

**Articles of Association**  
**of**  
**Sichuan Baicha Baidao Industrial Co., Ltd.**

The Articles of Association will take effect from the date on which the listing and trading of the H shares of the Company on The Stock Exchange of Hong Kong Limited are approved by the relevant authorities and relevant regulatory agencies of China upon consideration and passing at the eighth extraordinary general meeting of 2023 held on August 10, 2023

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## CHAPTER I GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of Sichuan Baicha Baidao Industrial Co., Ltd. (the “**Company**”) as well as its shareholders and creditors, and regulate the organization and activities of the Company, the Articles of Association of the Company (the “**Articles of Association**”) are formulated in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “**Company Law**”), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**Securities Law**”), Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), Guidance for the Articles of Association of Listed Companies (《上市公司章程指引》) and other relevant laws, administrative regulations, relevant requirements of China as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), with reference to the actual situation of the Company.

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

The Company was established by way of promotion by all the promoters. The Company was registered with the Administration for Market Regulation of Chengdu Municipality (成都市市場監督管理局) and obtained the business license on December 31, 2020. The unified social credit code of the Company is 91510100MA6A574RX4.

**Article 3** The Company completed the filing procedures with the China Securities Regulatory Commission (the “**CSRC**”) on December 20, 2023, and upon approval by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), the Company initially issued to the public 147,763,400 overseas listed foreign shares, and a total of 169,927,800 overseas listed foreign shares will be in issue if the Over-allotment Option (representing 15% of overseas listed foreign shares initially offered) is fully exercised. The shares issued were listed on the Hong Kong Stock Exchange on April 23, 2024.

**Article 4** The registered name of the Company: 四川百茶百道實業股份有限公司

English name: Sichuan Baicha Baidao Industrial Co., Ltd.

**Article 5** The Company’s domicile: No. 201, Building 1, No. 12 South Tuanjie Road, Qingbaijiang District, Chengdu, Sichuan.

Postal code: 610399.

**Article 6** The registered capital of the Company is RMB147,763,425.

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

**Article 8** The chairman of the board (the “**Board**”) of Directors (the “**Director**”) of the Company shall be the legal representative of the Company.

**Article 9** All of the assets of the Company are divided into shares of equal par value. The shareholders are responsible for the Company to the extent of the shares they have subscribed for. The Company is responsible for its debts to the extent of all of its assets.

**Article 10** The Articles of Association shall take effect from the date of listing and trading of the H shares of the Company (the “**H Shares**”) on the Hong Kong Stock Exchange after it has been considered and approved by the general meeting of the Company (the “**General Meeting**”). The former Articles of Association of the Company shall become invalid automatically from the date of entry into force of the Articles of Association.

From the date on which it becomes effective, the Articles of Association shall become a legally binding document that regulates the organization and activities of the Company and the rights and obligations between the Company and its shareholders and between shareholders inter se, and is binding upon the Company and its shareholders, Directors, supervisors, general managers and other senior management. In accordance with the Articles of Association, shareholders may take legal action against other shareholders; shareholders may take legal action against Directors, supervisors, general manager and other senior management of the Company; shareholders may take legal action against the Company; the Company may take legal action against shareholders, Directors, supervisors, general manager and other senior management.

**Article 11** Other senior management referred to in the Articles of Association represent the deputy general managers, secretary to the Board and chief financial officer of the Company, as well as other senior management officers identified by the Board.

**Article 12** For the purpose of establishing a organization of the Communist Party of China (the “**CPC**”) in the Company, the Company shall establish such CPC organization and carry out CPC activities in accordance with the requirements of the Constitution of the CPC. The Company shall provide the CPC organization with necessary conditions for its activities.

## **CHAPTER II OBJECTS AND SCOPE OF BUSINESS**

**Article 13** The Company’s objects of business include: to carry out its own businesses in accordance with relevant laws and regulations; to constantly enhance its management standards and core competitiveness to provide customers with quality services; to maximize the interests of the shareholders and corporate value of the Company; to create good economic and social benefits; and to promote the prosperous development of culture.

**Article 14** Registered according to law, the Company’s scope of business is: general items: corporate management; supply chain management services; marketing planning; information consulting services (excluding licensed information consulting services); socio-economic consulting services (except for the items subject to approval according to law, business activities can be carried out independently with the business license according to law). Items subject to approval: food operation (sales of pre-packaged food); urban delivery and transportation services (excluding dangerous goods) (For items subject to approval according to law, business activities can only be carried out upon approval by the relevant authorities, and the specific business items shall be subject to the approval documents or licenses obtained from the relevant authorities).

## CHAPTER III SHARES

### Section 1 Issuance of Shares

**Article 15** The shares of the Company shall be in the form of registered share certificates.

**Article 16** The shares of the Company shall be issued in an open, fair and equal manner, and each of the shares of the same class shall carry the same rights.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

**Article 17** The par value of the share certificates issued by the Company is denominated in RMB and each of the share certificates has a par value of RMB0.1.

**Article 18** The shares issued by the Company shall be centrally deposited with Computershare Hong Kong Investor Services Limited (the “**Securities Registration and Clearing Institution**”).

**Article 19** The name, number of shares subscribed, shareholding percentage, and method and time of capital contribution of each promoter are as follows:

| No. | Name of promoter   | Number of shares subscribed (ten thousand shares) | Shareholding percentage | Method of capital contribution | Time of capital contribution |
|-----|--|---|-------------------------|--------------------------------|------------------------------|
| 1.  | Sichuan Hengsheng Herui Industrial Group Co., Ltd.<br>(四川恆盛合瑞實業集團有限公司) | 9,000   | 90%                     | currency                       | April 25, 2021               |
| 2.  | Wang Xiaokun (王霄鋸)   | 1,000   | 10%                     | currency                       | February 21, 2021            |
|     | <b>Total</b>   | <b>10,000</b>                                     | <b>100%</b>             | —                              | —                            |

**Article 20** The total number of shares of the Company immediately prior to the issuance of overseas listed foreign shares (the “**Issuance of H Shares**”) were 1,329,870,850 shares, all of which were ordinary shares.

Following the Issuance of H Shares and prior to the exercise of the over-allotment option, the total share capital of the Company was 1,477,634,250 shares, all of which are ordinary shares. If the over-allotment option is exercised in full, the total share capital of the Company is 1,499,798,650 shares, all of which are ordinary shares.

**Article 21** The Company or its subsidiaries (including affiliated enterprises of the Company) shall not, in form of a gift, advance, guarantee, compensation, loan or otherwise, provide any financial assistance to a person who purchases or intends to purchase the shares of the Company.

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

**Article 22** In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the General Meeting, by any of the following methods:

- (1) public offering of shares;
- (2) private placement of shares;
- (3) distribution of bonus shares to existing shareholders;
- (4) conversion of reserve funds to share capital;
- (5) other means permitted by the laws, administrative regulations and the CSRC and the Hong Kong Stock Exchange.

**Article 23** The Company may reduce its registered capital. The reduction of registered capital shall be made in accordance with the Company Law, the Hong Kong Listing Rules and other relevant regulations, as well as the procedures stipulated in the Articles of Association.

**Article 24** The Company shall not purchase its shares, except in one of the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merger with another company holding shares of the Company;
- (3) use of shares for employee stock ownership plans or equity incentives;
- (4) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the General Meeting on the merger or division of the Company;
- (5) use of shares for conversion of corporate bonds convertible into shares issued by the Company;
- (6) necessity for maintaining company value and protecting shareholders' equity.

**Article 25** The Company may purchase its shares through open and centralized trading or by other methods approved by laws, administrative regulations, the Hong Kong Listing Rules and the CSRC.

The purchase by the Company of its own shares for circumstances provided in sub-paragraphs (3), (5) and (6) under the first paragraph of Article 24 of the Articles of Association shall, subject to the requirements of the Hong Kong Listing Rules and the regulatory rules of the Hong Kong Stock Exchange, be conducted through open and centralized trading.

**Article 26** The purchase by the Company of its own shares for the reasons of sub-paragraphs (1) and (2) under the first paragraph of Article 24 of the Articles of Association shall require a resolution of the General Meeting. The purchase by the Company of its own shares under the circumstances set out in sub-paragraphs (3), (5) and (6) under the first paragraph of Article 24 of the Articles of Association may be approved by a meeting of the Board attended by more than two-thirds of the Directors pursuant to the provisions of the Articles of Association or the authorization by the General Meeting, unless otherwise required under the Hong Kong Listing Rules.

After the Company purchases its own shares pursuant to the provisions under the first paragraph of Article 24 of the Articles of Association, the shares purchased under the circumstance as described in sub-paragraph (1) shall be cancelled within ten days from the date of purchase; the shares purchased under the circumstances as described in sub-paragraphs (2) and (4) shall be transferred or cancelled within six months; under the circumstances as described in sub-paragraphs (3), (5) and (6), the aggregate number of the Company's shares held by the Company shall not exceed 10% of the entire issued shares of the Company, and such shares shall be transferred or cancelled within three years.

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

**Article 27** The shares of the Company can be transferred in accordance with law.

All transfers of overseas listed foreign shares shall be effected by way of written instrument of transfer in general or ordinary format or any such other format as acceptable to the Board (including the standard format of transfer or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). If the transferor or transferee of the Company's shares is a recognized clearing house ("**Recognized Clearing House**") as defined under the relevant ordinances of the Hong Kong laws in force from time to time or an agent thereof, the written instrument of transfer may be signed by hand or in machine-printed form. All instruments of transfer must be kept at the legal address of the Company or other places as may be designated by the Board from time to time.

