

**TYK Medicines, Inc**  
**浙江同源康醫藥股份有限公司**

**Articles of Association**

**June 2025**

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# Articles of Association of TYK Medicines, Inc

## CHAPTER I GENERAL PROVISIONS

**Article 1** In order to protect the legitimate rights and interests of TYK Medicines, Inc (hereinafter referred to as the “**Company**”), its shareholders, employees and creditors and to regulate the organization and activities of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (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 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 provisions of relevant laws, administrative regulations and regulatory documents by reference to the Guidelines for the Articles of Association of Listed Companies (hereinafter referred to as the “**Guidelines for the Articles of Association of Listed Companies**”).

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

The Company is a joint stock limited company sponsored by Tetranov Pharmaceutical (Zhengzhou) Co., Ltd. and Pivot Pharma Tech (Shanghai) Co., Ltd. in accordance with the law. The Company has been registered with the Administration for Market Regulation of Zhejiang Province and obtained the Business License, with the unified social credit code of 91330500MA2B3D0G3Q.

**Article 3** Upon filing with the China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”) on July 4, 2024, the Company made an initial public offering of 192,586,173 overseas listed foreign shares (“**H Shares**”). The H Shares were listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on August 20, 2024.

Shares issued by a company but not listed or quoted on domestic or overseas stock exchanges are referred to as unlisted shares. After issuance and listing of shares overseas by the Company, shareholders holding unlisted shares of the Company may convert their unlisted shares into overseas listed shares that are listed for trading on overseas stock exchanges, as permitted by relevant laws, administrative regulations and departmental rules. The listing and trading of such shares on overseas stock exchanges shall also be subject to the regulatory procedures, regulations and requirements of the domestic and overseas stock markets. In the case of the conversion of the abovementioned unlisted shares into overseas listed shares that are listed for trading on overseas stock exchanges, it is not required to convene a shareholders’ general meeting to vote on the matter.

On December 18, 2024, after further filing with the China Securities Regulatory Commission, the Company converted the remaining 173,641,645 unlisted shares into overseas listed foreign shares. The Company has an aggregate of 366,227,818 H Shares in issue.

**Article 4** The registered name of the Company

Chinese name: 浙江同源康醫藥股份有限公司.

English name: TYK Medicines, Inc.

**Article 5** Domicile of the Company is Room 1403-2, 14th Floor, Tower A, Changxing World Trade Building, No. 1278 Mingzhu Road, Changxing Economic Development Zone, Huzhou, Zhejiang Province.

**Article 6** The registered capital of the Company is RMB370.835818 million.

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

**Article 8** The legal representative of the Company shall be the director who executes corporate affairs. If the director who acts as the legal representative resigns, he shall be deemed to have resigned as the legal representative at the same time. If the legal representative resigns, the company shall determine a new legal representative within 30 days from the date of the legal representative's resignation. The director who executes corporate affairs is subject to election by the Board.

**Article 9** All assets of the Company shall be divided into shares of equal value. Shareholders bear responsibilities to the Company to the extent of the number of the shares they subscribe. The Company bears responsibilities for its debts with all its assets.

**Article 10** Since the effective date, the Articles of Association shall constitute legally binding documents that regulate the organization and activities of the Company, the rights and obligations between the Company and its shareholders and between shareholders inter se, and shall be legally binding on the Company, its shareholders, Directors, supervisors and senior management. Pursuant to the Articles of Association, shareholders may sue shareholders; shareholders may sue Directors, supervisors, the manager (referred to as chief executive officer of the Company, the same hereinafter) and other senior management of the Company; shareholders may sue the Company; and the Company may sue shareholders, Directors, supervisors, the manager and other senior management.

**Article 11** Other senior management, as referred to herein, shall be the chief executive officer, vice president, secretary to the Board of Directors, financial officer of the Company.

**Article 12** The Company shall establish the Communist Party of China (the "CPC") organization and carry out CPC activities in accordance with the provisions of the Constitution of the CPC. The Company shall provide the CPC organization with necessary conditions for its activities.

## **CHAPTER II BUSINESS PURPOSE AND SCOPE**

**Article 13** The business purpose of the Company is to improve the level of operation and management, and build the Company into a leading antitumor innovative drug research and development enterprise based in China with global presence as its aim, and on the basis of continuous development and growth, the Company will create satisfactory economic returns for all shareholders and protect the legitimate rights and interests of all shareholders.

**Article 14** Registered in accordance with the law, the Company's business scope is as follows: licensed items: entrusted drug production, drug production (for items subject to approval according to law, approvals from the relevant authorities must be obtained prior to the commencement of operation and the specific items shall be subject to the approval results), drug retail, drug wholesale. General items: medical research and experimental development; technical services, technical development, technical consultation, technical exchanges, technical transfer, technical promotion; information consulting services (excluding information consulting services that require licenses) (except for items subject to approval according to law, independently carry out business activities according to law with a business license).

## CHAPTER III SHARES

### Section 1 Issuance of Shares

**Article 15** The shares of the Company shall take the form of share certificates. The share certificates of the Company shall be in registered form. In addition to the matters required by the Company Law, the share certificates of the Company shall also contain other matters required by the stock exchange on which the shares are listed.

The overseas listed shares issued by the Company may take the form of overseas depository receipts or other derivative forms of shares in accordance with the laws of the place where the Company's shares are listed and the norms of securities registration and depository. Where the share capital of the Company includes shares that do not carry voting rights, the designation of such shares must include the words "no voting rights". Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most privileged voting rights, must include the words "restricted voting rights" or "limited voting rights". Changes in the rights attached to a class of shares shall be approved by the shareholders holding shares of the class to which the relevant rights are attached, by a majority of at least two-thirds of the votes of the shareholders present at the shareholders' general meeting of the class of shares and having the right to vote for the amendment of the rights of the class of shares.

**Article 16** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall rank *pari passu* with each other.

Shares of the same class in the same issue shall be listed under the same conditions and at the same price; any entity or individual shall pay the same price for each share subscribed.

**Article 17** The shares issued by the Company shall have a nominal value denominated in Renminbi which shall be RMB1.00 for each share. For the shares issued by the Company, the domestic unlisted shares shall be collectively registered and deposited with the domestic securities registration and clearing institution, and the provisions of the overseas place where the shares are listed shall be applicable to the registration and settlement arrangements for overseas listed shares.

**Article 18** The promoters of the Company are all the shareholders at the time of the establishment of the Company. The promoters, the number of shares they subscribed for, the proportion of subscription, the mode of contribution and the date of contribution are as follows:

No.	Promoters	Number of shares subscribed for (0'000)	Proportion of subscription (%)	Mode of contribution	Date of contribution
1	Tetranov Pharmaceutical (Zhengzhou) Co., Ltd.	10,000	90.9091	Patent	May 31, 2018
2	Pivot Pharma Tech (Shanghai) Co., Ltd.	1,000	9.0909	Currency	May 31, 2018
<b>Total</b>		<b>11,000</b>	<b>100.0000</b>	—	—

**Article 19** Upon completion of the IPO of H Shares, the share capital structure of the Company as at the listing date shall be 370,835,818 ordinary shares, comprising 178,249,645 unlisted shares and 192,586,173 H Shares; and the registered capital of the Company as at the listing date shall be RMB370.835818 million.

**Article 20** The Company or its subsidiaries (including the Company's affiliated enterprises) shall not provide any assistance in the form of gifts, advances, guarantees, compensation or loans and other forms to purchasers or prospective purchasers of shares of the Company, except for the implementation of the Company's employee stock option plans. For the interests of the Company, upon a resolution of the General Meeting, or a resolution of the Board of Directors in accordance with the authorization of the general meeting, the Company may provide financial assistance to other persons for the acquisition of shares in the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Resolutions made by the Board of Directors shall be approved by more than two-thirds of all directors. In the event of any violation against the provisions of the preceding two stipulations which causes losses to the Company, the responsible directors, supervisors and senior management shall be liable for the compensation..

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

**Article 21** The Company may, based on its operation and development needs and in accordance with laws and regulations, increase its capital in the following ways by separate resolution of the shareholders' general meeting:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) distributing bonus shares to its existing shareholders;
- (4) conversion of capital reserve into share capital;
- (5) other means approved by laws and administrative regulations, and approved by the CSRC and other regulatory authorities.

**Article 22** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law, and other relevant regulations and the procedures stipulated in the Articles of Association.

**Article 23** The Company shall not acquire its own shares, except in one of the following cases:

- (1) the Company decreases its registered capital;
- (2) merging with another company that holds shares in the Company;
- (3) using the shares for employee stock ownership plan or equity incentives;

- (4) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company;
- (5) using the shares for conversion of corporate bonds issued by the listed company that are convertible into shares;
- (6) it is necessary for the Company to safeguard its corporate value and shareholders' interests.

**Article 24** The Company may acquire its own shares through open and centralized trading, or in any other manner recognized by laws, administrative regulations and the CSRC. Where the Company acquires its own shares under the circumstances set out in (3), (5) and (6) of paragraph 1 of Article 23 of the Articles of Association, it shall be done through open and centralized trading.

**Article 25** Where the Company acquires its own shares under the circumstances set out in (1) and (2) of paragraph 1 of Article 23 of the Articles of Association, it shall be subject to the resolution of the shareholders' general meeting; where the Company acquires its own shares under the circumstances set out in (3), (5) and (6) of paragraph 1 of Article 23 of the Articles of Association, it shall be subject to the resolution of the Board meeting attended by more than two-thirds of the Directors in accordance with the provisions of the Articles of Association or the authorization of the shareholders' general meeting.

After the Company acquires its own shares in accordance with the paragraph 1 of Article 23 of the Articles of Association, such shares shall be canceled within 10 days from the date of buy-back in the case of item (1); such shares shall be transferred or canceled within 6 months in the case of items (2) and (4); such shares shall not exceed 10% of the total shares of the Company in the case of items (3), (5) and (6), and shall be transferred or canceled within 3 years.

Where the Company acquires its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules and relevant provisions of the CSRC and the Hong Kong Stock Exchange.

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

**Article 26** The shares of the Company may be transferred in accordance with the law.

All H Shares shall be transferred by way of written transfer instrument in standard or general form, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). A transfer instrument may only be signed by hand or by the valid seal of the company (where the transferor or transferee is a company). In the event that the transferor or transferee is a recognized clearing house as defined under the relevant ordinances in effect from time to time in the laws of Hong Kong or its agent, the transfer instrument may be signed by hand or in a machine-printed form. All the transfer instrument shall be kept at the legal address of the Company or an address designated by the Board of Directors from time to time.

**Article 27** The Company shall not accept its own shares as the subject matter of a pledge.



**Article 28** Shares issued prior to the public offering shall not be transferred within 1 year from the date of listing and trading of the Company's shares on the Hong Kong Stock Exchange.

Directors, supervisors and senior management of the Company shall truthfully report to the Company their shareholdings in the Company and changes thereof and shall, at the time of their appointment, confirm not transferring more than 25% of the total number of shares of the Company held by them each year during their term of office. Shares of the Company held by them shall not be transferred within 1 year from the date of listing and trading of the Company's shares. The aforementioned personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

**Article 29** Any gains from the sale of shares of the Company by any Director, supervisor, senior management or shareholders holding more than 5% of the shares of the Company, sell shares or other securities with an equity nature within six months after buying the same or buy shares or securities within 6 months after selling the same, the earnings arising therefrom shall belong to the Company and the Company's Board of Directors shall recover such earnings. However, the restriction shall not be applicable to any sale of shares by a securities company holding 5% or above of the Company's shares as a result of its underwriting and purchase of the untaken shares after offering and other circumstances stipulated by the CSRC.

The shares or other equity securities held by the Directors, supervisors, senior management and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouse, parents, children, and those held through the accounts of others.

