail recorded by the computer.

**Article 194**

The accidental omission to give notice of a meeting to, or the failure to receive notice of a meeting by, any person entitled to receive the notice shall not invalidate the meeting and the resolutions thereat.

**Article 195**

If the listing rules of the place where the Company's shares are listed require the Company to send, mail, distribute, issue, publish or otherwise make available the relevant documents of the Company in both English and Chinese versions, where the Company has made appropriate arrangements to ascertain whether its shareholders wish to receive only the English version or only the Chinese version, and to the extent permitted by and in accordance with the applicable laws and regulations, the Company may, in accordance with the shareholders' stated preference, send the English language version only or the Chinese language version only to the shareholders concerned.

**Section 2 Announcements****Article 196**

The Company uses newspapers, magazines and websites designated by the securities regulatory authority of the State Council for disclosure of information of listed companies as the media for publication of announcements made by the Company to holders of its domestic shares and other information required to be disclosed. Where an announcement should be made to holders of H Shares in accordance with these Articles of Association or the Hong Kong Listing Rules, such announcement should at the same time be published in accordance with the methods prescribed by SEHK.

Information disclosed by the Company in other public media shall not precede the disclosure on designated newspapers, magazines and websites, and the Company's announcements shall not be replaced by other forms such as press release or answer to press questions.

The board of directors shall have the right to decide to adjust the identified information disclosure media of the Company, but shall ensure that the designated information disclosure media shall comply with the relevant laws and regulations in mainland China and in Hong Kong, as well as the qualifications and conditions stipulated by the securities regulatory authority of the State Council, the overseas regulatory authorities and the stock exchange of the place where the Company's shares are listed.

**Article 197**

For matters that are required to be announced by laws, regulations, prescriptive documents, the listing rules of the place where the Company's shares are listed and these Articles of Association, the Company shall adopt the method of announcement to notify such matters.

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

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

**Article 198**

A merger of the Company may take the form of a merger by absorption or a merger by new establishment.

The absorption of one company into another is a merger by absorption and the absorbed company shall be dissolved. The merger of two or more companies to establish a new company is a merger by new establishment and the parties to the merger shall be dissolved.

**Article 199**

Where the Company merges with another company in which the Company holds 90% or more of the shares, the merged company is not required to adopt a resolution at the shareholders' meeting, but shall notify other shareholders, who shall have the right to request such company to acquire their equity or shares at a reasonable price.

If the price paid for the merger of the companies is no more than 10% of the net assets of the Company, adoption by a resolution at the shareholders' meeting is not required.

For the merger of the Company as provided for in the preceding two paragraphs, a resolution of the board of directors shall be adopted instead of a resolution of the shareholders' meeting.

**Article 200**

Upon adoption in accordance with the procedures stipulated in these Articles of Association, relevant review and approval formalities in accordance with the laws shall be carried out for the merger or division of the Company. Any shareholder objecting to the merger or division projects of the Company may require the Company or the shareholders who are in favour of such merger or division projects to acquire his or her shares at a fair price. The contents of the resolution for merger or division of the Company shall be made available for inspection by the shareholders as a dedicated document.

**Article 201** In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the resolution in relation to the merger is made and make an announcement in the information disclosure media for no less than three times within thirty days. Creditors shall have thirty days from the date of receipt of the notice, or forty-five days from the date of announcement if they have not received the notice, to demand the Company to settle the debts or provide corresponding guarantees.

**Article 202** In the event of a merger of the Company, creditors' rights and liabilities of parties to the merger shall be assumed by the surviving company or the newly established company after the merger.

**Article 203** In the event of a division of the Company, the assets of the Company shall be split accordingly.

In the event of a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within ten days from the date of the resolution in relation to the division is made and make an announcement in the information disclosure media for no less than three times within thirty days.

**Article 204** The debts of the Company before division shall be borne by the companies established after division jointly and severally, unless otherwise agreed in writing between the Company and its creditors before the division in respect of debt settlement.

**Article 205** If the Company reduces its registered capital, a balance sheet and an inventory of assets shall be prepared.

The Company shall notify its creditors within ten days from the date of the resolution to reduce the registered capital is made at the shareholders' meeting and make an announcement in the information disclosure media or the National Enterprise Credit Information Publicity System within thirty days. Creditors shall have thirty days from the date of receipt of the notice, or forty-five days from the date of announcement if they have not received the notice, to demand the Company to settle the debts or provide corresponding guarantees.

Where the Company reduces its registered capital, it shall reduce the shares in proportion to the shares held by the shareholders, unless it is otherwise prescribed by the laws or these Articles of Association.

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

**Article 206**

In case of merger or division of the Company, and the registered matters have changed, the registration of the changes shall be made with the company registration authority in accordance with the law; if the Company is dissolved, the registration of cancellation of the Company shall be made in accordance with the law; if a new company is established, the registration of establishment of a company shall be made in accordance with the law.

In case of increase or reduction of the Company's registered capital, the registration of the changes shall be made with the company registration authority in accordance with the law.