**Article 28** The Company shall not accept any of its own shares as the subject of pledge.

**Article 29** Shares of the Company held by promoters shall not be transferred for a period of one year after the Company's establishment. Shares issued prior to the Company's public offering of shares shall not be transferred for a period of one year from the date of listing and trading of the Company's shares on the Hong Kong Stock Exchange.

The Directors, Supervisors (the "**Supervisor**"), general manager and other senior management members of the Company shall declare to the Company the shares they hold in the Company and the subsequent changes in their shareholdings, and shall not transfer more than 25% of their shares of the same class per annum during their terms of office, unless the changes of shares are due to reasons such as judicial enforcement, inheritance, bequest and property division according to law.

Directors, Supervisors, general manager and other senior management of the Company shall not transfer the shares they hold in the Company in any of the following circumstances:

- (1) within one year from the date on which the shares of the Company are listed and traded on stock exchanges;
- (2) within half a year after Directors, Supervisors, general manager and other senior management of the Company terminate their employment with the Company;
- (3) within a period of time for which Directors, Supervisors, general manager and other senior management have undertaken not to transfer their shares;
- (4) other circumstances stipulated by laws, regulations, the CSRC and Hong Kong Stock Exchange.

If the transfer restriction for overseas listed foreign shares is otherwise governed under the Hong Kong Stock Exchange, the relevant provisions shall prevail.

**Article 30** If Directors, Supervisors, general manager, other senior management members of the Company and shareholders holding 5% or more of shares of the Company sell their shares or other securities with the nature of equity within six months from the date of acquisition, or purchase shares or other securities with the nature of equity within six months from the date of disposal, the resulting gains shall belong to the Company and the Board shall recover the resulting gains. However, securities companies holding 5% or more of the Company's shares as a result of the purchase of the remaining shares under underwriting, and other circumstances stipulated by the CSRC are excluded. The above shareholders holding 5% or more of the shares of the Company exclude Recognized Clearing Houses and their nominees as defined in the relevant ordinances in force from time to time under the laws of Hong Kong.

The shares or other securities with the nature of equity held by Directors, Supervisors, general manager, other senior management and individual shareholders referred to in the preceding paragraph shall include the shares or other securities with the nature of equity held by their spouses, parents, children, and those held through the accounts of others.

Shareholders may require the Board to enforce the provisions set out in the first paragraph of this Article within thirty days if the Board fails to do so. In the event that the Board fails to rectify the situation within the said time limit, shareholders may file a legal action to the court in their own name for safeguarding the interests of the Company.

If the Board fails to enforce the provisions of the first paragraph, the responsible Directors shall be held jointly and severally liable in accordance with law.



## CHAPTER IV SHAREHOLDERS AND GENERAL MEETINGS

### Section 1 Shareholders

**Article 31** Shareholders of the Company are legal persons, natural persons and other organizations that hold shares of the Company in accordance with the law.

The Company shall maintain a register of shareholders. The Company shall prepare a register of shareholders based on the evidence provided by the Securities Registration and Clearing Institution, and the register of shareholders shall be sufficient evidence for the shareholders' shareholdings in the Company. A shareholder shall enjoy rights and bear obligations according to the class of shares held. Shareholders holding the same class of shares shall enjoy the same rights and bear the same obligations.

For joint holders of any shares, the person whose name stands first in the register shall be entitled to receive share certificates of the relevant shares, receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders. Any of the joint shareholders may sign a proxy form, provided, however, that where the number of the joint shareholders present, in person or by proxy, at a meeting is more than one, the vote cast, in person or by proxy, by the most senior joint shareholder shall be accepted as the only vote cast on behalf of all the rest joint shareholders. In this regard, the shareholders' seniority shall be determined in accordance with the order in which the names of the joint shareholders appear in the register of members of the Company in relation to the relevant shares.

Transfer and assignment of shares shall be recorded in the register of shareholders. The original copy of the register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

If a shareholder of overseas listed foreign shares loses his/her share certificates, and applies for replacement, such replacement may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original copy of the register of holders of overseas listed foreign shares is maintained.

The Company shall keep a duplicate of the register of holders of overseas listed foreign shares at its domicile. The entrusted overseas agency shall at all times ensure the consistency between the original copy and the duplicate of the register of holders of overseas listed foreign shares. The register of shareholders kept in Hong Kong must be available to shareholders, but the Company may be allowed to suspend shareholder registration procedures in accordance with provisions in line with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**Article 32** When the Company convenes a General Meeting, distributes dividends, liquidates, or engages in other activities that require confirmation of shareholder identity, the Board or the convener of the General Meeting shall determine the share registration date. After the share registration date is closed, the registered shareholders shall be the shareholders who enjoy the relevant rights and interests.

**Article 33** The shareholders of the Company shall enjoy the following rights:

- (1) to receive distribution of dividends and other forms of benefits according to their shareholdings;
- (2) to legally request, convene, preside over, attend (in person or by proxy) the General Meetings and exercise corresponding rights to speak and vote;
- (3) to supervise the Company's operations, put forward proposals or raise enquiries;
- (4) to transfer, give as a gift or pledge the shares held in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association;
- (5) to inspect the Articles of Association, the register of shareholders, bond counterfoils of the Company, minutes of the General Meetings, minutes of the Board meetings, minutes of Supervisors' meetings and financial and accounting reports;
- (6) upon termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (7) for shareholders who vote against any resolution adopted at the General Meeting on the merger or division of the Company, to demand the Company to purchase the shares held by them;
- (8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

**Article 34** A shareholder who requests to review the information mentioned in the preceding Article or make a request for information shall provide the Company with written documents proving the class and number of the shares that he or she holds in the Company. The Company shall provide the information as requested by the shareholder after verifying his or her identity.

**Article 35** Where the content of a resolution of the General Meeting or the Board meeting of the Company violates laws or administrative regulations, the shareholders shall be entitled to request the People's Court to hold it invalid.

If the convening procedures or voting method of the General Meeting or the Board meeting violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the shareholders shall be entitled to request the People's Court to revoke the resolution within 60 days from the date it is made.

**Article 36** In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by Directors, general manager and other senior management when performing their duties in the Company, the shareholders holding 1% or more shares of the Company individually or jointly for over 180 consecutive days may submit a written request to the supervisory committee of the Company (the "**Supervisory Committee**") to file an action with the People's Court. Where the Supervisory Committee violates laws, administrative regulations or the Articles of Association in their duty performance and causes loss to the Company, the above shareholders may submit a written request to the Board to file an action with the People's Court.

In the event that the Supervisory Committee or the Board refuses to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fails to file an action within 30 days upon receipt of such request, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph may, in their own name, directly file an action with the People's Court for the interests of the Company.

In the event that any other person infringes upon the legitimate rights and interests of the Company and causes losses to the Company, the shareholders specified in the first paragraph of this Article may file an action with the People's Court pursuant to the provisions of the preceding two paragraphs.

**Article 37** In the event that Directors, general manager and other senior management violate laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may file an action with the People's Court.

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

- (1) to comply with laws, administrative regulations and the Articles of Association;
- (2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (3) not to return shares unless otherwise stipulated by the laws and regulations;
- (4) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or shareholders' limited liability to impair the interests of the creditors of the Company;
- (5) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause loss to the Company or other shareholders shall be liable for indemnity according to law. Where shareholders of the Company abuse the Company's status as an independent legal entity 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.

**Article 39** Where a shareholder holding 5% or more of the voting shares of the Company pledges any of his or her shares, he or she shall make a written report to the Company on the date on which he or she pledges his or her shares.

**Article 40** The controlling shareholders and the de facto controllers of the Company shall not use their connected relationships to impair the interests of the Company. They shall be liable for damages if, as a result of violating the provision, they cause the Company to sustain a loss.

The controlling shareholders and the de facto controllers of the Company bear fiduciary duties towards the Company and its shareholders as a whole. The controlling shareholder shall exercise his or her rights as a contributor in strict compliance with relevant laws. The controlling shareholders, de facto controllers and their related party may not use such means as profit distribution, assets restructuring, investment in a third party, appropriation of funds, loan security, etc., to impair the legitimate rights and interests of the Company and its shareholders as a whole, and may not use its connected relationships to impair the interests of the Company and its shareholders as a whole.

## **Section 2 General Provisions for General Meetings**

**Article 41** The General Meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and change a Director or Supervisor who is not an employee representative, and decide on matters relating to the remuneration of the Director and Supervisor;
- (3) to consider and approve the report of the Board;
- (4) to consider and approve the report of the Supervisory Committee;
- (5) to consider and approve the annual financial budgets and the final accounts of the Company;
- (6) to consider and approve the profit distribution plans and the loss recovery plans of the Company;
- (7) to decide on any increase or reduction of the Company's registered capital;
- (8) to decide on the issue of corporate bonds;
- (9) to decide on issues such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- (10) to amend the Articles of Association;
- (11) to decide on the engagement and dismissal of the accounting firm of the Company;
- (12) to consider and approve the guarantees as provided in Article 42 of the Articles of Association;
- (13) to consider the purchase or disposal of material assets of the Company with an amount exceeding 30% of the total assets as presented in the latest audited consolidated financial statements of the Company within one year;
- (14) to consider and approve any change in the use of proceeds;
- (15) to consider any share incentive scheme and employee stock ownership plan;

- (16) to consider other matters required to be resolved at the General Meeting under the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

The above-mentioned functions and powers of the General Meeting shall not be exercised by the Board, other organizations or individuals through authorization.