If the Board of Directors of the Company fails to comply with the provisions of the first paragraph of this Article, the shareholders shall have the right to request the Board of Directors to implement the provisions within 30 days. If the Board of Directors of the Company fails to carry out the enforcement within the aforesaid time limit, the shareholders shall have the right to directly file a lawsuit in the People's Court for the benefit of the Company in their own name.

If the Board of Directors of the Company fails to comply with the first paragraph of this Article, relevant responsible Directors shall bear joint liability pursuant to the laws.

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

### **Section 1 Shareholders**

**Article 30** A shareholder shall enjoy rights and assume obligations based on the class shares held by him/her. Shareholders holding the same class of shares shall be entitled to equal rights and assume equal obligations.

**Article 31** The Company shall maintain a register of shareholders for registering the following particulars, or conduct the registration of shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

- (I) the name, address (residence), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;

- (III) the amount paid or payable in respect of the shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which any shareholder registers as a shareholder;
- (VI) the date on which any shareholder ceases to be a shareholder.

The register of shareholders shall be sufficient evidence substantiating the shareholders' shareholding in the Company, except where there is evidence to the contrary. Subject to the Articles of Association and other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names (titles) being listed in the register of members.

The Company shall enter into a share custody agreement with the securities registration authority, regularly check the major shareholders' information and the changes in their shareholdings (including equity pledges), to keep up with the Company's shareholding structure. The transfer and assignment of shares must be registered in the register of shareholders. The Company may, in accordance with the understanding and agreements made between the competent securities authorities of the State Council and overseas securities regulatory authorities, maintain its original register of holders of the H Shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong and made available for inspection by shareholders, but the register of members of the Company may be closed (if necessary) in accordance with applicable laws and regulations and the requirements of securities regulatory rules for the place where the Company's shares are listed, including but not limited to the equivalent provisions of section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Company shall maintain a duplicate of the register of holders of the H Shares at its domicile. The appointed overseas agent(s) shall ensure the consistency between the original register and the duplicate register of holders of the H Shares at all times. In case of any inconsistency between the original register and the duplicate register of holders of the H Shares, the original register shall prevail.

**Article 32** If the Company convenes a shareholders' general meeting, distributes dividends, conducts liquidation or executes any other act requiring identification of shareholders, the convener of the Board meeting or shareholders' general meeting shall determine the share registration date, and shareholders registered at the close of share registration date are those entitled to the relevant interests.

**Article 33** Shareholders of the Company shall be entitled to the following rights:

- (I) The rights to receive dividends and other forms of distribution in proportion to the number of shares held by them;
- (II) The rights to request, convene, chair, attend or appoint proxy to attend shareholders' general meetings and exercise the right to speak and corresponding voting rights (unless individual shareholders are required to abstain from voting on particular matters under the securities regulatory rules of the place where the shares of the Company are listed) in accordance with laws;
- (III) The rights to supervise the operation of the Company and to put forward proposals and raise inquiries;

- (IV) The rights to transfer, donate, or pledge shares held by them in accordance with laws, administrative regulations and the Articles of Association;
- (V) The rights to inspect the Articles of Association, the register of shareholders (including the register of holders of H shares), company bonds, minutes of shareholders' general meetings, resolutions of Board meetings, resolutions of meetings of the Supervisory Committee and financial and accounting reports;
- (VI) The rights to participate in the distribution of remaining assets of the Company corresponding to the number of shares held in the event of the termination or liquidation of the Company;
- (VII) The rights to demand the Company to acquire the shares with respect to the dissenting shareholders for any resolution adopted at the shareholders' general meeting on the merger or division of the Company;
- (VIII) Other rights under the laws, administrative regulations and the Articles of Association.

Any shareholder is required to abandon his/her voting on specific resolution, or any shareholder is restricted to vote for or against specific resolution, any vote of the shareholder or his/her proxy against the relevant requirement or restriction shall not be counted.

**Article 34** Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the preceding Articles of Association, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholder.

**Article 35** If a resolution of the shareholders' general meetings or board meetings of the Company violates a law or administrative regulation, shareholders have the right to petition People's Court to invalidate the resolution.

If the procedure of convening or the method of voting at the shareholders' general meetings or Board meetings of the Company violates the laws, administrative regulations or the Articles of Association, or if the content of a resolution is in breach of the Articles of Association, shareholders shall have the right to petition People's Court to revoke such resolution within 60 days from the date on which the resolution is adopted, unless there is only a slight defect in the procedure of convening or the method of voting at the shareholders' general meetings or Board meetings of the Company, which has no substantive impact on the resolution.

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

**Article 36** In the event of any loss caused to the Company as a result of violation of laws or the regulations of the Articles of Association by the Directors or senior management when performing their duties, any of the shareholders who holds 1% or more of the shares individually or jointly for no less than 180 consecutive days shall have the right to request the Supervisory Committee in writing to initiate litigation before the People's Court. In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or the Articles of Association by the Supervisory Committee when performing its duties, the said shareholders may request the board in writing to initiate litigation before the People's Court.

In the event that the Supervisory Committee or the board dismisses the written request of any of the shareholders as specified in the preceding paragraph, or withholds from instituting litigation within 30 days of the receipt of the request, or that the failure to institute litigation immediately may otherwise cause irreparable damage to the interest of the Company in an urgent circumstance, such shareholder(s) as mentioned in the preceding paragraph shall have the right to initiate litigation before the People's Court in the name(s) of such shareholder(s) in the interest of the Company.

If a third party infringes on the lawful rights and interests of the Company, thereby causing the Company to sustain a loss, the shareholders mentioned in the first paragraph of this Article may initiate litigation before the People's Court pursuant to the preceding two paragraphs.

**Article 37** In the event that any Director or senior management violates laws, administrative regulations or the Articles of Association to the detriment of the interest of the shareholders, the shareholders may initiate litigation before the People's Court.

**Article 38** The shareholders of the Company shall assume the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw their shares unless required by laws and regulations;
- (IV) not to abuse their shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company; where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages; where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;
- (V) other obligations imposed by laws, administrative regulations and the Company's Articles of Association.

**Article 39** Where a shareholder holding 5% or more voting shares of the Company pledges any shares he/she holds, he/she shall report the same to the Company in writing on the day on which he/she pledges his/her shares.

**Article 40** The controlling shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated such provision and caused damage to the Company, they shall be liable for such damages.

The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and public shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the law. The controlling shareholder shall not impair the lawful interests of the Company and other shareholders through profit distribution, asset restructuring, external investment, appropriation of capital, offering loan guarantees and shall not make use of its controlling status against the interests of the Company and other shareholders.

**Article 41** Any person who is a registered shareholder or who requests his/her name (full name) to be entered in the register of shareholders in respect of shares in the Company may, if his/her share certificate (the “**original certificate**”) relating to the shares is lost, is able to apply to the Company for a replacement share certificate in respect of such shares (the “**Relevant Shares**”). Application by a holder of domestic shares, who has lost his/her share certificate and applied for a replacement share certificate, shall be dealt with in accordance with the Company Law.

The issue of a replacement share certificate to a holder of overseas listed foreign shares of a company listed in Hong Kong, who has lost his/her share certificate, shall comply with the following requirements:

- (I) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss; and declaring that no other person is entitled to have his/her name entered in the register of shareholders in respect of the Relevant Shares;
- (II) The Company has not received any declaration made by any person other than the applicant declaring that his/her name shall be entered into the register of shareholders for such shares before deciding to issue a replacement share certificate;
- (III) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty days within a period of ninety (90) consecutive days in such newspapers that complies with the relevant regulations as may be prescribed by the Board of Directors;
- (IV) The Company shall, prior to publication of its intention to issue a replacement new share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be displayed in the premises of the stock exchange for a period of ninety (90) days. In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such shareholder a copy of the notice to be published;
- (V) If, by the expiration of the 90-day period referred to in paragraphs (III) and (IV) of this Article, the Company has not have received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his/her application;

- (VI) Where the Company issues a replacement new share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document such cancellation and replacement in the register of shareholders accordingly;
- (VII) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement new share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefor.

Where the stock exchange in the place where the shares of the Company are listed has other provisions on the arrangement for the issuance of replacement share certificates, such provisions shall prevail.

**Article 42** For holders of overseas listed foreign shares, when two or more persons are registered as the joint holders of any shares, they shall be deemed to be joint holders of the Relevant Shares, subject to the following provisions:

- (I) The Company shall not have more than four persons registered as joint holders of any share;
- (II) all joint holders in respect of any shares shall be severally and jointly liable to pay all sums due in respect thereof;
- (III) in the event of the death of one of the joint holders, only the surviving joint holder(s) shall be deemed as the person who have ownership of the Relevant Shares by the Company, but the Board of Directors has the power to require them to provide a certificate of death of the relevant shareholder as necessary for the purpose of modifying the relevant register of shareholders;
- (IV) in respect of any of the joint holders of any shares, only the joint shareholder whose name stands first in the register of shareholders shall be entitled to receive from the Company a share certificate for the Relevant Shares, or to receive notices from the Company, and any notice served on the said person shall be deemed to have been served on all the joint holders of the Relevant Shares. Any one of such joint shareholders may sign a proxy form provided that, if more than one joint shareholders are present in person or by proxy, the vote made by the preferred joint shareholder, whether in person or by proxy, shall be accepted as the sole vote for the remaining joint shareholders. For this purpose, the priority of the shareholders must be determined by the order in which the names of the joint shareholders stand in relation to the Relevant Shares on the register of shareholders of the Company.

Any receipts issued by any joint shareholders in respect of any dividend, bonus or return of capital payable to such joint shareholders shall be deemed to be a valid receipt from such joint shareholders to the Company.



## **Section 2 General Provisions for Shareholders' general meetings**

**Article 43** The shareholders' general meeting shall be the authority power of the Company. It may exercise the following functions and powers in accordance with the law:

- (I) to elect and replace Directors and supervisors which are not appointed as representatives of the employees and to decide on the remuneration of relevant Directors and supervisors;
- (II) to review and approve reports of the Board of Directors;
- (III) to review and approve reports of the Supervisory Committee;
- (IV) to review and approve the Company's plans for profit distribution and loss recovery;
- (V) to resolve on the increase or reduction of the Company's registered capital;
- (VI) to resolve on the issuance of bonds by the Company;
- (VII) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (VIII) to amend the Articles of Association;
- (IX) to resolve on the appointment or dismissal of the accounting firms by the Company;
- (X) to review and approve the guarantees under the Article 44 of the Articles of Association;
- (XI) to review the Company's purchases or disposal of any major assets within one year, of which the amount exceeds 30% of the Company's latest audited total assets;
- (XII) to review and approve matters relating to the changes in the use of proceeds;
- (XIII) to review share incentive schemes and employee share ownership schemes;
- (XIV) to review issues which should be decided by the shareholders' general meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules for the place where the Company's shares are listed or the Articles of Association and other systems of the Company.

Except for Article (IX) which may authorize the Board of Directors to exercise its powers pursuant to Article 162 of the Articles of Association, the powers of the shareholders' general meeting shall not be exercised by the board or other institutions and individuals through any form of authorization. Except for the above matters, the shareholders' general meeting may authorize or appoint the Board of Directors and/or its authorized person (s) to handle the matters authorized or entrusted by it, subject to the laws, regulations and mandatory provisions of the relevant laws, regulations and regulatory rules of the place where the Company's shares are listed.

**Article 44** Where a guarantee is to be provided by the Company, it shall be submitted to the Board of Directors or the shareholders' general meeting for consideration.