**Section 2 Dissolution and Liquidation**

**Article 207**

The Company could be dissolved for the following reasons:

- (I) the term of business provided for in these Articles of Association has expired or any other cause of dissolution provided for in these Articles of Association has occurred;
- (II) dissolution has been resolved by the shareholders' meeting;
- (III) the Company needs to be dissolved due to merger or division;
- (IV) the Company is declared bankrupt in accordance with the law due to its failure to settle its debts as they fall due;
- (V) having its business licence revoked, ordered to be shut down or be deregistered in accordance with the law;
- (VI) where the Company has serious difficulties in its operation and management and its continuation will cause significant losses to the interests of the shareholders, and the problem cannot be solved through other means, shareholders holding more than 10% of the voting rights of all shareholders of the Company may request a People's Court to dissolve the Company.

**Article 208**

Where the Company falls under the circumstance as mentioned in Item (I) or (II) of the preceding article, and it has not distributed the assets to its shareholders yet, the Company may survive by amending these Articles of Association or upon a resolution of the shareholders' meeting.

Amendments to these Articles of Association or the adoption of a resolution at the shareholders' meeting in accordance with the preceding paragraph shall be approved by at least two-thirds (2/3) of the voting rights held by the shareholders present at a meeting of the shareholders' meeting.

**Article 209**

Where the Company is dissolved pursuant to items (I), (II), (V) and (VI) of Article 207 of these Articles of Association, a liquidation committee shall be established within fifteen days from the date upon which the cause of dissolution arises, so as to initiate the liquidation process. The liquidation committee shall be composed of directors or persons determined by the shareholders' meeting. If the liquidation committee is not established to commence liquidation after the deadline, any interested party may apply to a People's Court to appoint relevant persons to form a liquidation committee to carry out the liquidation.

If the Company is dissolved pursuant to item (III) of Article 207 of these Articles of Association, the liquidation works shall be dealt with by the parties to the merger or division in accordance with the contract entered into at the time of the merger or division.

If the Company is dissolved pursuant to item (IV) of Article 207 of these Articles of Association, a liquidation committee comprising shareholders, relevant authorities and relevant professionals shall be established by a People's Court in accordance with relevant laws to carry out the liquidation.

If the Company is dissolved pursuant to item (V) of Article 207 of these Articles of Association, a liquidation committee comprising shareholders, relevant authorities and relevant professionals shall be established by the relevant competent authority in accordance with relevant laws to carry out the liquidation.

If the liquidation committee is not established to carry out the liquidation after the deadline, the creditors may apply to a People's Court to appoint relevant persons to form a liquidation committee to carry out the liquidation.

**Article 210**

If the board of directors decides to carry out the liquidation (other than a liquidation due to the Company being declared bankrupt), it shall state in the notice of the shareholders' meeting summoned for such purpose that a thorough investigation of the Company's status has been made by the board of directors, and that the board of directors is of the opinion that all debts of the Company can be settled within twelve months after the commencement of liquidation.

The duties and powers of the board of directors of the Company shall be terminated immediately after the resolution on liquidation is passed at the shareholders' meeting.

In compliance with the instructions of the shareholders' meeting, the liquidation committee shall report to the shareholders' meeting at least once every year the income and expenses of the committee, the business operations of the Company and the progress of the liquidation, and shall make a final report to the shareholders' meeting when the liquidation is completed.

**Article 211**

During the period of liquidation, the liquidation committee shall exercise the following duties and powers:

- (I) to liquidate the Company's assets and to prepare a balance sheet and an inventory of assets respectively;
- (II) to notify and issue announcement to creditors;
- (III) to deal with the outstanding business of the Company in connection with its liquidation;
- (IV) to settle outstanding taxes and the taxes arising from the liquidation process;
- (V) to clear any claims and debts;
- (VI) to deal with the remaining property of the Company after settlement of its debts;
- (VII) to represent the Company in civil litigation activities.

**Article 212**

The liquidation committee shall notify creditors within ten days, and shall make an announcement on information disclosure media for at least three times within sixty days, from the date of its establishment. Creditors shall file their claims with the liquidation committee within thirty days from the date of receipt of the notice or, if they have not received the notice, within forty-five days from the date of the announcement.

Creditors filing claims shall state the relevant matters of the claim and provide supporting documents. The liquidation committee shall register creditor's rights.

During the period for filing claims, the liquidation committee shall not pay off the creditors.

**Article 213**

After the liquidation committee has examined the Company's assets and prepared a balance sheet and an inventory of assets, it shall formulate a plan of liquidation, which shall be submitted to the shareholders' meeting or to the People's Court for confirmation.

The remaining properties of the Company, after payment of liquidation expenses, salaries, social insurance costs and statutory compensation of employees, payment of outstanding taxes and settlement of the Company's debts respectively, shall be distributed by the Company in proportion to the shares held by shareholders.