**Article 42** The following external guarantees given by the Company shall be submitted to the General Meeting for consideration and approval after being considered and approved at the Board of Directors:

- (1) any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls exceeding 50% of its latest audited net assets;
- (2) any guarantee to be provided after the total amount of external guarantees provided by the Company exceeding 30% of its latest audited total assets;
- (3) any guarantee provided by the Company within one year with an amount exceeding 30% of its latest audited total assets;
- (4) any guarantees to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (5) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;
- (6) any guarantees provided for shareholders, de facto controllers and their related parties.

When the General Meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

If a Director, general manager or any other senior management violates the provisions on the approval authority or approval procedure for the provision of external guarantees as specified in the laws, administrative regulations or the Articles of Association, thereby causing the Company to suffer a loss, he or she shall be liable for damages and the Company may take legal action against him or her in accordance with laws.

**Article 43** The General Meetings includes annual General Meetings and extraordinary General Meetings. The annual General Meeting shall be held once every year, within six months following the end of the previous fiscal year.

**Article 44** The Company shall convene an extraordinary General Meeting within two months upon the occurrence any of the following circumstances:

- (1) the number of Directors is less than the minimum number specified in the Company Law, or less than two-thirds of the number specified in the Articles of Association;
- (2) the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (3) shareholders that hold, individually or collectively, 10% or more of the shares in the Company request;
- (4) the Board considers it necessary;
- (5) the Supervisory Committee proposes to convene such a meeting; and
- (6) other circumstances stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

**Article 45** The venue of a General Meeting shall be the domicile of the Company or other specific venue explicitly notified in the notice of the General Meeting.

A meeting venue will be established for the General Meeting and the meeting shall be held on site, through communication means or other means as permitted by the laws and regulations. The Company will enable shareholders to have access to the General Meeting through online voting on the basis of actual situations. The shareholders attending the meeting through aforesaid means shall be deemed as present at the meeting.

After the notice of the General Meeting is issued, the venue of the meeting shall not be changed without proper reasons. If it is necessary to change the venue, the convener shall make an announcement and give the reasons at least two business days before the date of the meeting.

**Article 46** If the Company is explicitly required to engage a lawyer to witness and issue legal opinions at the General Meeting under the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, the Company will engage a lawyer to issue legal opinions on the following matters and publish the same:

- (1) whether the procedures of convening and holding the meeting comply with relevant laws or administrative regulations and the Articles of Association;
- (2) whether the qualifications of the attendees and the convener are legal and valid;
- (3) whether the voting procedure and the poll results are legal and valid;
- (4) legal opinions on other matters as requested by the Company.

### **Section 3 Convening of General Meetings**

**Article 47** The independent Directors shall have the right to propose that the Board convene an extraordinary General Meeting. The Board shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give a written reply on whether or not it agrees to convene an extraordinary General Meeting within ten days after receiving the proposal from the independent Directors.

If the Board agrees to convene such an extraordinary General Meeting, it shall issue a notice convening such a meeting within five days after the resolution of the Board is passed. If the Board does not agree to convene such an extraordinary General Meeting, it shall give reasons and make an announcement in respect thereof.

**Article 48** The Supervisory Committee shall have the right to propose in writing that the Board convene an extraordinary General Meeting. The Board shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give a written reply on whether or not it agrees to convene an extraordinary General Meeting within ten days after receiving the proposal from the Supervisory Committee.

If the Board agrees to convene such an extraordinary General Meeting, it shall issue a notice convening such meeting within five days after the resolution of the Board is passed. Any change made to the original proposal in the notice shall be approved by the Supervisory Committee.

If the Board does not agree to convene such an extraordinary General Meeting, or fails to make a reply within 10 days after the receipt of the proposal, it shall be deemed that the Board cannot perform or fails to perform the duty of convening a General Meeting, in which case the Supervisory Committee may convene and preside over an extraordinary General Meeting on its own.

**Article 49** Shareholders individually or collectively holding 10% or more of the shares in the Company shall have the right to request the Board in writing to convene an extraordinary General Meeting. The Board shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary General Meeting within ten days after receiving the proposal from the abovementioned shareholders.

If the Board agrees to convene such an extraordinary General Meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any change made to the original request in the notice shall be approved by the relevant shareholders.

If the Board does not agree to convene such an extraordinary General Meeting, or fails to make a reply within 10 days upon receipt of the request, the shareholders individually or collectively holding 10% or more of the shares of the Company shall have the right to propose that the Supervisory Committee convene an extraordinary General Meeting. Such request shall be made to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene such an extraordinary General Meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any change made to the original request in the notice shall be approved by the relevant shareholders.

If the Supervisory Committee fails to issue the notice convening such a meeting within the period specified hereinabove, it shall be deemed to have failed to convene and preside over such meeting. Shareholders individually or collectively holding 10% or more of the shares in the Company for 90 consecutive days or longer period may convene and preside over such meeting on their own.

**Article 50** The Supervisory Committee or the shareholders that decide to convene a General Meeting by itself or themselves must notify the Board in writing and file with the Hong Kong Stock Exchange according to the relevant laws and regulations and the Hong Kong Listing Rules (if necessary).

The shareholders that convene the General Meeting shall hold at least 10% of the shares in the Company prior to the announcement of resolutions.

The Supervisory Committee or the convening shareholders shall submit relevant evidence to the Hong Kong Stock Exchange upon the issue of the notice of the General Meeting and the announcement of the resolutions of the General Meeting (if necessary).

**Article 51** For the General Meetings convened by the Supervisory Committee or the shareholders, the Board and the secretary to the Board shall coordinate accordingly. The Board will provide the register of shareholders as of the share registration date. The register of shareholders obtained by the convener shall not be used for any purpose other than convening of the General Meeting.

**Article 52** All necessary expenses incurred by the Supervisory Committee or the shareholders to convene the General Meeting shall be assumed by the Company.

#### **Section 4 Proposals and Notices of General Meetings**

**Article 53** The content of a proposal shall be within the scope of the duties and powers of the General Meeting, have explicit topics and specific matters for resolution, and shall be in compliance with laws, administrative regulations, the Hong Kong Listing Rules and the relevant requirements set forth in the Articles of Association.

**Article 54** The Board, the Supervisory Committee and shareholders individually or collectively holding 3% or more of the shares in the Company shall have the right to submit proposals to the Company at the General Meeting.

Shareholders individually or collectively holding 3% or more of the shares in the Company may submit provisional proposals in writing to the convener ten days prior to the date of such meeting. The convener shall issue a supplementary notice of the General Meeting and announce the content of such provisional proposals within two days after receipt thereof.

Except as provided by the preceding paragraph, the convener of the General Meeting shall not amend the proposals already specified in the notice of the General Meeting or add new proposals subsequent to the issue of the notice of the General Meeting.

Any proposal that is not stated in the notice of the General Meeting or not in compliance with Article 53 of the Articles of Association will not be considered or approved at the General Meeting.



**Article 55** For an annual General Meeting, the convener shall notify all shareholders by way of announcement 21 days before the meeting; for an extraordinary General Meeting, the convener shall notify all shareholder by way of announcement 15 days before the meeting.

When calculating the required time periods mentioned above, the date of the meeting shall not be included, but the date of the notice shall be included.

**Article 56** Notice of a General Meeting shall include the following contents:

- (1) the date, venue and duration of the meeting;
- (2) matters and proposals to be considered at the meeting;
- (3) a clear statement that all shareholders are entitled to attend the General Meeting, and to appoint proxy(ies) in writing to attend and vote on his/her behalf at the meeting, and that a proxy need not be a shareholder of the Company;
- (4) share registration date for the purpose of determining the entitlement of shareholders to attend the General Meeting;
- (5) the name and telephone number of permanent contact persons for the affairs of the meeting;
- (6) the voting time and procedures via the Internet or through other means;
- (7) other requirements stipulated under the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

The notice and the supplementary notice of the General Meeting shall fully and completely disclose the contents of all proposals in detail. If the matters to be discussed require the opinions of independent Directors, the opinions of independent Directors and the reasons therefor shall be disclosed at the same time when the notice or the supplementary notice of the General Meeting is issued.

The time to start voting via the Internet or through other means shall not be earlier than 3:00 p.m. on the date before the General Meeting is held or later than 9:30 a.m. on the date of the General Meeting, and shall not conclude earlier than 3:00 p.m. on the date of the General Meeting.

The interval between the share registration date and the date of the General Meeting shall not be more than seven business days. Once determined, the share registration date may not be changed.

**Article 57** If matters in relation to the election of Directors or Supervisors are proposed to be discussed at the General Meeting, the notice of the meeting shall fully disclose the details of the candidates for Directors or Supervisors, and shall at least include the following particulars:

- (1) personal information, such as educational background, work experience and part-time jobs;
- (2) whether the candidates are related with the Company or its controlling shareholders or de facto controllers of the Company;

- (3) disclosure of their shareholdings in the Company;
- (4) whether the candidates have been subject to penalties by the CSRC or other relevant authorities or sanctions by the Hong Kong Stock Exchange;

Except for the election of Directors or Supervisors by cumulative voting system, a separate proposal shall be submitted for each Director or Supervisor candidate.

**Article 58** After the notice for holding a General Meeting is issued, the General Meeting shall not be postponed or cancelled and the proposals listed in the notice of General Meeting shall not be cancelled without justifiable causes. In the event of any circumstance for postponement or cancellation of the General Meeting, the convener shall make an announcement and explain the reasons at least two business days before the date originally fixed for holding the General Meeting.

### **Section 5 Convening of General Meetings**

**Article 59** The Board and other conveners shall take necessary measures to ensure the normal order of the General Meeting. They shall take measures to prevent any interference with the General Meeting, disturbance and violation of the legitimate rights and interests of shareholders and promptly report the same to the relevant departments for investigation.