The following external guarantees of the Company shall be considered and approved by the Board of Directors and submitted to the shareholders' general meeting for consideration and approval:

- (I) any guarantee to be provided after the total external guarantees of the Company and its controlling subsidiaries has exceeded 50% of the latest audited net assets;
- (II) any guarantee to be provided after the total external guarantees of the Company has exceeded 30% of the latest audited net assets;
- (III) any guarantee provided by the Company in excess of 30% of its latest audited total assets within one year;
- (IV) any guarantee to be provided to a subject whose debt-to-asset ratio exceeds 70%;
- (V) a single guarantee in an amount exceeding 10% of the latest audited net assets;
- (VI) any guarantee to be provided to shareholders, de facto controller and their connected parties;
- (VII) other guarantees required by applicable laws, regulations, regulatory documents, securities regulatory rules for the place where the Company's shares are listed, the Articles of Association and other rules of the Company to be considered and approved at the shareholders' general meeting.

Any guarantee that does not meet the above standards shall be considered and approved by the Board.

If the guarantee is a connected transaction, the requirements and restrictions for connected transactions set out in the Articles of Association shall apply the same.

The Company may establish a management system for guarantee, which shall be considered and approved by the shareholders' general meeting of the Company.

If the Company provides external guarantees in violation of the authority of the shareholders' general meeting and the Board of Directors to approve external guarantees and in violation of the approval authority and approval procedure, the Company shall hold relevant personnel accountable in accordance with relevant laws, regulations, regulatory documents, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

**Article 45** Shareholders' general meetings shall be divided into annual shareholders' general meetings and extraordinary shareholders' general meetings. The annual shareholders' general meeting shall be held once in each year, and be held within six months after the end of each financial year.



**Article 46** An extraordinary shareholders' general meeting shall be convened within two months from the date of occurrence of any of the following events:

- (I) the number of Directors is less than the minimum number required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (II) the unrecovered loss of the Company amounts to one-third of the Company's total paid-up share capital;
- (III) on a one share one vote basis, when shareholder(s) who individually or jointly holds 10% or more voting rights attached to the Company's share capital requests to convene such a meeting (the shareholdings shall be calculated as per the shares of the Company held by the shareholder on the date when such written request is made by such shareholder);
- (IV) the Board of Directors considers it necessary;
- (V) the Supervisory Committee proposes to convene such a meeting;
- (VI) any other circumstances as provided for by laws, administrative regulations, departmental rules, securities regulatory rules for the place where the Company's shares are listed or the Articles of Association.

**Article 47** The Company shall hold the shareholders' general meeting at the Company's place of domicile or such venue as specified in the notice of the shareholders' general meeting.

A meeting venue shall be established for the shareholders' general meeting, and meetings will take the form of physical meeting. The time and place for convening the on-site shareholders' general meeting shall be selected for the ease of participation by the shareholders. After a notice of a shareholders' general meeting is given, the venue of the live conference of the shareholders' general meeting shall not be changed. In case of actual needs to change, the convener shall notify all the shareholders and explain the reasons at least 2 business days prior to the date of the live conference.

On the premise of the lawfulness and validity of shareholders' general meetings, according to the laws, administrative regulations, departmental rules and securities regulatory rules for the place where the Company's shares are listed, the Company shall facilitate the participation of shareholders in shareholders' general meetings by providing Internet, video, telephone or other means. The shareholders shall be deemed as present when participating in the shareholders' general meeting via the above-mentioned methods.

### **Section 3 Convening of Shareholders' general meetings**

**Article 48** Shareholders' general meetings shall be convened by the Board. The publication of the notice of the shareholders' general meeting (including the supplemental notice and important information) shall comply with relevant laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

**Article 49** Independent non-executive Directors have the right to propose the Board of Directors to convene extraordinary shareholders' general meetings. The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary shareholders' general meeting within 10 days upon receiving the request in accordance with the requirements of laws, administrative regulations, departmental rules, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

If the Board of Directors agrees to convene extraordinary shareholders' general meeting, notice convening the meeting shall be issued within 5 days after the Board of Directors resolved to do so. If the Board of Directors does not agree to convene the extraordinary shareholders' general meeting, reasons shall be provided and make an announcement.

**Article 50** The Supervisory Committee has the right to propose the Board of Directors to convene an extraordinary shareholders' general meeting and such proposal shall be made by way of written request(s). The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary shareholders' general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary shareholders' general meeting, notice convening the extraordinary shareholders' general meeting shall be issued within 5 days upon receiving the request. Should there be alterations to the original proposal in the notice, consent has to be obtained from the Supervisory Committee.

If the Board of Directors does not agree to convene the extraordinary shareholders' general meeting requested by the Supervisory Committee or does not reply within 10 days upon receiving the request, the Board of Directors will be considered as unable or failed to perform the duty to convene shareholders' general meetings and the Supervisory Committee may convene and preside over the meeting by itself.

**Article 51** On the basis of one share one vote, shareholders individually or collectively holding 10% or more of the voting rights attached to the Company's share capital have the right to request the Board of Directors to convene an extraordinary shareholders' general meeting by way of written request(s). The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary shareholders' general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary shareholders' general meeting, notice convening the meeting shall be issued within 5 days after the Board of Directors resolved to do so. If the Board of Directors makes alterations to the original proposal in the notice, consent has to be obtained from the related shareholders.

If the Board of Directors does not agree to convene the extraordinary shareholders' general meeting, or does not reply within 10 days upon receiving the request, shareholders individually or collectively holding 10% or more of voting rights attached to the Company's share capital have the right to request the Supervisory Committee to convene an extraordinary shareholders' general meeting by way of written request(s).

If the Supervisory Committee agrees to convene the extraordinary shareholders' general meeting, notice convening the meeting shall be issued within 5 days upon receiving the request. Should there be alterations to the original proposal in the notice, consent has to be obtained from the related shareholders.

If the Supervisory Committee does not issue notice of the shareholders' general meeting within the required period, it will be regarded as that the Supervisory Committee will not convene and preside over the shareholders' general meeting, and shareholders individually or collectively holding 10% or more of voting rights attached to the Company's share capital for 90 consecutive days have the right to convene and preside over the meeting by themselves.

**Article 52** Supervisory Committee or shareholders, if decided to convene shareholders' general meetings on their own, shall inform the Board in writing and make filing with the securities regulatory authority of the place where the Company's shares are listed and the stock exchange where the Company's shares are listed in accordance with applicable regulations for record (if necessary).

Prior to the publication of announcement of the shareholders' resolutions, holding by the convening shareholders shall not be less than 10%.

Supervisory Committee or shareholders convening the meeting shall provide relevant evidences to the securities regulatory authority of the place where the Company's shares are listed and the stock exchange where the Company's shares are listed in accordance with applicable regulations (if necessary) prior to issuing the notice of shareholders' general meeting and announcing resolutions of the shareholders' general meeting.

**Article 53** Where a shareholders' general meeting is convened by the Supervisory Committee or shareholders on its/their own, the Board and the secretary to the Board shall work in a cooperative manner. The Board shall provide the register of shareholders prepared on the date of record date.

**Article 54** Where a shareholders' general meeting is convened by the Supervisory Committee or shareholders on its/their own, the expenses necessary for the shareholders' general meeting shall be borne by the Company

#### **Section 4 Proposals and Notices of Shareholders' general meetings**

**Article 55** The contents of the proposal shall fall within the functions and powers of the shareholders' general meeting and have specified subjects and specific matters to be resolved, and shall comply with the laws, administrative regulations and provisions of the Articles of Association.

**Article 56** When the Company convenes a shareholders' general meeting, the Board of Directors, the Supervisory Committee or on the basis of one share one vote, shareholders individually or collectively holding 1% or more of voting rights attached to the Company's share capital shall have the right to propose proposals.

Shareholders individually or collectively holding 1% or more of voting rights attached to the Company's share capital shall be entitled to propose provisional proposals and submit the same to the Board of Directors in writing 10 days prior to date of the meeting. Provisional proposals shall have clear agenda and specific resolutions. The Board of Directors shall dispatch a supplementary notice of the shareholders' general meeting and advise the contents of such provisional proposal within 2 days upon receipt of the proposal, unless the provisional proposal violates the laws, administrative regulations or provisions of the Articles of Association, or does not fall within the scope of the shareholders' general meeting. The Company shall not increase the shareholding of shareholders who submit the provisional proposal.

Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the shareholders' general meeting.

The shareholders' general meeting shall not vote and adopt a resolution on any proposal that is not listed in the notice of meeting or that is inconsistent with Article 55 hereof.

**Article 57** The convener shall give 21 days' prior notice of an annual shareholders' general meeting, and 15 days' prior notice of an extraordinary meeting by way of written announcement.

In determining the commencement date and the period, the date on which the meeting is held shall not be included.

After the notice of a shareholders' meeting is made and before the meeting is convened, the convener may, in accordance with the Company Law and relevant provisions, issue a second notice.

**Article 58** The notice of a shareholders' general meeting shall at least include the following:

- (I) the time, venue and duration of the meeting;
- (II) the matters and proposals submitted to the meeting;
- (III) a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and that a proxy need not be a shareholder of the Company;
- (IV) the record date for determining the shareholders who are entitled to attend the shareholders' general meeting;
- (V) the names and telephone numbers of the standing contact persons for the meeting.

The notice and the supplementary notice of the shareholders' general meeting shall adequately and completely disclose the specific contents of all proposals, and all the materials or explanations necessary for the shareholders to make reasonable judgments on the matters to be discussed. If the matters to be discussed require opinions from independent non-executive Directors, the opinions and reasons of independent non-executive Directors will be disclosed at the time when the notice of the shareholders' general meeting or the supplementary notice is issued.

**Article 59** When the shareholders' general meeting intends to discuss the election of Directors and supervisors, the notice of the meeting shall fully disclose the details of the candidates for Directors and supervisors, including, as a minimum, the following contents:

- (I) personal particulars such as education background, working experience and any concurrent positions;
- (II) whether the candidate has any connected relationship with the Company or its controlling shareholder and de facto controller;
- (III) disclose the number of shares of the Company held by the candidate;
- (IV) any penalties imposed by CSRC and other relevant authorities and punishments imposed by the stock exchanges;
- (V) other information required by the relevant laws, administrative regulations, the CSRC and the stock exchanges where the Company's shares are listed.

Unless a Director or supervisor is elected via the cumulative voting system, each candidate for Director or supervisor shall be proposed via a single proposal.

**Article 60** Subsequent to the dispatch of a notice of the shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled without proper reasons, and the proposals set out in the notice of the shareholders' general meeting shall not be withdrawn. Once the meeting is postponed or cancelled, the convener shall make an announcement, and give reasons thereof at least 2 business days prior to the original date of the meeting.

## **Section 5 Convening of Shareholders' general meetings**

**Article 61** The Board of Directors and other conveners shall take necessary measures to ensure the proper order of the shareholders' general meeting. They shall take measures to stop the conducts that interfere with the shareholders' general meeting, seek trouble and infringing on the legal rights and interests of the shareholders, and report such act to the relevant authorities for investigation.

**Article 62** All shareholders recorded in the register as at the shareholding record date or their proxies shall have the right to attend the shareholders' general meeting and exercise the voting rights in accordance with the relevant provisions of laws, regulations, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

**Article 63** Shareholders may attend the shareholders' general meeting in person, and also may appoint one or more persons (who may not necessarily be shareholders) as his/her proxy (proxies) to attend and vote on his/her behalf. Natural person shareholders attending the meeting in person shall present their corresponding stock account card (if applicable, the same below), personal identity cards or other valid proof or evidence of their identities. Proxies attending the meeting shall present their personal identity cards, originals of the written proxy form and their corresponding stock account card.

Where such shareholder is a recognized clearing house determined by relevant regulations formulated from time to time in Hong Kong (or its nominee), such shareholder shall be entitled to appoint one or more persons as it deems fit to act on its behalf at any shareholders' general meeting or any other class meetings and meeting of creditors, provided in the event of more than one person are authorized, the power of attorney shall specify the number and class of shares represented by each person so authorized. Such persons so authorized shall be entitled to exercise the rights on behalf of the recognized clearing house (or its nominee) without presenting evidence of their shareholding, notarized authorization and/or further proof showing their due authorization) as if they were individual shareholders of the Company, and shall be entitled to statutory rights equal to those of other shareholders, including the right to speak and vote.