During the liquidation period, the Company shall survive but shall not carry out business activities unrelated to the liquidation. The properties of the Company shall not be distributed to its shareholders until the settlement in accordance with the provisions of the preceding paragraph.

**Article 214**

Where the liquidation committee, after liquidating the Company's assets and preparing a balance sheet and an inventory of assets, finds that the Company's assets are insufficient to settle its debts, it shall apply to a People's Court for bankrupt liquidation in accordance with the laws.

After the People's Court has decided to accept the application for bankruptcy, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator designed by the People's Court.

**Article 215**

Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be submitted to the shareholders' meeting or the People's Court for confirmation after being verified by a PRC certified public accountant. The liquidation committee shall, within 30 days after the confirmation by the shareholders' meeting or the People's Court, submit the foregoing documents to the company registration authority, apply for cancellation of the registration of the Company and announce the termination of the Company.

**Article 216**

Members of the liquidation committee performing their duties of liquidation shall bear the duties of loyalty and diligence.

Any member of the liquidation committee who neglects to fulfil his/her liquidation duties, thus causing any loss to the Company shall be liable for compensation, and any member of the liquidation committee who cause any losses to creditors intentionally or due to gross negligence shall be liable for compensation.

**Article 217**

If the Company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the law on corporate bankruptcy.

## CHAPTER 11 AMENDMENT TO THESE ARTICLES OF ASSOCIATION

**Article 218** The Company may amend its Articles of Association in accordance with the requirements of laws, regulations and these Articles of Association.

**Article 219** The Company shall amend these Articles of Association upon occurrence of any one of the following circumstances:

- (I) upon amendment of the Company Law or relevant laws, regulations, prescriptive documents and the securities regulatory rules of the place where the Company's shares are listed, the matters provided for in these Articles of Association are in conflict with the provisions of the amended laws, regulations, prescriptive documents and the securities regulatory rules of the place where the Company's shares are listed (the contents of the aforesaid conflicting parts shall be governed by the provisions of the relevant laws, regulations and prescriptive documents before these Articles of Association are amended in accordance with the law);
- (II) there has been a change in the circumstances of the Company which is inconsistent with the matters recorded in these Articles of Association;
- (III) the shareholders' meeting has decided to amend these Articles of Association.

**Article 220** If the amendment to these Articles of Association adopted by resolution of the shareholders' meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of changes shall be dealt with in accordance with the law.

**Article 221** The board of directors shall amend these Articles of Association in accordance with the resolution of the shareholders' meeting to amend the Articles of Association and the approval opinions of the relevant competent authorities.

**Article 222** Where the amendments to these Articles of Association are information required to be disclosed by laws and regulations, the relevant matters shall be announced as required.

## CHAPTER 12 SUPPLEMENTAL PROVISIONS

### Article 223

#### Definitions

- (I) A “controlling shareholder” shall refer to a shareholder whose shares account for 50% or more of the Company’s total share capital, or who hold less than 50% of the shares, but whose voting rights for the shares held are sufficient to have significant impact on the resolution at the shareholders’ meeting. Where the Hong Kong Listing Rules stipulate the definition of a “controlling shareholder”, such provisions shall prevail.
- (II) A “de facto controller” shall refer to a person who can actually control the behaviour of the Company through investment relations, agreements or other arrangements.
- (III) The term “connected transaction” shall have the meaning ascribed thereto under the Hong Kong Listing Rules.
- (IV) The term “connected relationship” shall refer to the relationship between the controlling shareholder, de facto controller, directors, supervisors and senior management personnel of the Company and the enterprises directly or indirectly controlled by them, and other relationships that may result in transfer of interests of the Company and the definition of “connected relationship” as stipulated in the Hong Kong Listing Rules. However, state-controlled enterprises shall not have connected relationships only by virtue of being under the same control of the state.

### Article 224

The board of directors may formulate implementation rules of these Articles of Association in accordance with the provisions of these Articles of Association. The implementation rules of these Articles of Association shall not be in conflict with the provisions of these Articles of Association.

### Article 225

These Articles of Association are written in the Chinese language and in the event of any inconsistency between the Articles of Association in any other languages or different versions of the Articles of Association and these Articles of Association, the Chinese version of the Articles of Association as last approved for registration at the company registration authority shall prevail.

### Article 226

All references in these Articles of Association to “above”, “within” and “below” shall include the relevant number itself; references to “less than”, “beyond”, “lower than”, “more than” and “over” shall not include the relevant number itself.

### Article 227

These Articles of Association shall be interpreted by the board of director of the Company.

**Article 228**

Where the requirements of these Articles of Association are in conflict with the content of laws and regulations, departmental rules and prescriptive documents, the content of laws and regulations, departmental rules and prescriptive documents shall prevail.

**Article 229**

These Articles of Association shall come into force and be implemented on the date when they are approved by a shareholders' meeting of the Company and the H Shares issued by the Company are listed and traded on SEHK. The former articles of association of the Company shall automatically become invalid as from the date of these Articles of Association coming into effect.