**Article 60** When a General Meeting is held, all shareholders registered on the register of shareholders on the share registration date or their proxy(ies) shall be entitled to attend the General Meeting, and exercise their voting rights in accordance with the relevant laws, regulations, the Hong Kong Listing Rules and the Articles of Association unless the individual shareholders are required to abstain from voting on particular matters in accordance with the Hong Kong Listing Rules.

Any shareholder entitled to attend and vote at the General Meeting may attend the General Meetings in person or appoint a proxy to attend and vote at the General Meeting on his/her behalf.

Any shareholders who has appointed proxy(ies) to attend any meeting on his/her behalf shall be deemed to have attended the meeting in person. A proxy so appointed may exercise the following rights pursuant to the authorization from such shareholder:

- (1) such shareholder's right to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) the right to vote by a show of hands or by poll, provided that if the shareholder has appointed more than one proxy, such proxies may only vote by poll.

**Article 61** Where an individual shareholder attends the meeting in person, he/she shall produce his/her own ID card or other valid documents or certificates that can prove his/her identity and stock account card; where a proxy is appointed to attend the meeting, such proxy should produce his/her own valid ID card and the proxy form issued by the shareholder.

A legal person shareholder or other organization shareholder shall appoint its legal representative/executive partner or a proxy authorized by the legal representative/executive partner to attend the meeting. If the legal representative/executive partner attends the meeting, he/she should produce his/her own ID card and valid certificates that can prove that he/she is qualified as a legal representative/executive partner. If a proxy is appointed to attend the meeting, such proxy should procure his/her ID card, and a written proxy form issued by the legal representative/executive partner of the legal person shareholder or other organization shareholder (except for Recognized Clearing House or its nominee).

Where such shareholder is a Recognized Clearing House (or its nominee) as defined under the relevant ordinances stipulated in Hong Kong from time to time, it may authorize its corporate representative(s) or one or more persons it thinks fit to act as its representative(s) at any General Meeting; however, if more than one person is so authorized, the authorization must specify the number and class of shares in respect of which each person is so authorized, and shall be signed by an authorized officer of the Recognized Clearing House. The person so authorized can represent the Recognized Clearing House (or its nominee) to attend the meeting (without the need of producing any documents of title, notarized authorization and/or further evidence to substantiate that he/she is so authorized) and exercise the same legal rights (including right to speak and vote) as other shareholders, as if he/she were an individual shareholder of the Company.

**Article 62** A proxy form issued by a shareholder to appoint another person as his/her proxy to attend the General Meeting shall contain the following:

- (1) the name of the proxy;
- (2) whether the proxy has voting right or not;
- (3) separate instructions as to whether to cast affirmative, negative or abstention votes on each matter to be considered on the agenda of the General Meeting;
- (4) the issuing date and validity period of the proxy form; and
- (5) signature (or seal) of the appointor. If the appointor is a legal person shareholder/other organization shareholder, the seal of the legal person/other organization shall be affixed.

**Article 63** The proxy form shall contain a statement on whether the shareholder proxy may vote as he/she deems fit if no specific instruction is given by the shareholder. In the absence of such statement, the proxy shall be deemed to have the right to vote as he/she deems fit.

**Article 64** Where the proxy form is signed by another person authorized by the appointor, the power of attorney or other authorization documents under which it is signed shall be notarized. The notarized power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or such other place as specified in the notice of the meeting.

Where the appointor is a legal person/other organization, its legal representative/executive partner or other persons authorized by resolutions of the Board or other decision-making bodies shall attend the General Meeting of the Company as a representative.

The proxy form shall be deposited at the domicile of the Company or such other place as specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting.

**Article 65** The register of persons attending the meeting shall be prepared by the Company. The register shall set out the attendees' names (or the names of the entities they represent), ID numbers, domicile addresses, numbers of shares with voting rights held or represented and names of the appointors (or the names of the entities they represent).

**Article 66** The convener and the lawyer engaged by the Company shall jointly verify the qualification of shareholders according to the register of shareholders provided by the Securities Registration and Clearing Institution, and register the names of the shareholders and the numbers of shares with voting rights he/she holds. The meeting registered shall be closed by the time the presider of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights they hold.

**Article 67** When a General Meeting is held, all Directors, Supervisors and secretary to the Board shall attend the meeting, and the general manager and other senior management officers shall attend the meeting as non-voting participants. If the aforesaid persons cannot attend the meeting for any reason, he or she may authorize in writing other persons to act on his or her behalf. The proxy form shall set out the name of the proxy, the matters represented, and the scope and validity period of authorization, and shall be signed or sealed by the appointor.

**Article 68** The General Meeting shall be presided over by the chairman of the Board. Where the chairman is unable or fails to perform his/her duties, one Director shall be elected jointly by half or more of the Directors to preside over the meeting.

A General Meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is unable or fails to perform his/her duties, one Supervisor shall be elected jointly by half or more of the Supervisors to preside over the meeting.

A General Meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

When a General Meeting is held and the presider violates the Articles of Association or the rules of procedure for the General Meeting which makes it impossible for the General Meeting to continue, a person may be elected at the General Meeting to act as the presider of the meeting so as to carry on with the meeting, subject to the approval of a majority of the attending shareholders with voting rights.

**Article 69** The General Meeting shall formulate the rules of procedure for the General Meeting to clarify the methods of discussion and voting procedures of the General Meeting, in order to ensure the efficiency and scientific decision-making of the General Meeting. The rules of procedure for the General Meeting shall stipulate the convening and voting procedures of the General Meeting, as well as the authorization principles of the General Meeting to the Board. The rules of procedure for the General Meeting shall be drafted by the Board and approved by the General Meeting.

**Article 70** At the annual General Meeting, the Board and the Supervisory Committee shall report on their work over the previous year. Each independent Director shall also submit work report.

**Article 71** The Directors, Supervisors, general manager and other senior management officers of the Company shall make explanation and interpretation on the inquiry and suggestions of the shareholders at the General Meeting.

**Article 72** The presider of the meeting shall announce the number of attending shareholders and proxies at the meeting and the total number of shares with voting rights they hold before voting. The number of attending shareholders and proxies at the meeting and the total number of shares with voting rights they hold shall be based on the meeting register.

**Article 73** Minutes of the General Meeting shall be kept by the secretary to the Board. The minutes of the meeting shall specify:

- (1) time, venue, agenda of the meeting, and the name of the convener;
- (2) the names of the presider of the meeting, and the Directors, Supervisors, general manager and other senior management officers attending or present as non-voting participants at the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares they hold and the proportion of these shares to the total number of the shares of the Company;
- (4) the consideration process, summaries of speeches and voting result for each proposal;
- (5) the inquiries or suggestions of the shareholders, and the corresponding replies or explanations;
- (6) the names of the lawyer (if any), teller and scrutineer;
- (7) other contents that shall be recorded in the minutes of the meeting pursuant to the Articles of Association.

**Article 74** The convener shall ensure that the minutes of a meeting are true, accurate and complete. The minutes shall be signed by the attending Directors, Supervisors, the secretary to the Board, the convener or representative thereof, and the presider of the meeting. The minutes of the meeting together with the attendance record signed by the attending shareholders, the proxy forms and the valid information relating to voting via the Internet or through other means shall be kept for at least 10 years.

**Article 75** A convener shall ensure that the General Meeting shall be held continuously until a final resolution is formed. In the event that a General Meeting is adjourned or no resolution can be made thereat due to special circumstances such as force majeure, the convener shall take necessary measures to restore the meeting as soon as possible, or directly terminate the meeting and make an announcement promptly.

## Section 6 Voting and Resolutions of General Meetings

**Article 76** Resolutions of General Meetings are classified into ordinary resolutions and special resolutions.

An ordinary resolution of the General Meeting shall be adopted by a majority of the voting rights held by the shareholders (including proxies of shareholders) attending the General Meeting.

A special resolution of the General Meeting shall be adopted by two-thirds or more of the voting rights held by the shareholders (including proxies of shareholders) attending the General Meeting.

**Article 77** The following matters shall be approved by the General Meeting as ordinary resolutions:

- (1) work reports of the Board and the Supervisory Committee;
- (2) profit distribution plans and loss recovery plans drafted by the Board;
- (3) to elect and change Directors or Supervisors who are not employee representatives, and formulate their remuneration packages and payment methods;
- (4) the annual budget and final accounts of the Company;
- (5) the annual report of the Company;
- (6) matters other than those to be approved as special resolutions of the General Meeting stipulated in the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association.

**Article 78** The following matters shall be approved by the General Meeting as special resolutions:

- (1) the increase or reduction of the registered capital of the Company;
- (2) the division, spin-off, merger, dissolution and liquidation of the Company;
- (3) any amendment to the Articles of Association;
- (4) purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited consolidated total assets;
- (5) any share incentive scheme;
- (6) any other matters required by the laws, administrative regulations, the Hong Kong Listing Rule or the Articles of Association of the Company, and those matters determined by way of ordinary resolution at the General Meeting as having a material impact on the Company and required to be adopted by way of special resolution.

**Article 79** Shareholders (including proxies) may exercise their voting rights based on the number of shares with voting rights held by them. Each share carries one vote. On a poll taken at a meeting, a shareholder (including proxy(ies)) having two or more votes need not cast all his/her votes in the same way.

Under the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on any particular matter or restricted to voting only for or only against any particular matter, the shareholder shall abstain from voting or vote in a manner as prescribed under such provisions, and the votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

When material issues affecting the interests of minority shareholders are considered at a General Meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company do not carry any voting rights, and shall not be counted towards the total number of voting shares represented by shareholders attending the General Meeting.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63 (1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not entitle the shareholders to exercise voting rights for a period of thirty-six months after the purchase, and shall not be counted towards the total number of voting shares represented by shareholders attending the General Meeting.