A corporate shareholder should attend the meeting by its legal representative or a proxy appointed by the legal representative. If a corporate shareholder has appointed a proxy to attend the meeting, he/she is deemed to be present in person. The legal representative attending the meeting shall present his/her identity card, valid certificate evidencing his/her capacity as a legal representative and the relevant share certificate; if a proxy is appointed to attend the meeting, the proxy shall produce his/her identity card, the original copy of the written proxy form duly issued by the legal representative of the corporate shareholder (with the seal of the corporate shareholder being affixed thereon) and the relevant share certificate. A corporate shareholder may execute an instrument appointing a proxy by its duly authorized officer.

An unincorporated organization shareholder shall attend the meeting by its responsible person (in case the unincorporated organization shareholder is a partnership, where the executive partner is a natural person, the responsible person shall be its executive partner, where the executive partner is a legal person or an unincorporated organization, the responsible person shall be its appointed representative of the executive partner, the same below) or the proxy appointed by the responsible person. The responsible person attending the meeting shall produce his/her identity card, valid certificate evidencing his/her qualification as the responsible person and the relevant share certificate; if a proxy is appointed to attend the meeting, the proxy shall produce his/her identity card, the original copy of the written proxy form duly issued by the responsible person of the unincorporated organization shareholder (and shall be affixed with the official seal of the unincorporated organization shareholder) and the relevant share certificate.

**Article 64** Any shareholder who is entitled to attend the shareholders' general meeting has the right to appoint one or more persons (who may not necessarily be shareholders) as his/her proxy (proxies) to attend and vote on his/her behalf. The proxy form issued by a shareholder to authorize other persons to attend the shareholders' general meeting shall clearly state the followings:

- (I) The names of the proxies;
- (II) Whether the proxies have the right to vote;
- (III) Instructions to vote for, against or abstain from voting on each of the items in the agenda of the meeting;
- (IV) The signing date and the effective period of the authorization letter;
- (V) Signature (or seal) of the shareholders who appoint the proxies.



**Article 65** Such proxy form shall contain a statement that in absence of instructions by the shareholders, whether his/her proxy may vote at his/her discretion.

**Article 66** A power of attorney shall be deposited at the domicile of the Company or such other places designated in the notice of meeting not less than 24 hours before the time for convening the meeting at which the proxy is appointed to vote or the time appointed for the voting. Where the proxy form is signed by a person authorized by the appointing shareholder, the power of attorney or other documents authorizing such person to sign the proxy form shall be notarized. A notarized power of attorney or other authorization documents, together with the proxy form, shall be lodged at the domicile place of the Company or at other places specified in the notice of meeting.

If the appointer is an incorporated or an unincorporated organization, the legal representative/ person in charge or such person who is authorized by the resolution of its Board or other governing body to act as its representative may attend the shareholders' general meeting of the Company.

**Article 67** A registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of shares held or representing the voting rights and names (or name of organizations) of the proxies.

**Article 68** The convener and the legal counsel (if applicable) shall examine legality of the shareholders' qualifications according to the register of members provided by the securities registrations and clearing organizations. The names of shareholders and the number of shares with voting rights shall be registered. The registration at the meeting shall terminate before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting and the total number of the shares held with voting rights.

**Article 69** All Directors, supervisors and secretary of the Board shall attend shareholders' general meetings of the Company, and the chief executive officer and other senior management shall be present at the meetings.

**Article 70** The shareholders' general meeting shall be presided over by the chairperson of the Board of Directors. When the chairperson of the Board of Directors is unable or fails to perform his/her duty, a Director jointly elected by a simple majority of the Directors shall preside over the meeting.

At a shareholders' general meeting convened by the Supervisory Committee, the chairperson of Supervisory Committee shall preside over the meeting. When the chairperson of the Supervisory Committee is unable or fails to perform his/her duty, a supervisor jointly elected by a simple majority of the supervisors shall preside over the meeting.

If a shareholders' general meeting is convened by shareholders, the convener shall elect a representative to preside over the meeting.

When a shareholders' general meeting is held, if the chairperson of the meeting violates the rules of procedure, making continuance of the meeting impossible, with the consent of the shareholders holding more than half of the voting rights present at the meeting, the meeting may elect a person to serve as the chairperson of the meeting and the meeting shall continue.

**Article 71** The Company shall formulate rules of procedure for the shareholders' general meeting and specify the convening and voting procedures of the shareholders' general meeting, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing, as well as the principle of authorization of the shareholders' general meeting to the Board of Directors. The content of authorization shall be clear and specific. The rules of procedure for the shareholders' general meeting shall be annexed to the Articles of Association and shall be prepared by the Board of Directors and approved by the shareholders' general meeting.

**Article 72** At the annual shareholders' general meeting, the Board of Directors and the Supervisory Committee shall make report on their works in the past year to the shareholders' general meeting. Each independent non-executive Director shall also report on their duty performance.

**Article 73** The Directors, supervisors and senior management officers shall provide explanations and statements relating to the queries and suggestions put forward by the shareholders at the shareholders' general meeting.

**Article 74** The chairperson of the meeting shall declare the number of attending shareholders and proxies and the total number of shares with voting rights they hold prior to voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

**Article 75** The shareholders' general meeting shall have meeting minutes, and secretary to the Board of Directors shall be responsible for the meeting minutes. The meeting minutes shall contain the following contents:

- (I) the time, venue of, and the agenda for, the meeting, and the name or title of the convener;
- (II) names of the chairperson of the meeting and the Directors, supervisors, chief executive officer and other senior management officers attending the meeting or attending the meeting as non-voting attendee;
- (III) the number of shareholders and proxies present at the meeting, the total number of voting shares held and their respective proportions in the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) the inquiries or suggestions of the shareholders and the corresponding answers or explanations;
- (VI) names of the legal counsel (if any), counting officer and monitoring officer;
- (VII) other contents that should be included in the meeting minutes as required by the Articles of Association.



**Article 76** The convener shall guarantee the authenticity, accuracy and integrity of the contents of the meeting minutes. The Directors, supervisors, secretary to the Board of Directors, convener or their representatives who attended the meeting, and the chairperson of the meeting shall sign the meeting minutes. The meeting minutes shall be maintained together with the registration record of the shareholders present, the power of attorney for proxy attendance, and the valid documents relating to the voting over network and other forms of voting for a period of less than 10 years.

**Article 77** The convener shall ensure that the shareholders' general meeting is held continuously until the final resolution is made. If the shareholders' general meeting is suspended or the resolution cannot be made due to force majeure or other special causes, necessary measures shall be taken to resume the shareholders' general meeting as soon as possible or directly terminate the shareholders' general meeting, and make announcements and/or reports in a timely manner in accordance with laws, administrative regulations, departmental rules, normative documents and securities regulatory rules for the place where the Company's shares are listed.

## **Section 6 Voting and Resolutions at Shareholders' general meetings**

**Article 78** The resolutions of a shareholders' general meeting are classified into ordinary resolutions and special resolutions.

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

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

**Article 79** The following matters shall be passed by way of ordinary resolution of the shareholders' general meeting:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) profit distribution plan and loss make-up plan formulated by the Board;
- (III) appointment or dismissal of the members of the Board of Directors and Supervisory Committee, remuneration and payment methods thereof;
- (IV) annual report of the Company;
- (V) resolution on the employment, dismissal of the Company's accounting firm and determination of its remuneration (or determination method);
- (VI) any other matters other than those which are required by the laws, administrative regulations, securities regulatory rules for the place where the Company's shares are listed or by the Articles of Association and the rules of procedure for the shareholders' general meeting to be passed by way of special resolution.

**Article 80** The following matters shall be passed by way of special resolution of the shareholders' general meeting:

- (I) the increase or reduction of the Company's registered capital;
- (II) the division, splitting, merger, dissolution and liquidation of the Company;
- (III) the amendment to the Articles of Association;
- (IV) the purchase and disposal of material assets by the Company within one year, or a guarantee amount exceeding 30% of the audited total assets in the most recent period of the Company;
- (V) equity incentive scheme;
- (VI) any other matter as specified by the laws, administrative regulations, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association which, considered by the shareholders at a shareholders' general meeting and resolved by way of ordinary resolution, may have a material impact on the Company and shall be adopted by way of special resolution.

**Article 81** Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent, and each share shall carry one voting right.

Votes for medium and small investors shall be separately counted when any material matter affecting their interests is considered at the shareholders' general meeting. The results of separate vote counting shall be disclosed publicly in a timely manner according to relevant laws, administrative regulations and securities regulatory rules for the place where the Company's shares are listed.

Shares held by the Company shall not carry any voting right and shall not be counted into the total shares with voting rights represented by shareholders attending the shareholders' general meeting.

If a shareholder's purchase of the Company's voting shares violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, such shares in excess of the prescribed proportion shall not exercise his/her voting rights within the period of 36 months after the purchase, and shall not be counted in the total number of voting shares represented at the shareholders' general meeting.

The Board, independent non-executive Directors, shareholders holding more than 1% of the voting shares or investor protection agency established in accordance with the laws, administrative regulations or provisions of the CSRC may collect votes from shareholders. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Apart from statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 82** Where matters relating to connected transactions are deliberated at the shareholders' general meeting, the connected shareholders shall avoid voting, and the shares carrying the voting rights they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the shareholders' general meeting should fully disclose the voting status of the non-connected shareholders (subject to the request of the Hong Kong Stock Exchange).

Before the shareholders' general meeting considers matters relating to connected transactions, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations, normative documents and securities regulatory rules for the place where the Company's shares are listed. Connected shareholders or their proxies may attend the shareholders' general meeting, and may clarify their views to the shareholders in accordance with the procedures of the meeting.

Where the shareholders' general meeting votes matters relating to connected transactions, connected shareholders shall abstain from voting. If connected shareholders fail to abstain from voting, other shareholders attending the meeting shall have the right to request them to abstain from voting. After connected shareholders have abstained from voting, other shareholders shall vote according to their voting rights and pass the corresponding resolutions in accordance with the provisions of the Articles of Association. The chairperson of the shareholders' general meeting shall inform the connected shareholders of the voting avoidance and voting procedures, which shall be recorded in the meeting minutes.

In order to be valid, the resolutions made at the shareholders' general meeting on matters relating to connected transactions shall be passed by more than half of the votes cast by the non-connected shareholders attending the shareholders' general meeting. However, in order to be valid, in the event of such connected transaction involving matters that need to be passed by special resolution as stipulated in the Articles of Association, the resolutions of the shareholders' general meeting must be passed by more than two-thirds of the voting rights held by the non-connected shareholders attending the shareholders' general meeting.

**Article 83** The Company shall, on the premise of ensuring that the shareholders' general meeting is legal and effective, through various methods and channels, provide convenience for shareholders to attend shareholders' general meetings by whatever means.

**Article 84** Unless the Company is in a crisis or under other special circumstances, the Company shall not, without the approval by special resolutions at a shareholders' general meeting, enter into contracts with persons other than Directors, the chief executive officer and other senior management officers granting that person responsibility for the management of all or part of the Company's material business.

**Article 85** The list of candidates for Director and supervisor shall be proposed to the shareholders' general meeting for voting.