The Board, independent Directors, shareholders holding 1% or more of the voting shares of the Company or investor protection institutions established pursuant to laws, administrative regulations or the rules of the CSRC, may publicly solicit proxies from shareholders. When soliciting proxies from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. Consideration or de facto consideration for publicly soliciting proxies from shareholders is prohibited. The Company may not impose any minimum shareholding requirement for the solicitation of proxies, except for statutory conditions.

Resolutions made pursuant to Articles 2.2 and 2.10 under the Code on Takeovers and Mergers and Article 3.3 under the Code on Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as well as other resolutions that shall only be approved by H-share shareholders in accordance with the relevant provisions of the Hong Kong Listing Rules, the Code on Takeovers and Mergers and the Code on Share Buy-backs, as amended from time to time, shall be passed by and only by H shareholders' General Meetings.

**Article 80** When matters relating to connected transaction are considered at a General Meeting, the related shareholders shall abstain from voting, and the voting shares held by them shall not be counted towards the total number of shares with voting rights. The announcement of the resolutions of the General Meeting shall fully disclose the voting of non-connected shareholders (subject to the requirements of the Hong Kong Stock Exchange).

Before the General Meeting considers matters relating to connected transaction, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations and normative documents. Connected shareholders or their proxies may attend the General Meeting, and may clarify their views to the shareholders present in accordance with the procedures of the meeting.

Where the General Meeting considers and votes for matters relating to connected transaction, connected shareholders shall take initiative to abstain from voting. If connected shareholders fail to take initiative abstain from voting, other shareholders attending the meeting shall be entitled to request them to abstain from voting. Upon abstention of the connected shareholders, other shareholders shall vote based on their voting rights and make corresponding resolutions in accordance with the Articles of Association. The abstaining and voting procedures for connected shareholders shall be notified by the presider of the General Meeting and shall be recorded in the minutes of the meeting.

Resolution on a connected transaction at a General Meeting shall be passed by votes representing a majority of the voting rights held by the non-connected shareholders attending the General Meeting. However, if the connected transaction is a matter requiring a special resolution as stipulated in the Articles of Association, the resolutions of the General Meeting must be passed by votes representing two-thirds or more of the voting rights held by the non-connected persons attending the General Meeting.

**Article 81** Unless the Company is in a crisis or under any other exceptional circumstance, the Company shall not enter into any contract with any person other than a Director, the general manager and other senior management officers of the Company, according to which the Company entrusts the management of its business, wholly or essentially, to such person, unless it is approved at the General Meeting by way of special resolution.

**Article 82** List of Director or Supervisor candidates shall be submitted to the General Meeting by way of proposal. When voting in respect of the election of Directors or Supervisors at the General Meeting is conducted, a cumulative voting system shall be implemented in accordance with the Articles of Association or resolutions at the General Meeting.

The “cumulative voting system” mentioned in the previous paragraph refers to: in electing Directors or Supervisors at the General Meeting, the voting right(s) carried by each share shall be the same as the number of Directors or Supervisors to be elected. The voting right(s) of the shareholders can be exercised on a concentration basis. The Board shall provide the brief biographical details and basic information of the candidates for Directors and Supervisors to the shareholders.

**Article 83** Except for the cumulative voting system, all proposals shall be voted on a case by case basis at the General Meeting; in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the General Meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting on such proposals shall neither be shelved nor refused at the General Meeting.

**Article 84** No amendment shall be made to a proposal when it is considered at a General Meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the General Meeting.

**Article 85** The same vote may only be cast once at a General Meeting onsite, online or through other means. Where the same vote is cast for two or more times, the first cast shall hold.

**Article 86** At any General Meeting, voting shall be conducted by open poll.



**Article 87** Before voting takes place on a proposal at the General Meeting, two shareholder representatives shall be elected to count and scrutinize the votes. In the event that a shareholder has connections with a matter to be considered, the relevant shareholder and his/her proxy shall not participate in counting and scrutinizing of the votes.

When proposals are voted on at the General Meeting, lawyers (if any), shareholder representatives and Supervisor representatives shall be jointly responsible for counting and scrutinizing votes and shall announce the voting results on the spot. The voting results shall be recorded in the meeting minutes.

Shareholders of the Company or their proxies who cast their votes via the Internet or through other means shall have the right to inspect their own voting results through an appropriate voting system.

**Article 88** A physical General Meeting shall not end earlier than the one held via the Internet or through other means. The presider of the meeting shall announce details and voting results on each proposal, and whether a proposed resolution has been passed according to such voting results. Prior to the formal announcement of voting results, the Company, vote counters, vote scrutineers, major shareholders, network services providers and other related parties involved at the physical General Meeting, via internet or by other means, shall have an obligation to keep confidential details of the voting.

**Article 89** Shareholders attending a General Meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention. Save for the circumstance under which the Securities Registration and Clearing Institution acting as the nominal holder of Shares under the Mainland China and Hong Kong Stock Connect scheme, make reporting in accordance with the instruction of the de facto holders of relevant Shares.

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

**Article 90** If the presider of the meeting has any doubt as to the result of any resolution put to vote, he/she may have the votes counted. If the presider of the meeting has not counted the votes, any attending shareholder or proxy thereof who objects to the result announced by the presider of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the presider of the meeting shall have the votes counted immediately.

**Article 91** The resolution of the General Meeting shall be promptly announced. The announcement shall state the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of voting shares of the Company, the form of voting, the voting result of each proposal, and the detailed content of each resolution passed.

**Article 92** In the event that a proposal is not passed, or a resolution passed at a previous General Meeting is modified at the current General Meeting, a special note shall be made in the announcement on resolutions of the General Meeting.

**Article 93** In the event that a proposal on the election of Directors and Supervisors is passed at a General Meeting, the time of taking office for the new Directors or Supervisors shall be from the date when the resolution is approved at the General Meeting until the expiration of the current Board and Supervisory Committee.

**Article 94** In the event that a proposal on the distribution of cash dividends or bonus shares or on share capital increase with transfers from the capital reserves has been passed at a General Meeting, the Company shall implement a specific plan within two months upon the conclusion of the General Meeting.

## **CHAPTER V BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 95** Directors of the Company shall be natural persons. None of the following persons shall serve as the Director of the Company:

- (1) a person who has no civil capacity or has limited civil capacity;
- (2) a person who has been sentenced to criminal punishment for corruption, bribery, encroachment on property, misappropriation of property or sabotage of the order of the socialist market economy, and less than five years have elapsed since the completion of the sentence, or having been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed;
- (3) a person who has served as a Director, factory chief, or general manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the insolvency and liquidation of the company or enterprise is completed;
- (4) a person who has served as the legal representative of a company or enterprise whose business license has been revoked or ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation occurs;
- (5) a person who has a relatively large sum of debt, which was not paid at maturity;
- (6) a person who has been banned from entering the securities market by the CSRC and the deadline has not expired; or
- (7) other circumstances stipulated by laws, administrative regulations, departmental rules, or the Hong Kong Listing Rules.

The election, appointment or employment of the Directors shall be invalid if such election, appointment or employment is against this Article. If the Directors fall into the circumstances provided in the above-mentioned situations during their term of office, they would be dismissed by the Company.

**Article 96** Directors shall be elected or replaced at the General Meeting, and may be removed from their office by the General Meeting prior to expiration of their term of office. A Director shall serve a term of three years, and may serve a consecutive term if re-elected upon expiration of their term of office.

The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, the said Director shall continue to perform the duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director assumes the office.

The general manager and other senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as senior management officers and employee representative Directors shall not exceed one half of the total number of the Directors of the Company.

**Article 97** Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following duties of loyalty to the Company:

- (1) not to abuse their powers to take bribes or other unlawful income, and not to misappropriate the Company's properties;
- (2) not to misappropriate the funds of the Company;
- (3) not to deposit any assets or capital of the Company in any amounts into accounts under their own name or the name of other individuals;
- (4) not to loan the Company's capital to others or provide guarantees in favor of others supported by the Company's assets in violation of the Articles of Association or without approval of the General Meeting or Board;
- (5) not to enter into any contract or deal with the Company in violation of the Articles of Association or without the approval of the General Meeting;
- (6) not to take advantage of their positions to procure business opportunities for themselves or others that should have otherwise been available to the Company or operate for their own benefits or manage on behalf of others businesses similar to that of the Company without the approval of the General Meeting;
- (7) not to accept and possess any commission for any transaction with the Company;
- (8) not to disclose any secret of the Company without permission;
- (9) not to use their connected relationships to damage the interests of the Company;
- (10) to fulfill other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and Articles of Association.

Directors' income derived from violation of this Article shall belong to the Company, and such Directors shall be liable to compensate any loss incurred to the Company.

**Article 98** Directors shall observe laws, administrative regulations and the Articles of Association and fulfill the following duties of diligence:

- (1) to exercise the rights conferred by the Company with prudence, care and diligence to ensure the business operations of the Company comply with national laws, administrative regulations and economic policies and are within the business scope specified in the business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) to sign the written confirmation in respect of regular reports issued by the Company and to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to honestly provide the Supervisory Committee with relevant information and data, and not to prevent the Supervisory Committee or Supervisors from performing their duties and powers;
- (6) to fulfill other duties of diligence stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

**Article 99** If any Director fails to attend Board meetings, either in person or by authorizing another Director on behalf of him/her, for two consecutive meetings, he/she shall be deemed as failing to perform his/her duties. The Board shall propose at the General Meeting to replace such Director.