The ways and procedures for nominating Directors and supervisors of the Company are:

- (I) When a re-election of the Board of Directors or an additional or replacement of Director made by the Board of Directors takes place, incumbent Board of Directors, Supervisory Committee and shareholders individually or collectively holding 3% or more of voting rights attached to the Company's share may nominate candidates, without exceeding the number of persons to be elected, for the position of Director for the next session of the Board of Directors or additional candidates for the position of Director;
- (II) When a re-election of the Supervisory Committee or an additional or replacement of supervisor made by the Supervisory Committee takes place, incumbent Supervisory Committee, the Board of Directors and shareholders individually or collectively holding 3% or more of voting rights attached to the Company's share may nominate candidates, without exceeding the number of persons to be elected, for the position of supervisor for the next session of the Supervisory Committee or additional candidates for the position of supervisor who are not staff representatives;
- (III) The shareholders shall provide the Board of Directors and the Supervisory Committee with the resumes and basic particulars of the nominated candidates for the position of Director or supervisor. The incumbent Board of Directors and Supervisory Committee shall conduct a review on qualifications. The qualified Directors or supervisors shall be submitted to the shareholders' general meeting for election;
- (IV) At request of the Company, the candidates for the position of Director or supervisor shall undertake to the Company in written form the followings, including but not limited to, agreeing to accept the nomination, undertaking that the information submitted about themselves are true and complete, and warranting that they will duly perform the duties upon successful election.

When election of two or more Directors and non-employee representative supervisors is voted at the shareholders' general meeting, the cumulative voting system can be applied. If Directors will be elected by cumulative voting at the shareholders' general meeting, the voting of independent non-executive Directors and non-independent non-executive Directors shall be conducted separately.

The cumulative voting system referred to in the preceding paragraph means each share shall have the same voting right as the number of Directors or supervisors to be elected, when election of Directors or supervisors is voted at the shareholders' general meeting. The voting right held by shareholders may be used collectively. The Board of Directors shall state the resumes and basic particulars of the candidates for Directors and supervisors to the shareholders.

**Article 86** In addition to the cumulative voting system, the shareholders' general meeting shall resolve on all the proposals separately. In the event of several proposals for the same issue, such proposals shall be voted in the order of time when they are submitted. Unless the shareholders' general meeting is suspended or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' general meeting.

**Article 87** No amendment shall be made to a proposal when it is considered at a shareholders' general meeting, otherwise such amendments shall be deemed as a new proposal and shall not be voted at the current meeting.

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

**Article 89** At any shareholders' general meeting, voting shall be conducted by open ballot.

**Article 90** Before the relevant proposed resolution is voted on at the shareholders' general meeting, two representatives of the shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll. Any shareholder who is connected with the matter under consideration and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

When votes are cast on proposals at the shareholders' general meeting, related parties appointed pursuant to the Hong Kong Listing Rules, together with the legal counsels (if applicable), representatives of the shareholders and the representative of supervisors shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes.

Shareholders of the company or their proxies, who have cast their votes by online voting or by other means, shall have the right to check the voting results in the way in which they have cast their votes.

**Article 91** An on-site shareholders' general meeting shall not end before that held on-line or otherwise, and the chairperson of the meeting shall announce the voting status and results of each proposal and announce whether the proposal is adopted or not based on the voting results.

Prior to the formal announcement of voting results, the relevant parties involved in relation to the on-site voting, on-line or otherwise at the shareholders' general meeting, including the Company, the persons responsible for counting votes and scrutinizing the voting, and the substantial shareholders, shall be obliged to keep the voting status confidential.

**Article 92** The shareholders attending the shareholders' general meeting shall express one of the following opinions on the proposal to be voted on: for, against, or abstain. Save for the circumstance under which the securities registration and settlement institution acting as the nominal holder of shares under the mutual stock market access between the Mainland and Hong Kong (if any) makes reporting in accordance with the instruction of the de facto holders of Relevant Shares. When a poll is taken at a meeting, a shareholder (including proxies) who have the right to two or more votes need not cast all his votes in the same way.

A blank, wrongly filled, or illegible vote, or an uncast vote shall be deemed to be a waiver of the voting right of the voter, and the voting result for the number of shares he/she holds shall be accounted as "abstention".

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

**Article 94** Resolutions of shareholders' general meetings shall be announced in a timely manner in accordance with the relevant laws, administrative regulations and securities regulatory rules for the place where the Company's shares are listed. The announcements shall set forth the number of shareholders and proxies present at the meeting, the total number of voting shares held and the proportion to the total number of voting shares of the Company, the voting method, the voting results on each proposal and the details of each of the resolutions passed.

**Article 95** Where a proposal has not been passed or the resolutions of the preceding shareholders' general meeting have been changed at the current shareholders' general meeting, special mention shall be made in the announcement of the resolutions of the shareholders' general meeting in accordance with the relevant laws, administrative regulations and securities regulatory rules for the place where the Company's shares are listed.

**Article 96** Where proposals on the election of Directors and supervisors are passed at the shareholders' general meeting, the newly appointed Directors and supervisors shall take office at the time specified in the resolutions of the shareholders' general meeting; if the resolutions of the shareholders' general meeting do not set out the term of office, the term of office of a new Director or supervisor shall be the date on which such new Director or supervisor is elected at the relevant shareholders' general meeting.

**Article 97** If the shareholders' general meeting passes the proposal on cash dividends, bonus shares or conversion of capital reserve into share capital, the Company shall implement the specific scheme in 2 months after the end of the shareholders' general meeting.

## **CHAPTER V THE BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 98** A Director shall be a natural person. A person who falls into any of the following circumstances shall not serve as a Director of the Company:

- (1) a person without or with limited capacity for civil conduct;
- (2) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order; or a person who has been deprived of his political rights due to a crime, where less than 5 years have elapsed since the date of completion of the sentence; or if the sentence has been probated, not more than 2 years since the expiration of the probation period;
- (3) a person who was a Director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than 3 years has elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) a person who was legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who was personally liable, where less than 3 years has elapsed since the date on which the business license of the company or enterprise was revoked or the company or enterprise was ordered to close down;



- (5) a person who was listed as defaulter by the People's Court due to a relatively large amount of debts due and outstanding;
- (6) a person who is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;
- (7) other circumstances specified by laws, administrative regulations, departmental rules or the Hong Kong Stock Exchange.

For any election and appointment of a Director in contravention of the provisions prescribed by this Article, such election, appointment or engagement shall be void and null. Where a Director falls into any of the aforesaid circumstances in his term of office, the Director shall be removed from office.

**Article 99** The term of office of the Directors is 3 years, and they are eligible for re-election upon expiry of the term. Directors are elected or replaced by the shareholders' general meeting and may be removed by the shareholders' general meeting before the expiry of the term.

The term of office of a Director shall commence from the date at which the Director is appointed until the expiry of the term of office of the current session of the Board of Directors. Where the re-election of Directors is not held in time after the term of office of the existing Directors has expired, the original Director shall, before the newly-elected Director assumes his post, perform duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Any person appointed by the Board of Directors to fill up a casual vacancy or as an addition to the Board of Directors shall hold office only until the first annual shareholders' general meeting after his/her appointment, and shall then be eligible for re-election.

Any Director (including the chief executive officer or other executive Directors) can be removed before the expiry of his/her term of office by an ordinary resolution passed at a shareholders' general meeting, subject to compliance with the relevant laws and administrative regulations and the regulations of the stock exchange on which the Company's shares are listed. Such removal shall not affect the rights of such Director to make any claim for damages under any contract.

Chief executive officer or other senior management may serve as the Director concurrently, provided that the Directors who act as chief executive officer or other senior management concurrently shall not exceed one half of the total Directors of the Company.

**Article 100** Directors shall comply with the laws, administrative regulations and the Articles of Association, and shall fulfill fiduciary obligations to the Company as follows:

- (1) not to abuse his position to accept bribes or other illegal income or misappropriate the properties of the Company;
- (2) not to misappropriate the funds of the Company;
- (3) not to set up accounts in his own name or in the name of any other person for the purpose of depositing any of the assets or funds of the Company;

- (4) not to lend funds of the Company to any other person or use the property of the Company to provide guarantee for any other person without the consent of the shareholders' general meeting or the Board of Directors in contravention of the provisions of the Articles of Association;
- (5) not to enter into contracts or transactions with the Company in contravention of the provisions of the Articles of Association or without the consent of the shareholders' general meeting;
- (6) not to, without the consent of the shareholders' general meeting, abuse his position to seize business opportunities for himself or for other persons which shall otherwise belong to the Company, or operate a business similar to that of the Company for himself or for other persons;
- (7) not to misappropriate commissions derived from transactions entered into by the Company;
- (8) not to disclose confidential information of the Company without permission;
- (9) not to abuse his connections with the Company to jeopardize the interests of the Company;
- (10) other fiduciary obligations as required by the laws, administrative regulations, departmental rules, the securities regulatory rules for listing of shares of the Company and the Articles of Association.

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

**Article 101** Directors shall comply with the laws, administrative regulations, the securities regulatory rules for listing of shares of the Company and the Articles of Association and shall fulfill the following due diligence obligations:

- (1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the state's laws, administrative regulations and economic policies, not going beyond the scope of business specified in the Company's business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the business operations and management of the Company;
- (4) to sign the regular reports of the Company for written confirmation (subject to the requirements of the Hong Kong Stock Exchange), and to ensure the information disclosed by the Company is true, accurate and complete;



- (5) to faithfully provide the Supervisory Committee with relevant information, and not to interfere with the Supervisory Committee or supervisors in performing their duties and powers;
- (6) to fulfill other due diligence obligations stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules in the place where the Company's shares are listed and the Articles of Association.

**Article 102** A Director who cannot attend the meetings of the Board of Directors in person twice consecutively nor appoints any other Directors to attend on his behalf is deemed as failure in performing his duties, and shall be subject to replacement as recommended by the Board of Directors at the shareholders' general meeting.

**Article 103** A Director may request to resign before expiry of his term of office. The Director to resign shall submit to the Board of Directors a written report in relation to his resignation. The Board of Directors shall disclose the relevant information within the period stipulated in relevant laws and administrative regulations and the securities regulatory rules in the place where the Company's shares are listed.

In the event that the resignation of any Director results in the number of members of the Board of Directors falling below the quorum, the existing Director shall continue to perform his duties in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules in the place where the Company's shares are listed and the provisions of the Articles of Association until the re-elected Director assumes office.

Other than the circumstances referred to in the preceding paragraph, the resignation of a Director shall become effective upon submission of his resignation report to the Board of Directors.

**Article 104** When a Director's resignation takes effect or his term of office expires, the Director shall complete all handover procedures with the Board of Directors, and his fiduciary duties to the Company and shareholders shall not be discharged after the termination of office, the duty of confidentiality of Directors in relation to trade secrets of the Company survives the termination of their tenure until such trade secrets become public. The duration of other duties of a Director that are not stipulated in the resolution of the shareholders' general meeting at which he/she is elected as a Director or in his/her contract of employment shall be determined in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company is terminated.

**Article 105** Without the legal authorization by the Articles of Association or the Board of Directors, no Director shall act on behalf of the Company or the Board of Directors in his own name. Where a Director acts in his own name, the Director shall declare in advance his position and identity in the case that a third party would reasonably believe that the Director is acting on behalf of the Company or the Board of Directors.

**Article 106** A Director shall bear the liability for compensation if losses are caused to the Company due to violating the provisions of laws, administrative regulations, departmental rules or the Articles of Association when performing their duties.

**Article 107** The Company shall have independent non-executive Directors. The independent non-executive Directors shall be independent of the Company and the Company's substantial shareholders. The independent non-executive Directors shall not hold any position in the Company other than that of independent non-executive Directors. The independent non-executive Directors shall perform their duties in accordance with the laws, administrative regulations, the relevant provisions of the CSRC and the stock exchanges where the Company's shares are listed.

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

**Article 108** The Company shall have a Board of Directors, which shall be accountable to the shareholders' general meeting.

**Article 109** The Board of Directors consists of 11 members, 4 of whom are independent non-executive Directors. At any time, the Board of Directors shall consist of more than 1/3 independent non-executive Directors. The Board of Directors shall have a chairperson and no vice-chairperson.

**Article 110** The Board of Directors exercises the following powers:

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meetings;
- (2) to implement the resolutions of the shareholders' general meeting;
- (3) to decide on the Company's business plans and investment plans;
- (4) to review and approve the Company's annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution plan and loss recovery plan;
- (6) to formulate the proposals for increase or reduction of the registered capital and the issuance and listing of bonds or other securities of the Company;
- (7) to formulate plans for material acquisitions, purchase of the Company's shares, merger, division, dissolution and change of corporate form of the Company;
- (8) to decide on the Company's external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted financial management, connected transactions, external donations and other matters within the scope authorized by the shareholders' general meeting;
- (9) to determine the establishment of the Company's internal management structure;
- (10) to decide on the appointment or dismissal of the Company's chief executive officer, secretary to the Board of Directors and senior management, and decide on matters of remuneration, rewards and punishments; to decide on appointment or dismissal of the Company's vice president, financial officer and other senior management based on nomination by the chief executive officer, and to decide on their remuneration, rewards and punishments;
- (11) to formulate the Company's basic management system;

- (12) to formulate proposals for any amendment to the Articles of Association;
- (13) to manage the information disclosure of the Company;
- (14) to propose to the shareholders' general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- (15) to listen to the work report of the chief executive officer of the Company and inspect the work of the chief executive officer;
- (16) other functions and powers conferred by laws, administrative regulations, departmental rules, the Articles of Association and the shareholders' general meeting.

Matters beyond the scope of authorization given by the shareholders' general meeting shall be submitted to the shareholders' general meeting for consideration.

**Article 111** The Board of Directors of the Company shall explain to the shareholders' general meeting the non-standard audit opinions on the financial report of the Company issued by the certified accountant in accordance with the relevant laws, administrative regulations and the securities regulatory rules in the place where the Company's shares are listed.

**Article 112** The Board of Directors shall formulate the rules of procedures for the Board of Directors, provide for the convening and voting procedures of the Board of Directors, etc., to ensure implementation of the resolutions of the shareholders' general meeting, enhance work efficiency and ensure scientific decision-making. The rules of procedures for the Board of Directors, which are annexed to the Articles of Association, shall be drafted by the Board of Directors and approved by the shareholders' general meeting.

**Article 113** The Board of Directors shall determine the authority of external investments, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted financial management, connected transactions, external donations, etc.; and establish strict review and decision-making procedures. As to substantial investments, experts or professionals shall be engaged for evaluation and shall be reported to the shareholders' general meeting for approval.

**Article 114** The chairperson shall be elected by more than half of all the Directors of the Board of Directors.

**Article 115** The chairperson of the Board of Directors exercises the following powers:

- (1) to preside over shareholders' general meetings and convene and preside over meetings of the Board of Directors;
- (2) to supervise and inspect the implementation of resolutions of the Board of Directors;
- (3) to sign important documents of the Board of Directors;

(4) to exercise the power to handle corporate affairs in accordance with the law and in the interest of the Company in cases of emergency caused by major natural disasters or other force majeure, and report to the Board of Directors and the shareholders' general meeting thereafter;

(5) other powers authorized by the Board of Directors.

**Article 116** Where the chairperson is unable to or does not perform his duties, a Director nominated by a simple majority of the Directors shall perform his duties.

**Article 117** The Board of Directors shall convene regular Board meeting at least four times each year. The meeting shall be convened by the chairperson and all the Directors and supervisors shall be notified in writing at least 14 days prior to the meeting.

**Article 118** Any shareholder holding more than one tenth voting rights, more than one third of the Directors or the Supervisory Committee may propose the holding of an extraordinary meeting of the Board of Directors. The chairperson shall convene and preside over the Board meeting within 10 days upon receipt of the proposal.

**Article 119** For holding of an extraordinary meeting of the Board of Directors, the Board of Directors shall give a written notice to all the Directors three days before the meeting is held. In case of emergency and an extraordinary meeting of the Board of Directors is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other means at any time, but the convener shall provide an explanation at the meeting.

**Article 120** A notice of the Board meeting shall at least include the following details:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) purpose and matters to be discussed;
- (4) date of issue of the notice.

Board meetings shall be convened on-site in principle. On the basis of fully safeguarding the rights of Directors to be informed and to express their opinions, and with the consent of the convener and proposer, the meeting may also be convened and resolutions may be passed by voting through video, telephone, e-mail, etc., and signed by the participating Directors.

**Article 121** The quorum of Board meeting shall consist of more than one half of all the Directors. A resolution of the Board of Directors shall be passed by more than half of all the Directors.

For guarantee matters within the scope of authority of the Board of Directors and other related matters stipulated in the Articles of Association and other systems of the Company, in addition to being approved by more than half of all the Directors, such matters shall also be approved by more than two-thirds of the Directors present at the Board meeting.

For voting on the resolutions of the Board of Directors, each Director shall have one vote.

The Board of Directors shall obtain the approval of more than half of all members of the audit committee of the Board of Directors prior to making resolutions on matters relating to (1) the appointment and removal of the accounting firm undertaking the Company's auditing business; (2) the appointment and removal of the financial officer; and (3) the disclosure of the financial and accounting reports.

**Article 122** Where a Director, supervisor, chief executive officer and other senior management of the Company is in any way, directly or indirectly, materially interested in an executed or proposed contract, transaction or arrangement with the Company (other than the service contract of such Director, supervisor, chief executive officer and other senior management with the Company), he/she shall declare the nature and extent of his/her interests to the Board of Directors as soon as possible, regardless of whether or not such matters are generally subject to the approval of the Board of Directors.

Where a Director or his/her associates (as defined in the Hong Kong Listing Rules in force from time to time) are connected (related) or interested in a matter or enterprise which is the subject of a resolution at Board meeting, unless permitted by laws and regulations and the securities regulatory rules in the place where the Company's shares are listed: (1) such Director shall abstain from voting on the resolution and shall not vote on behalf of other Directors; (2) such Director shall not be counted for the purpose of determining whether or not a quorum is present at such Board meeting. The Board meeting may be held with the presence of more than half of the non-connected Directors, resolutions at the Board meeting shall be passed by more than half of the non-connected Directors; (3) if the number of non-connected Directors attends the Board meeting is less than three, the matter shall be submitted to the shareholders' general meeting for consideration.

The vote of the Board of Directors on "connected transactions" under the Hong Kong Listing Rules shall comply with the relevant provisions of the Hong Kong Listing Rules.

**Article 123** Voting on resolutions of the Board of Directors may be by show of hands or by written ballot.

Extraordinary meetings of the Board of Directors may be held and resolutions may be passed by means of communication, etc., on the premise of ensuring the full expression of opinions by the Directors, and the Directors participating in the meeting shall sign the ballots, the resolution of the meeting and the minutes of the meeting and other documents.

**Article 124** Directors shall attend Board meetings in person. Where a Director is unable to attend a meeting for any reason, he/she may by a written power of attorney appoint another Director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and the period of the validity of the power of attorney, which shall be signed or officially sealed by the authorizing party. A Director appointed as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

**Article 125** The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting, all attending Directors shall sign the minutes of such meetings.

The minutes of the meeting of the Board of Directors shall be kept as record of the Company for a period of no less than 10 years.

**Article 126** Minutes of the Board meetings shall include the following contents:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the attending Directors and the Directors (proxies) attending the meeting on behalf of others;
- (3) the agenda of the meeting;
- (4) the highlights of Directors' speeches (if any);
- (5) the voting method and result of each resolution (the result shall specify the number of votes for, against and abstaining).

**Article 127** The Board of Directors shall establish the audit committee, the nomination committee, the remuneration and appraisal committee and the scientific committee. The Board of Directors may set up other special committees with the consent of the shareholders' general meeting. Special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and their proposals shall be submitted to the Board of Directors for deliberation. The members of special committees shall consist totally of Directors. The special committee shall not pass any resolution in the name of the Board of Directors, but may exercise its decision-making power in respect of authorized matters under the special authorization of the Board of Directors, provided that it does not contravene the mandatory provisions of the relevant PRC laws, regulations, regulatory documents and the listing rules of the stock exchange where the Company's shares are listed. The Board of Directors is responsible for formulating the working rules for special committees and regulating the operation of special committees.

## **CHAPTER VI CHIEF EXECUTIVE OFFICER AND OTHER SENIOR MANAGEMENT**

**Article 128** The Company shall have a chief executive officer, who shall be appointed or dismissed by the Board of Directors.

The Company shall have four vice presidents and a financial officer, all of whom shall be appointed or dismissed by the Board of Directors.

The chief executive officer, vice president, financial officer and secretary to the Board of Directors of the Company are the senior management of the Company.

**Article 129** The circumstances of disqualification for Directors prescribed in Article 98 of the Articles of Association shall be applicable to senior management.

Provisions regarding the duty of loyalty under Article 100 and diligence of Directors under (4) to (6) of Article 101 hereof shall be applicable to the senior management.



**Article 130** A person who holds administrative positions other than that of a Director and supervisor of the Company's controlling shareholder or de facto controller shall not act as the senior management of the Company. The senior management of the controlling shareholder concurrently holding the office of a Director or supervisor of the Company shall ensure that they have sufficient time and efforts to fulfill their duties with the Company.

The senior management of the Company only receives remuneration from the Company, and no remuneration shall be paid by the controlling shareholder on behalf of the Company.

**Article 131** The chief executive officer shall be appointed for a term of 3 years and shall be eligible for reappointment upon expiry of the term.

**Article 132** The chief executive officer shall be accountable to the Board of Directors and exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors and to report to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to formulate plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board of Directors the appointment or dismissal of the chief executive officer, vice president, financial officer and other senior management of the Company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (8) other powers conferred by the Articles of Association or the Board of Directors.

The chief executive officer shall attend Board meetings.

**Article 133** The chief executive officer shall formulate working rules of the chief executive officer which shall be implemented after being approved by the Board of Directors.

**Article 134** The working rules of the chief executive officer shall include:

- (1) the conditions, procedure and participants of the chief executive officer's meeting;
- (2) specific responsibilities and work allocation of the chief executive officer and other senior management;

- (3) use of funds and assets of the Company, scope of authorization to enter into material contracts and reporting policies regarding the Board of Directors and the Supervisory Committee;
- (4) other matters which the Board of Directors deems necessary.

**Article 135** The chief executive officer may resign prior to the expiry of his/her term of office. The specific procedures and methods regarding the resignation of the chief executive officer shall be stated in the employment contract between the chief executive officer and the Company.

**Article 136** The Board of Directors shall have a secretary. The secretary is in charge of preparing the shareholders' general meeting and the Board meeting, keeping files, and managing the data regarding the shareholders of the Company, as well as dealing with information disclosure and other matters. The secretary to the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

**Article 137** Senior management shall faithfully perform their duties and safeguard the best interests of the Company and all the shareholders. If the Company's senior management fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law. If a senior management member violates the provisions of laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties with the Company and subsequently causes losses to the Company, he/she shall be liable for compensation.

## **CHAPTER VII SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 138** The circumstances of disqualification of Directors prescribed in Article 98 of the Articles of Association shall be applicable to supervisors.

Directors, chief executive officer and other senior management may not also serve as a supervisor.

**Article 139** The supervisors shall comply with laws, administrative regulations, the securities regulatory rules in the place where the Company's shares are listed and the Articles of Association and bear the responsibility of loyalty and diligence. They shall not take any bribe or other illegal gains by taking advantage of their authority and shall not take illegal possession of the company property.

The supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign written confirmation opinions for regular reports (subject to the requirements of the Hong Kong Stock Exchange).

**Article 140** The term of office of a supervisor is three years. Supervisors may be re-elected upon expiry of their terms of office.