**Article 100** A Director may resign before expiry of his/her term of office, provided that a written resignation in respect of his/her resignation shall be submitted to the Board and the Board shall disclose the relevant information within two days.

In the event that the resignation of any Director results in the number of members of the Board being less than the statutory minimum requirement, the said Director shall continue to perform duties as a Director pursuant to the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association until the elected Director assumes his/her office.

Save for the circumstances referred to in the preceding paragraph, the Director's resignation takes effect upon delivery of his/her resignation to the Board.

Any person appointed as a Director by the Board to fill up the casual vacancies in the Board or to increase the number of members of the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

Where not otherwise provided by law, regulations, regulatory rules of the Hong Kong Stock Exchange, the shareholders shall have power by ordinary resolution to remove any Director (including a managing director or other executive Director) at the General Meeting before the expiration of his/her term of office; however such removal shall not prejudice to any claim for damages under any contract.

**Article 101** When a Director's resignation takes effect or his/her term of service expires, the Director shall complete all transfer procedures with the Board. His/her duties of loyalty towards the Company and the shareholders do not necessarily cease after the end of his/her term of service, and shall still be in effect within three years. However, unless otherwise agreed by the Company and the Directors. His/her confidentiality obligation for the Company's business secrets or matters required to be kept confidential by the Company shall remain valid after the resignation or the end of the term of office until the secrets become public information.

**Article 102** No Director may act on behalf of the Company or the Board in his/her personal capacity, unless specified in the Articles of Association or legally authorized by the Board. In the event that a Director acts in his/her personal capacity, but a third party may reasonably think the said Director is acting on behalf of the Company or the Board, such Director shall state his/her stance and capacity in advance.

**Article 103** If a Director breaches the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association when performing his/her duties to the Company, thereby incurring any loss of the Company, the said Director shall be liable for compensation.

**Article 104** The issues including qualifications of appointment, nomination and election procedures and resignation of the independent Directors shall be implemented in accordance with the relevant provisions of the laws, administrative regulations, the CSRC and the Hong Kong Listing Rules.

## **Section 2 Board of Directors**

**Article 105** The Company shall establish a Board which shall be accountable to the General Meeting.

**Article 106** The Company shall establish a Board composed of 8 Directors, including one chairman. Directors include executive Directors, non-executive Directors and independent non-executive Directors (the "Independent Directors").

The "Independent Directors" mentioned in the preceding paragraph refer to the Directors who hold no position in the Company other than the position of Director and have no relationship with the Company and its substantial shareholder(s) that may prevent them from making independent and objective judgment. At least one-third of members of the Board shall be Independent Directors, and the total number shall not be fewer than three, among which at least one Independent Director must have appropriate professional qualification or appropriate accounting or relevant financial management expertise.

Rules relating to Independent Directors which are not stipulated in the Articles of Association shall be subject to the relevant laws, administrative regulations and the relevant provisions of the Hong Kong Listing Rules.

**Article 107** The Board shall exercise the following functions and powers:

- (1) to convene the General Meetings and report to the General Meetings;
- (2) to implement resolutions of the General Meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of the Company;
- (7) to formulate plans for the Company's major acquisition, repurchase the Shares of the Company, or merger, division, dissolution or change of corporate form of the Company;
- (8) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, related transactions and donations of the Company within the scope of authorization by the General Meeting;
- (9) to decide on establishment of internal management organs of the Company;
- (10) to decide on the appointment or dismissal of the Company's general manager, secretary of the Board and other members of the senior management and decide on matters of their remuneration and rewards and punishments;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals to amend the Articles of Association;
- (13) to manage the Company's information disclosures;
- (14) to propose to the General Meeting the appointment or replacement of the accounting firm that provides audit service to our Company;
- (15) to decide on external guarantees of the Company beyond the scope of review by the General Meeting;
- (16) to decide on matters where the Company purchases or sells significant assets within one year, or the amount of guarantee does not exceed 30% of the Company's latest audited total assets;
- (17) to approve the connected transactions that should be approved by the Board in accordance with laws, regulations, listing rules of the Hong Kong Stock Exchange, and the provisions of the Articles of Association;
- (18) other functions and powers stipulated by laws, regulations, the Hong Kong Listing Rules, and granted by the General Meeting.

To ensure the performance of duties of the Board, the Board has formed the audit committee, the nomination committee and the remuneration committee. Special committees shall comprise of three Directors, and the audit committee, the nomination committee and the remuneration committee shall comprise of two Independent Directors. The convener shall be Independent Directors. The audit committee shall comprise of at least one Independent Director who is an accounting professional, and the convener shall be an accounting professional. The Board shall formulate the implementation rules of all special committees.

Matters beyond the scope of authorization of the General Meeting should be submitted to the General Meeting for consideration.

**Article 108** The Board shall explain at the General Meeting with respect to any non-standard audit opinions issued by certified public accountants on the financial report of the Company.

**Article 109** The Board shall formulate the rules of procedures for the Board to ensure the Board's implementation on the resolutions of the General Meeting, so as to improve the work efficiency and ensure scientific decision-making. The rules of procedures for the Board, shall specify the convening and voting procedures of the Board meetings and shall be prepared by the Board and approved by the General Meeting.

**Article 110** The Board shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted financial management, related transactions, external donations, etc., and establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and reported to the General Meeting for approval.

Subject to the relevant laws, regulations and other requirements under the Articles of Association, the approval authority of the Board in relation to transactions shall meet with the requirements of the Hong Kong Stock Exchange.

**Article 111** The Board shall have one chairman. The chairman of the Board shall be elected by more than half of all Directors.

**Article 112** The chairman of the Board shall exercise the following functions and powers:

- (1) to preside over the General Meetings and to convene and preside over the Board meetings;
- (2) to supervise and inspect the implementation of the resolutions of the Board;
- (3) to organize development of the systems necessary for the operation of the Board, and to coordinate its operations;
- (4) to sign the share certificates, corporate bonds and other marketable securities issued by the Company;
- (5) to propose the nomination for the Company's general manager and the secretary to the Board;

(6) to exercise functions and powers of legal representatives;

(7) to exercise other functions and powers granted by the Board.

**Article 113** Where the chairman of the Board is unable or fails to perform his or her duties, more than one half of the Directors shall elect a Director to discharge such duties.

**Article 114** The Board shall hold at least two meetings every year, convened by the chairman of the Board, with a notice in writing given to all Directors and Supervisors 10 days before the meeting.

**Article 115** Any shareholder(s) 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 Board meeting. The chairman of the Board shall convene and preside over a Board meeting within ten days after receipt of such proposal.

**Article 116** The Board shall issue a notice to all Directors through delivery by hand, by post, by email, by fax, by telephone, by WeChat, by short message or in other manners five days before the convening of an extraordinary Board meeting. If an extraordinary meeting of the Board needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral method, provided that the convener shall give an explanation thereof at the meeting.

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

- (1) the date and venue of the meeting;
- (2) the duration of the meeting;
- (3) the reasons and matters for discussion;
- (4) the date of the notice.

**Article 118** A Board meeting shall be attended by more than one half of the Directors. Resolutions made by the Board must be passed by more than half of all Directors.

As for the voting on a Board resolution, each Director shall have one vote. In the case of an equality of votes, the chairman of the Board shall be entitled to one additional vote.

**Article 119** If a Director has a related relationship with an enterprise involved in a matter on which a resolution is to be made at a meeting of the Board, he/she may not exercise his or her right to vote regarding such resolution, nor may he/she exercise the voting right of another Director as such Director's proxy thereon. Such a Board meeting may be held only if more than one half of the Directors without a related relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the Directors without a related relationship. If the number of the Directors without a related relationship attending the meetings is less than three, the matter shall be submitted to the General Meeting for consideration.



**Article 120** Resolutions of the Board shall be voted by way of casting written votes by filling in the ballot or a show of hands. Each Director shall have one vote.

The Board meetings shall be convened on site in principle. Provided that the Directors may fully express their opinions and the convener (presider) or proposer approves, extraordinary Board meetings may be convened and voted by way of video, telephone, facsimile and other means, and such resolutions shall be signed by the Directors in attendance.

**Article 121** Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he or she may authorize in writing another Director to act on his or her behalf. The power of attorney shall specify the name of the proxy, the matters authorized, scope of authorization and validity period, and shall be signed or sealed by the appointing Director. The appointed Director who attends the meeting shall exercise the Director's duties within the scope of authorization. If a Director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he or she shall be deemed to have waived the voting rights at the meeting.

**Article 122** The Board shall keep minutes of resolutions on matters discussed at the meeting. The minutes of Board meetings shall be true, accurate and complete. The Directors attending the meeting shall sign on the minutes.

The minutes of Board meeting shall be kept as the important files of the Company for a period of at least 10 years.

**Article 123** The minutes of the Board meeting shall consist of the following:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the Directors attending the meeting and names of the Directors (proxies) appointed by others to attend the Board meeting;
- (3) the agenda of the meeting;
- (4) the main points of Directors' speeches;
- (5) the voting method of each resolution and the result (the voting results shall contain the number of affirmative, negative or abstention votes).

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

**Article 124** The Company shall have one general manager, who shall be appointed or dismissed by the Board. The Company's deputy general managers, financial manager, secretary to the Board, and other senior management members designated by the Board are senior management of the Company, who shall be appointed or dismissed by the Board.

**Article 125** Persons who are not qualified to serve as Directors under the circumstances provided in Article 95 of the Articles of Association are also not qualified to serve as senior management members.

The provisions under Article 97 in relation to the duties of loyalty of Directors and under Article 98 in relation to the duties of diligence in the Articles of Association shall be applicable to the senior management.