**Article 141** Where a supervisor is not timely re-elected at the expiry of the term of office or a supervisor resigns during the term of office as a result of which the number of the members in the Supervisory Committee falls below the quorum, the original supervisor shall perform his/her duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.



**Article 142** The supervisors may attend Board meetings, and deliver enquiry or suggestion regarding resolutions of the Board of Directors.

**Article 143** The supervisors shall not use their connected relationship to prejudice the Company's interests and shall be liable for indemnity to any loss caused to the Company.

**Article 144** Any supervisor who violates any laws, administrative regulations, departmental rules or the Articles of Association during the course of performing his/her duties and causes losses to the Company shall be liable for indemnity.

## **Section 2 Supervisory Committee**

**Article 145** The Company shall have a Supervisory Committee. The Supervisory Committee shall consist of 3 supervisors and have 1 chairperson. The chairperson of the Supervisory Committee shall be elected by votes representing more than half of all the supervisors. The chairperson of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. Where the chairperson of the Supervisory Committee is unable to or does not perform his/her functions and duties, a supervisor jointly elected by a simple majority of all the supervisors shall convene and preside over the meeting.

The Supervisory Committee shall comprise supervisors who represent the shareholders and a proper proportion of supervisors who represent the employees, and the proportion of the latter shall be 2/3. The employee representatives of the Supervisory Committee shall be elected by employees of the Company at the employee representatives' meeting, employee meeting or otherwise democratically.

**Article 146** The Supervisory Committee shall exercise the following powers:

- (1) to examine the Company's financial affairs;
- (2) to supervise the Directors and senior management in their performance of their duties and to propose the removal of Directors and senior management who have violated laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meeting;
- (3) to demand rectification by a Director or senior management when the acts of such persons are harmful to the Company's interest;
- (4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meeting when the Board of Directors fails to perform the duty of convening and presiding over shareholders' general meeting under the Company Law;
- (5) to submit proposals to the shareholders' general meeting;
- (6) to initiate legal actions against Directors and senior management in accordance with Rule 189 of the Company Law;

- (7) to investigate any irregularities in the operation of the Company and to engage accounting firms, law firms and other professional institutions to assist in the investigation if necessary at the expense of the Company;
- (8) other functions and powers stipulated by laws, administrative regulations, departmental rules, the Articles of Association or other internal systems and rules.

**Article 147** The Supervisory Committee shall meet at least once every 6 months. A supervisor may propose to convene an extraordinary meeting of Supervisory Committee.

Resolutions of the Supervisory Committee shall be adopted by a simple majority of the supervisors.

**Article 148** Where the Supervisory Committee convenes an extraordinary meeting of Supervisory Committee, it shall notify all the supervisors in writing three days prior to the meeting. Where an extraordinary meeting of the Supervisory Committee needs to be convened in emergency, the notice of meeting may be sent by telephone or other means at any time, but the convener shall make explanations at the meeting.

**Article 149** The notice of the meeting of the Supervisory Committee shall include the following:

- (1) date, venue and duration of the meeting;
- (2) purpose and matters to be discussed;
- (3) date of issue of the notice.

**Article 150** The Supervisory Committee shall keep minutes of resolutions on matters discussed at the meeting, all attending supervisors shall sign the minutes of such meetings.

A supervisor is entitled to request that an explanatory note be made with regard to his speech in the meeting. The minutes of the meeting of the Supervisory Committee shall be kept as company files for at least 10 years.

**Article 151** The Supervisory Committee shall formulate the rules of procedures for the Supervisory Committee, specify the method for conducting business and the voting procedures of the Supervisory Committee, etc., so as to ensure the working efficiency and scientific decision making of the Supervisory Committee. The rules of procedures for the Supervisory Committee annexed to the Articles of Association shall be prepared by the Supervisory Committee and approved by the shareholders' general meeting.

## **CHAPTER VIII FINANCIAL AND ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDITING**

### **Section I Financial and Accounting System**

**Article 152** The Company shall develop its financial and accounting system pursuant to the law, administrative regulations and the requirements of the relevant department of the PRC.

**Article 153** The Company shall publish its annual financial accounting report within 4 months after the conclusion of each fiscal year. The interim report shall be released within 3 months after the expiration of the first six months of each fiscal year. The Company shall submit, disclose and/or place results announcement, annual report, interim report and other documents as stipulated in the regulations of the stock exchange on which shares of the Company are listed.

The above results announcement, annual report, interim report shall be prepared in accordance with the laws, administrative regulations, the regulations of CSRC and the stock exchange on which shares of the Company are listed.

**Article 154** The Company shall not establish other accounting books except for the statutory accounting books. The assets of the Company shall not be deposited in any account opened in the name of any individual.

**Article 155** In distributing the profit after taxation of the current year, the Company shall set aside 10% of its profit into its statutory common reserve fund. When the aggregate amount of the statutory common reserve fund of the Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory common reserve fund in accordance with the preceding paragraph.

After allocation of its profits after taxation to its statutory common reserve fund, the Company may, subject to the approval of the shareholders' general meeting, allocate its profits after taxation to its discretionary common reserve fund.

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

If the shareholders' general meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory common reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision.

The Company's shares held by the Company are not entitled to any profit distribution.

**Article 156** The common reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or increasing the capital of the Company. When using common reserve fund to make up for losses of the Company, the discretionary reserve and statutory reserve shall be used first; if the losses cannot be made up, the capital reserve can be used in accordance with regulations.

Where the statutory common reserve fund is converted into capital, the balance of the common reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 157** After the shareholders' general meeting of our Company make a resolution on profit distribution plan, the Board shall complete the distribution of dividends (or shares) within 2 months after the convening of the shareholders' general meeting.

**Article 158** Profit distribution policies of the Company is as follows:

(1) Profit distribution policies of the Company

The Company adopts a sustainable and steady profit distribution policy to provide reasonable investment return to investors while maintaining the sustainable development of the Company. Subject to the compliance of the profit distribution principles, the maintenance of the normal operation and the long-term development of the Company, the Company attaches importance to the cash dividend payment.

(2) The method and proportion for the profit distribution of the Company

The Company distributes dividends in cash or shares, or cash-and-shares, but considers cash dividends as a priority; On the premise of meeting the fund demand for business, predictable important investment plan or substantial capital expense, Board in the Company can, in accordance with the operating profit and cash flow of the current period, carry out the semi-annual dividend distribution, and the specific plan shall be submitted to shareholders' general meeting for approval after being reviewed by the Board.

(3) Specific conditions of profit distribution

The Company has recorded a profit in a particular year and that its accumulated undistributed profit is positive, it shall distribute dividends in cash; If the Company decides to distribute profit by way of share dividend, such real and reasonable factors as the Company's growth and dilution of net asset value per shares shall be taken into consideration; The Board of the Company shall collectively consider factors such as the characteristics of the industry, phase of development, its own operation model, profit level and whether there is material capital expenditure to identify the following scenarios and propose different cash dividend policies according to the procedures provided in the Articles of Association:

1. Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits;
2. Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits;
3. Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.

Where it is difficult to identify the development stage of the Company but there is substantial capital expenditure arrangement, dividend distribution may be dealt with in accordance with the preceding provisions.

Significant capital expenditure refers to the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 30% of the latest audited net assets of the Company.

(4) Conditions for cash dividends

The profit distributed by the Company in cash shall comply with the following conditions:

1. The distributable profit (i.e. the profit after tax after deducting compensation for loss and withdrawal of common reserve fund by the Company) realized by the Company for the year or half year is positive and the cash flow is sufficient. The payment of cash dividends will not affect the subsequent continuing operation of the Company;
2. The cumulative distributable profit of the Company is positive;
3. The audit firm issues an unqualified audited financial report of the Company for the year;
4. The Company has no such events as major investment plan or significant cash expenditure, excluding projects of raising proceeds.

Major investment plan or significant capital expenditure refers to the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 30% of the latest audited net assets of the Company.

Items 1-3 of the above conditions for cash dividends are necessary conditions for the Company to implement cash dividends; after consideration and approval by the shareholders' general meeting, item 4 of the above conditions for cash dividend distribution shall not affect the Company's implementation of cash dividend distribution.

(5) Proportion for cash dividends

Subject to the compliance of the profit distribution principles, the maintenance of the normal operation and the long-term development of the Company, in principle, the Company can distribute the distributable profits on an annual basis, and where necessary, the Company can also distribute interim profit. The profit to be distributed by the Company in cash each year shall not be less than 10% of the distributable profit realized in that year. The specific cash dividend payout ratio proposal for each year shall be formulated by the Board in accordance with the aforementioned regulations, taking into account the Company's operating conditions and relevant regulations, and shall be submitted to the shareholders' general meeting for approval.

(6) Period interval for profit distribution

Subject to conditions, the Company shall pay dividends once a year and also may make interim profit distribution.

(7) Decision-making procedures for profit distribution

Where the Board of the Company proposes a cash dividend distribution plan, the cash dividend distribution plan shall be approved by an ordinary resolution at the shareholders' general meeting; if the Board of the Company proposes a dividend distribution plan, it shall be approved by the shareholders' general meeting by way of special resolution.

When formulating a detailed cash dividend distribution plan by the Company, the Board shall carefully study and deliberate on the timing, conditions and minimum ratio for cash dividends of the Company, conditions for adjustment and its decision-making procedures, etc.

Independent non-executive Directors may solicit opinions from the minority shareholders, put forward dividend distribution proposals, and directly submit the same to the Board for consideration.

Before the specific cash dividend plan is considered at a shareholders' general meeting, the Company shall actively communicate with the shareholders, especially the minority shareholders, through various channels, fully heed the opinions and demands of the minority shareholders, and reply to their concerns in a timely manner.

If the Company recorded profits in last fiscal year but the Board did not propose cash profit distribution plan after the end of last fiscal year, explanation shall be made in regular report on the reasons not distributing profit and the usages of the profits not distributed and retained by the Company.

Where the Company does not make profit distribution or makes the profit distribution in a proportion lower than the cash dividend proportion as stipulated in the Articles of Association in a year, the Board of the Company shall disclose the reason. The relevant profit distribution proposal shall be submitted to the shareholders' general meeting for approval after having considered by the Board of the Company, and the reasons for and the specific use of the retained funds shall be detailed in the resolution proposed at the shareholders' general meeting, and approved by the shareholders' general meeting by way of special resolution.

Where the Company needs to make adjustments to its profit distribution policies in line with its production and operation, investment plans, and long-term development, the adjusted profit distribution policies shall not violate the regulations of the CSRC and the stock exchange on which shares of the Company are listed with an aim of protecting the interests of shareholders. The adjustments of the profit distribution policies shall be submitted to the shareholders' general meeting of the Company for approval after being considered by the Board and shall provide specific discussions and detailed reasons at the shareholders' general meeting, and approved by the shareholders' general meeting by way of special resolution.



- (8) If any shareholder illegally occupies the Company's funds, the Company shall deduct the cash profit allocated to such shareholder to repay the amount taken.

If the cash dividend policy is to be adjusted or changed, the Company shall disclose the details of such policy, such as whether the conditions and procedures for the adjustments or changes are in compliance with the regulations.

## **Section II Internal Auditing**

**Article 159** The Company shall implement an internal auditing system and appoint full time auditors to carry out internal auditing and supervision of the Company's financial incomes and expenses and economic activities.

**Article 160** The internal audit system and duties of the internal auditors of the Company shall be implemented after the approval by the Board. The chief auditor shall be accountable and report to the Board.

## **Section III Appointment of Accounting Firm**

**Article 161** The Company shall engage an accounting firm that comply with the Securities Law and the regulations of the stock exchange on which shares of the Company are listed to audit the financial statements, verify the net assets and offer other relevant consulting services. The term of service shall be 1 year, which is renewable upon expiry of the term.