**Article 126** A person who serve administrative positions other than the Directors and Supervisors in the controlling shareholders of the Company shall not serve as a senior management member of the Company.

The senior management members of the Company shall only receive remuneration from the Company, not from the controlling shareholders on behalf of the Company.

**Article 127** General manager is appointed for a term of three years and may be re-appointed upon expiration of term of office.

**Article 128** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his/her works to the Board;
- (2) to organize the implementation of the Company's annual business plans;
- (3) to draft plans for the establishment of the Company's internal management organization;
- (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 appointment or dismissal of deputy general manager and chief financial officer of the Company;
- (7) to decide to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) such other functions and powers conferred by the Articles of Association or the Board.

The manager shall attend the Board meeting as a non-voting delegate.

**Article 129** The general manager shall formulate detailed working rules of the general manager and submit them to the Board for approval before implementation.

**Article 130** The working rules of the general manager shall contain the following contents:

- (1) conditions for the convening of and the procedures for the general manager's meetings, the personnel to attend the meeting;
- (2) specific duties and division of work of the general manager and other senior management members;
- (3) the authority to use the Company's funds and assets, and the system of reporting to the Board and the Supervisory Committee;
- (4) other matters as the Board considers necessary.

**Article 131** The general manager may resign prior to the expiry of his/her term of office. The specific procedures and measures for resignation of the general manager shall be governed by the labor contract between the general manager and the Company.

**Article 132** The Company shall, according to its own conditions, specify the procedures for the appointment and dismissal of the deputy general manager, the relationship between the deputy general manager and the general manager and the responsibilities and authorities of the deputy general manager in the Articles of Association.

**Article 133** The Company shall have a secretary to the Board, who is responsible for the organization of General Meetings and Board meetings, document keeping and management of information regarding the shareholders of the Company, dealing with information disclosure and other matters required by the Articles of Association.

The secretary to the Board shall comply with the provisions by laws, administrative regulations, department rules and the Articles of Association.

**Article 134** If a senior management member breaches the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association when performing his or her duties and causes loss to the Company, he or she shall be liable for compensation.

**Article 135** Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management members of the Company cause damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.

## **CHAPTER VII SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 136** Persons who are not qualified to serve as Directors under the circumstances provided in Article 95 of the Articles of Association are also not qualified to serve as Supervisors.

**Article 137** The Directors, managers and other senior management members shall not concurrently take the position of Supervisors.

**Article 138** The Supervisors shall abide by the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association and have the duties of loyalty and the duties of diligence to the Company. They shall not abuse their authority of office to obtain bribes or other illegal income nor misappropriate the property of the Company.

**Article 139** A Supervisor shall have a term of office of three years and be subject to re-election upon the expiration of his/her term of office.

**Article 140** If the term of office of a Supervisor expires but re-election is not timely made or if any Supervisor resigns during his or her term of office so that the membership of the Supervisory Committee falls short of the quorum, the said Supervisor shall continue performing the duties as a Supervisor pursuant to laws, administrative regulations and the Articles of Association until a new Supervisor is elected.

**Article 141** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and shall sign the written confirmation in respect of the periodic reports.

**Article 142** Supervisors may attend the Board meetings and make enquiries or suggestions in respect of matters that are the subject of the resolutions of the Board meetings.

**Article 143** Supervisors shall not use the connected relations to harm the interests of the Company and shall be liable for damages if the Company suffers loss as a result thereof.

**Article 144** Where the Supervisor, in discharging his or her duty with the Company, causes damage to the Company in violation of the laws, administrative regulations, departmental rules or the Articles of Association, shall bear the liability of compensation.

## **Section 2 Supervisory Committee**

**Article 145** The Company shall have a Supervisory Committee. The Supervisory Committee comprises three Supervisors, among which one shall be employee's representative Supervisor. The Supervisory Committee shall have one chairman. The chairman of the Supervisory Committee shall be elected by more than half of the Supervisor. The chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory Committee. If the chairman of the Supervisory Committee cannot or does not fulfill his or her duties, a Supervisor jointly elected by half or above of the Supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall include shareholder representatives and an appropriate proportion of employee representatives of the Company, provided that the proportion of employee representatives shall not be less than one-third. The employee representatives in the Supervisory Committee shall be elected democratically by the assembly of employee representatives, the assembly of employees or in other ways.

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

- (1) to review and give written opinions on the periodic reports of the Company prepared by the Board;
- (2) to examine the Company's financial matters;
- (3) to supervise the performance by the Directors and senior management of their duties to the Company and propose the dismissal of the Directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the General Meeting;
- (4) to demand rectification from the Directors and senior management when the acts of such persons are harmful to the Company's interests;
- (5) to propose the convening of extraordinary General Meetings; to convene and preside over the General Meetings in the event that the Board fails to perform its duties to convene and preside the General Meetings in accordance with the Company Law;
- (6) to submit proposals to the General Meetings;

- (7) to file lawsuits against Directors and senior management in accordance with Article 151 of the Company Law;
- (8) in case of any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company;
- (9) other functions and powers as specified in the Articles of Association or conferred by the General Meeting.

**Article 147** The Supervisory Committee shall hold at least one regular meeting every six months. The Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee. Resolutions of the Supervisory Committee shall be approved by more than half of Supervisors.

**Article 148** The Supervisory Committee shall formulate rules of procedure for the Supervisory Committee, specifying the procedures for the discussion of matters and voting at such meetings to ensure the efficiency of the work and the scientific decision-making of the Supervisory Committee. The rules of procedure for the Supervisory Committee shall provide for the procedures of convening of and voting at the Supervisory Committee meetings. The rules of procedure for the Supervisory Committee shall be formulated by the Supervisory Committee and approved by the General Meeting.

**Article 149** The Supervisory Committee shall maintain minutes of its meetings which shall be signed by the Supervisors and the recorder present thereat.

Supervisors have the right to request inclusion of explanations in the minutes regarding the views they have expressed at the meeting. Minutes of Supervisory Committee meetings shall be kept as the important files of the Company for a period of at least 10 years.

**Article 150** A notice of the meeting of Supervisory Committee shall include the followings:

- (1) the date, venue and duration of the meeting;
- (2) the reasons and matters for discussion;
- (3) the date of the notice.

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

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

**Article 151** The Company shall establish the financial accounting system in line with the laws, administrative regulations and provisions of relevant state authority.

**Article 152** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 153** In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by the Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of the Company, and subject to the adoption of a resolution by the General Meeting, an allocation may be made to the discretionary reserve fund.

The remaining after-tax profit after the Company makes up for losses and withdraws reserve fund shall be distributed according to the proportion of Shares held by Shareholders.

If the General Meeting violates the provisions of the preceding paragraph by distributing profits to Shareholders before the Company makes up for losses and withdraws the statutory reserve fund, Shareholders must return the profits distributed in violation of the regulations to the Company.

Profits shall not be distributed to Shares held by the Company itself.

**Article 154** The Company's reserve fund is used to compensate for its losses, expand its production and operation, or convert it into an increase in the Company's capital. However, the capital reserve fund must not be used to cover the Company's losses.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital.

**Article 155** The Company's profit distribution policies: When there are available distributable profits and the working capital of the Company is sufficient, the profits shall be distributed through the resolution of the Board and the General Meeting after the corresponding statutory reserve fund is set aside.

## **Section 2 Internal Audit**

**Article 156** The Company shall implement the internal audit system and have full-time auditing staff to conduct internal audit and supervision regarding the Company's financial income and expenses, and economic activities.

**Article 157** The internal audit system of the Company and the duties of the auditing staff shall be implemented upon the approval by the Board. The officer in charge of internal audit shall be accountable to and report his or her work to the Board.

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

**Article 158** The Company engages accounting firms that comply with the provisions of the Securities Law and the Hong Kong Listing Rules to conduct accounting statement auditing, net asset verification, and other related consulting services. The term of employment is one year and can be renewed.

**Article 159** The appointment of an accounting firm by the Company must be decided by a majority of Shareholders at the General Meeting, and the Board shall not appoint an accounting firm before the decision is made at the General Meeting.

**Article 160** The Company guarantees to provide the accounting firm it engages with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or falsely report.

**Article 161** The remuneration of an accounting firm or the method of determining remuneration shall be determined by the General Meeting.

**Article 162** When the Company dismisses or no longer renews the appointment of an accounting firm, the General Meeting shall make a decision and notify the accounting firm 30 days in advance. When the Company's General Meeting votes on the dismissal of an accounting firm, the accounting firm is allowed to state its opinions.

If the accounting firm proposes to resign, it shall explain to the General Meeting whether the Company has any improper circumstances.

## **CHAPTER IX NOTICE AND ANNOUNCEMENT**

### **Section 1 Notice**

**Article 163** Notices of the Company shall be served by the following methods:

- (1) by hand;
- (2) by post;
- (3) by facsimile;
- (4) by email;
- (5) by announcement;

- (6) by other methods agreed in advance between the Company and the recipient or accepted by the recipient upon the receipt of the notice;
- (7) by posting on the website designated by the securities regulatory authority or stock exchange of the place where the Company's shares are listed, subject to the applicable laws, administrative regulations and the Hong Kong Listing Rules;
- (8) by other methods stipulated in laws, administrative regulations, rules or the Articles of Association.