**Article 162** The appointment, removal or dismissal of an accounting firm by the Company shall be decided by an ordinary resolution at a shareholders' general meeting. If there is a vacancy in the position of accounting firm of the Company, the Board may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. The accounting firm so appointed shall hold office only until the next following annual shareholders' general meeting and shall then be eligible for re-election. While any such vacancy continues, the surviving or continuing accountant firm, if any, may act.

**Article 163** The Company shall guarantee that the accounting evidence, accounting books, financial reports and other accounting information provided to the engaged accounting firm are true and complete without any refusal or withholding or falsification.

**Article 164** The audit fee for an accounting firm or its determination shall be determined by the shareholders' general meeting through ordinary resolutions.

**Article 165** Where the Company dismisses or ceases to re-appoint an accounting firm, a ten-day prior notice shall be given to the accounting firm, and the accounting firm shall have the right to state its opinions at the shareholders' general meeting where a voting process concerning the dismissal of such accounting firm is carried out.

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



## CHAPTER IX NOTICE AND ANNOUNCEMENT

**Article 166** Notices of the Company shall be delivered in the following forms:

- (1) By specially assigned person;
- (2) By fax, email, or mail;
- (3) By announcement;
- (4) By way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of the stock exchange on which shares of the Company are listed;
- (5) By any other means as agreed by the Company or the recipient or as accepted by the recipient after the notice is received;
- (6) By any other means as approved by the relevant regulatory authorities on which the Company's shares are listed or as specified in the Articles of Association.

Unless otherwise stated, the “announcement” referred to in the Articles of Association shall mean, as to the announcements published to the holders of unlisted domestic shares of the Company or the announcements required to be published in the PRC according to the relevant requirements and the Articles of Association, an announcement published on any newspaper in the PRC as stipulated under the laws and administrative regulations of the PRC or designated by the securities authority of the State Council.

For notices issued by the Company to the holders of overseas-listed foreign shares by way of announcement, the Company shall on the same day submit its electronic version available for real-time publication to the Hong Kong Stock Exchange through the e-submission system of the Hong Kong Stock Exchange for release on the website of the Hong Kong Stock Exchange in accordance with the listing rules of the stock exchange on which shares of the Company are listed, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. The announcement shall at the same time also be published on the Company's website. In addition, unless otherwise required in the Articles of Association, the notice shall be delivered to each of the registered addresses as set forth in the register of holders of overseas-listed foreign shares by personal delivery or prepaid mail, so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Unless otherwise required in the Articles of Association, the Company's holders of overseas-listed foreign shares can, in writing, select to receive corporate communication by electronic means or by mail that the Company shall send to shareholders, and they can also select to receive Chinese or English version only, or both. Shareholders can give written notice in advance to the Company within reasonable time to revise the method and language version of receiving foregoing information under appropriate procedures.

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

Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, as for the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the listing rules of the stock exchange on which shares of the Company are listed, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website according to the relevant laws and regulations as well as the Hong Kong Listing Rules as amended from time to time. Corporate communication includes, but not limited to, circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

**Article 167** Subject to compliance with the relevant laws and regulations and the Listing Rules of the Hong Kong Stock Exchange as amended from time to time, where the Company issues a notice by public announcement, all relevant parties shall be deemed to have received such notice once the public announcement has been made.

**Article 168** The notice of the Company to convene a shareholders' general meeting shall be delivered by announcement or other forms of notice as stipulated in these Articles of Association.

The notice of the Company to convene a meeting of the Board and a meeting of the Supervisory Committee shall be delivered by hand, mail, facsimile or e-mail or by means of a data message that allows a tangible representation of the contents contained therein.

Where the relevant laws, administrative regulations, CSRC and the stock exchanges on which the Company's shares are listed have other provisions on the ways of notice of the above meeting, such provisions shall prevail.

**Article 169** For a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the recipient on the note of receipt and the receipt date shall be the date of serve. If the notice is delivered by post, it shall be deemed to have been received after 48 hours from the date the notice is delivered to the post office; If the notice is delivered by way of fax or email or by way of publishing information on websites, it shall be deemed to have been received on the date it is sent or published; If the notice is delivered by way of announcement, it shall be deemed to have been received on the date on which the announcement is first published.

**Article 170** In the event that the laws, administrative regulations, and the listing rules of the stock exchange on which the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the preference stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by applicable law and regulations and pursuant to the applicable laws and regulations.

**Article 171** Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any parties entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

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

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

**Article 172** The Company may undergo combination in the form of merger or consolidation.

A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company, whereby the merged companies shall be dissolved.

**Article 173** Where the Company undergoes combination, all parties to the combination shall enter into a combination agreement, and prepare balance sheets and property checklists. The Company shall, within 10 days after making the decision of combination, notify the creditors, and shall make a public announcement on newspapers or National Enterprise Credit Information Publicity System within 30 days. The creditors may require the Company to repay its debts within 30 days after receiving the notice, or provide corresponding repayment guarantees within 45 days after the announcement if the creditors have not received the notice.

**Article 174** When combination, any creditor's rights and indebtedness of the combined parties shall be assumed by the company which survives after the combination or the newly established company.

**Article 175** Where the Company undergoes division, the property of the Company shall be divided accordingly.

If undergoing division, the Company shall prepare a balance sheet and a property checklist. After making a resolution on division, the Company shall notify creditors within 10 days, and publish an announcement on newspapers within 30 days.

**Article 176** For the debts of the Company prior to the said division, the Company that survives thereafter shall bear the joint and several liabilities, unless otherwise specified in the written agreement which is concluded before the said division by the Company with its creditors on the settlement of the Company's debts.

**Article 177** When the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days and publish an announcement in newspapers or National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been made. The creditors shall have the right to require the Company to repay its debts within 30 days after receiving the notice, or provide corresponding repayment guarantees within 45 days after the announcement if the creditors have not received the notice.

The reduced registered capital of the Company shall not be less than the statutory minimum.

If the registered capital is reduced in violation of the provisions of the Company Law, the shareholders shall return the funds they have received, and the shareholders shall restore the capital contributions to the original state if their capital contribution are reduced or exempted; if losses are caused to the Company, the shareholders and Directors, supervisors, and senior management personnel shall be liable for compensation.

**Article 178** The Company shall, in accordance with the law, handle the procedures for change registration with the company registration authority where a change in any registration items arises as a result of any merger or division. In the event of dissolution of the Company, the Company shall handle the procedures for registration of cancellation in accordance with the law. In the event of establishment of a new company, the Company shall handle the procedures for registration of establishment in accordance with the law.

Where the Company increases or reduces its registered capital, the Company shall handle the procedures for change registration with the company registration authority in accordance with the law.

## **Section II Dissolution and Liquidation**

**Article 179** The Company is dissolved due to the following reasons:

- (I) the term of its operation set out in the Articles of Association has expired (if applicable) or other events of dissolution specified in the Articles of Association have occurred;
- (II) the shareholders' general meeting has resolved to dissolve the Company;
- (III) the company is dissolved by reason of its merger or division;
- (IV) the business license is revoked, or the business is ordered to close down or is revoked, in accordance with the law;
- (V) where the Company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss to the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the Company may present a petition to the People's Court for the dissolution of the Company.

**Article 180** In the event of item (I) in Article 179, the Company may survive by amending its Articles of Association.

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

**Article 181** Where the Company is dissolved under the provisions of items (I), (II), (IV), (V) in Article 179, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation committee shall be composed of Directors or the persons determined by the shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the creditors may file an application with the People's Court to appoint relevant personnel to form a liquidation committee to administer liquidation.

If a member of the liquidation committee fails to perform his duties of liquidation and causes losses to the Company, he shall be liable for compensation; if any member of the liquidation committee causes losses to the creditors intentionally or due to gross negligence, he shall be liable for compensation.

**Article 182** The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (I) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify the creditors and make announcements;
- (III) to deal with and settle the outstanding business of the Company related to the liquidation;
- (IV) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (V) to settle claims and debts;
- (VI) to deal with the remaining assets of the Company after its debts have been paid off;
- (VII) to represent the company in any civil procedures.

**Article 183** The liquidation committee shall notify creditors within ten days after its establishment and shall make announcements in newspapers or National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his/her claim with the liquidation committee within 30 days after receiving the notice or within 45 days after the date of announcement if he/she did not receive the notice.

When declaring their claims, the creditors shall explain the matters related to their claims and provide supporting materials. The liquidation committee shall register the creditor's rights.

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

**Article 184** Upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit it to the shareholders' general meeting or the People's Court for confirmation.

For the remaining assets of the Company after payment of liquidation expenses, wages, social insurance expenses and statutory compensation of employees, outstanding taxes and the Company's debts shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to the shareholders before the settlements are made in accordance with the above provisions.

**Article 185** The liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of insolvency in accordance with law.

**Article 186** After the People's Court has accepted the bankruptcy application, the liquidation committee shall hand over the affairs of the liquidation to the bankruptcy administrator designated by the People's Court. Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' general meeting or the People's Court for confirmation, and then submit it to the company registration authority applying for cancelation of the Company's registration and announce the termination of the Company.

**Article 187** Members of the liquidation committee are required to discharge their duties honestly and in compliance with the relevant laws.

Members of the liquidation committee shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the Company's properties.

A member of the liquidation committee is liable to indemnify the Company and its creditors in respect of any loss arising from his/her willful or material default.

**Article 188** Where the Company is declared bankruptcy according to law, it shall carry out bankruptcy liquidation in accordance with relevant enterprise bankruptcy laws.

## **CHAPTER XI AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 189** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after the amendment to the Company Law or any other relevant law or administrative regulation, any provision of the Articles of Association is in conflict with the amended law or administrative regulation;
- (II) any change of the Company results in inconsistency with the relevant provisions of the Articles of Association;
- (III) the shareholders' general meeting decides to amend the Articles of Association.

**Article 190** Any amendment to the Articles of Association adopted by a resolution in a shareholders' general meeting that shall be examined and approved by the competent authority must be submitted to the competent authority for approval. Those involving the registered particulars of the Company shall be made for the change in registration in accordance with law.

**Article 191** The Board shall amend these Articles of Association pursuant to the resolution of shareholders in a shareholders' general meeting for amendment of these Articles of Association and the approval opinions of the competent authority.



## CHAPTER XII SUPPLEMENTARY PROVISIONS

### Article 192 Definition

- (1) Unless the context otherwise requires, in the Articles of Association, the term “accounting firm(s)” has/have the same meaning as the term “auditor(s)” under the Hong Kong Listing Rules.
- (2) A “controlling shareholder” shall refer to the shareholders holding shares representing more than 50% of the total capital of the Company; holding less than 50 % of shares in the Company, but the voting rights vested by the shares held by him/her have a material effect on any resolutions made at a shareholders’ general meeting.
- (3) A “de facto controller” refers to natural persons, legal persons or non-legal-person organizations who, through investment relationships, agreements, or other arrangements, may actually control the activities of the Company.
- (4) In the Articles of Association, a “connected relationship” and “connected transaction” has the meaning ascribed to it by the Hong Kong Listing Rules.

**Article 193** Annexes to the Articles of Association include the rules of procedure for shareholders’ general meeting, the rules of procedure for the Board of Directors and the rules of procedure for the supervisory committee.

**Article 194** The Articles of Association are written in Chinese. In case of any discrepancy between the Articles of Association in any other language or different versions and the Articles of Association, the latest Chinese version filed with the Company’s registration authority shall prevail.

**Article 195** In the Articles of Association, the terms “more than”, “below” and “within” shall all include the present figure; the terms “other than”, “lower”, “over”, “higher” and “insufficient” shall all exclude the present figure.

**Article 196** The Board of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 197** The Articles of Association shall be effective and come into force from the date on which it was passed by Company’s general meeting. When amended, it shall take effect upon approval by a special resolution at a shareholders’ general meeting.