For the purpose of providing or delivering corporate communication to the Shareholders as required by the Hong Kong Listing Rules, the Company may post such notice to the Shareholders on the designated website of the Company and/or the Hong Kong Stock Exchange or deliver such notice by electronic means, subject to the laws and regulations and the listing rules of the place where the Company's shares are listed and the Articles of Association. "Corporate communication" stated above refers to the documents issued or to be issued by the Company to the Shareholders or other persons, as required by the Hong Kong Listing Rules, for information or action, including, but not limited to, the annual report, including the annual financial report, the interim report, including the interim financial report and interim results announcement, the report of directors, together with the balance sheet and statement of profit or loss, notices of meetings, listing documents, circulars and other communication documents. Where notices are given by way of announcements under authorization conferred by the Articles of Association, such announcements shall be published by means specified in the Hong Kong Listing Rules. Subject to the laws, regulations, regulatory documents, the listing rules of the place where the Company's shares are listed and the Articles of Association, notices sent by way of public announcement shall be deemed to have been received by all relevant parties after the publication of such announcement.

**Article 164** A notice of convening the General Meeting of the Company shall be sent by way of an announcement or other means as stipulated in the Articles of Association.

**Article 165** The notice of convening the Board meeting of the Company shall be delivered by hand, post, or email, facsimile, telephone, WeChat, short message or other effective ways.

**Article 166** The notice of convening the meeting of the Supervisor Committee of the Company shall be delivered by hand, post, or email, facsimile, telephone, WeChat, short message or other effective ways.

**Article 167** Should the Company's notice be delivered by hand, the recipient shall sign (or chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Company's notice be delivered by post, the delivery date shall be three business days after the mail has been handed to the delivering person. Should the Company's notice be delivered by e-mail, facsimile, telephone, WeChat or short message, the date on which it is sent shall be the date of delivery. Should the Company's notice be delivered by announcement, the notice shall be deemed as received by all relevant persons once it is published.

**Article 168** The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat.



## **Section 2 Announcement**

**Article 169** The Company shall publish announcements on the website(s) of the Hong Kong Stock Exchange and/or the Company as required by the Hong Kong Listing Rules. The Board shall have the right to decide and adjust the determined media for information disclosure of the Company, but should ensure that the relevant media for information disclosure meet the requirements as stipulated by the laws and regulations and the listing rules of the place where the Company's shares are listed.

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

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

**Article 170** Merger of the Company may take the form of absorption or establishment of a new company.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

**Article 171** If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement. The parties to the merger shall prepare a balance sheet and an inventory of assets. Within ten days from the date of adoption of the merger resolution, the Company shall notify its creditors and within thirty days it shall make an announcement on the newspaper(s) designated by the Company for information disclosure.

A creditor may, within thirty days from the date of receipt of the written notice or, if he/she does not receive a written notice, within forty-five days from the date of the announcement, require the Company to pay off its debt or to provide corresponding guaranties.

**Article 172** After the Company is merged, the claims and debts of each party to the merger shall be assumed by the company surviving the merger or the new company established resulting from the merger.

**Article 173** Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within ten days from the date of the division resolution and shall publish an announcement on the newspaper(s) designated by the Company for information disclosure within thirty days from the date of such resolution.

**Article 174** Unless otherwise agreed in a written agreement has been entered into, before the division, between the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the companies surviving the division.

**Article 175** Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the resolution for the reduction of its registered capital and shall publish an announcement on the newspaper(s) designated by the Company for information disclosure within thirty days from the date of such resolution. A creditor has the right within thirty days from the receipt of the notice or, in case where it fails to receive such notice, within forty-five days from the date of the announcement, to demand the Company to pay off its debts or provide corresponding guarantees.

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

**Article 176** Where a merger or division of the Company involves any changes to any registration, an application for modification of registration shall be made to the company registration authority pursuant to the laws. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

If the Company increases or reduces its registered capital, the Company shall, in accordance with the laws, apply to the company registration authority to modify its registration.

## **Section 2    Dissolution and Liquidation**

**Article 177** The Company shall be dissolved for any of the following reasons:

- (1) the expiration of the business term specified in the Articles of Association or the occurrence of other dissolution reasons specified in the Articles of Association;
- (2) the General Meeting resolves for dissolution;
- (3) dissolution is required due to the merger or division of the Company;
- (4) the business license has been revoked, ordered to close down or dissolved in accordance with the law;
- (5) the Company is dissolved by a people's court in response to the request of Shareholders holding Shares that represent more than 10% of the voting rights of all Shareholders, on the grounds that there are serious difficulties in the operation and management of the Company and its continued existence will cause significant losses to the interests of Shareholders, which cannot be resolved through other means.

**Article 178** Under the circumstance described in sub-paragraph (1) of Article 177 in the Articles of Association, the Company may continue to exist by amending the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of shareholders representing two-thirds or above of the voting rights present at the General Meetings.

**Article 179** If the Company is dissolved due to the provisions of Article 177 (1), (2), (4), and (5) of the Articles of Association, a liquidation committee shall be established within 15 days from the date of the occurrence of the cause of dissolution to begin liquidation. The liquidation committee is composed of Directors or any person determined by the General Meeting. If a liquidation committee is not established within the prescribed time limit for liquidation, creditors may apply to the people's court to designate relevant personnel to form a liquidation committee for liquidation.

**Article 180** The liquidation committee shall perform the following duties:

- (1) sorting out the Company's assets and preparing a balance sheet and an inventory of assets;
- (2) notifying the creditors by notice or announcement;
- (3) dealing with the outstanding liquidation-related business of the Company;
- (4) paying off outstanding taxes as well as taxes arising in the course of liquidation;
- (5) settling claims and debts;
- (6) disposing of the remaining assets of the Company after the settlement of debts;
- (7) representing the Company in any civil proceedings.

**Article 181** The liquidation committee shall notify creditors within ten days of its establishment and make a public announcement in the designated information disclosure newspaper of the Company within sixty days. Creditors shall declare their claims to the liquidation team within 30 days from the date of receiving the notice, or within 45 days from the date of announcement if they have not received the notice.

When applying for creditor's rights, creditors shall explain the relevant matters of the creditor's rights and provide proof materials. The liquidation committee shall register the creditor's rights.

During the period of declaring creditor's rights, the liquidation committee shall not pay off the creditor.

**Article 182** After sorting out the Company's assets, preparing a balance sheet and an inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the General Meeting or the people's court for confirmation.

The remaining assets of our Company after paying the liquidation expenses, employee salaries, social insurance expenses, and statutory compensation, paying the outstanding taxes, and paying off the Company's debts shall be distributed by the Company according to the proportion of Shares held by Shareholders.

During the liquidation period, the Company exists but cannot carry out business activities unrelated to liquidation. The Company's assets will not be distributed to Shareholders until they have been paid off in accordance with the provisions of the preceding paragraph.

**Article 183** Upon liquidation of the Company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws.

Following such declaration of bankruptcy by the people's court, the people's court shall take over the administration of the liquidation procedure from the liquidation committee.

**Article 184** After the liquidation of the Company is completed, the liquidation committee shall prepare a liquidation report, submit it to the General Meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for deregistration of the Company, and announce the termination of the Company.

**Article 185** Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation in compliance with laws.

Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Company's properties.

Members of the liquidation committee are liable to indemnify the Company and its creditors in respect of any loss arising from their willful or gross negligence.

**Article 186** Liquidation of the Company which is declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

## CHAPTER XI AMENDMENTS TO ARTICLES OF ASSOCIATION

**Article 187** In any of the following circumstances, the Company shall amend the Articles of Association:

- (1) after the revision of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association conflict with the provisions of the revised laws and administrative regulations;
- (2) the situation of the Company changes and is inconsistent with the matters recorded in the Articles of Association;
- (3) the General Meeting has decided to amend the Articles of Association.

**Article 188** If the amendment of the Articles of Association approved by the General Meeting resolution requires approval by the competent authority, it must be submitted to the competent authority for approval; if it involves Company registration matters, change registration shall be handled in accordance with the law.

**Article 189** The Board shall amend the Articles of Association in accordance with the resolution of the General Meeting to amend the Articles of Association and the approval opinions of relevant competent authorities.

**Article 190** The amendment of the Articles of Association constitutes to the information required to be disclosed by laws and regulations and shall be announced in accordance with regulations.

## CHAPTER XII SUPPLEMENTARY PROVISIONS

### Article 191 Definitions

- (1) the “controlling shareholders” refer to shareholders whose shareholding accounts for more than fifty percent of the total equity of the Company; should the ratio of shareholding of such shareholder is less than fifty percent, such voting right he or she is entitled to may suffice to have material impact on the resolution of the General Meeting or as defined in the Hong Kong Listing Rules.
- (2) the “de facto controller” refers to the person who is not a shareholder of the Company but is able to actually dominate the conduct of the Company through investment relations, agreements or other arrangements.
- (3) the “connected transaction” refers to the definition stipulated in the Hong Kong Listing Rules.
- (4) the “related relationship” refers to relationship between a controlling shareholder, de facto controller, Director, Supervisor or senior management member of the Company and the enterprise directly or indirectly controlled by the same, or any other relationship that may give rise to a transfer of interests of the Company. However, there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State.

**Article 192** The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 193** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles of Association and those in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered with the administration for market regulation shall prevail.

**Article 194** The term “not less than”, “within” or “not more than”, as stated in the Articles of Association shall all include the number or amount itself; the term “exceeding”, “less than”, “more than” or “not exceeding” shall all exclude the number or amount itself.

**Article 195** The Board shall be responsible for the interpretation of the Articles of Association.

**Article 196** The attachment hereof shall include the rules of procedure for the General Meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee.

**Article 197** Upon consideration and approval at the General Meeting and after the Board adjusts and supplements the corresponding articles pursuant to the authorization at the General Meeting subsequent to the issuance of shares, the Articles of Association shall take effect and be implemented from the date on which the shares of the Company are listed on the Hong Kong Stock Exchange. The original Articles of Association shall be invalidated.

(No text below)