

**QYUNS THERAPEUTICS CO., LTD.**

**ARTICLES OF ASSOCIATION**

March 2024

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of Qyuns Therapeutics Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, the Articles of Association have been formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Accounting Law of the People’s Republic of China (hereinafter referred to as the “Accounting Law”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (hereinafter referred to as the “Trial Administrative Measures”), the Guidelines for Articles of Association of Listed Companies (hereinafter referred to as the “Guidelines for Articles of Association”), the Reply of the State Council on Adjusting the Notice Period for the General Meeting of Shareholders and Other Matters Applicable to Companies Listed Abroad, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant laws, administrative regulations, departmental rules, normative documents and requirements of relevant regulatory authorities.

**Article 2** The Company is incorporated as a joint stock company with limited liability through overall change of Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥有限公司) in accordance with the Company Law and other relevant laws, administrative regulations, departmental rules, normative documents and requirements of relevant regulatory authorities of the People’s Republic of China (hereinafter referred to as the “PRC”, and excluding, for the purpose of the Articles of Association, the Hong Kong Special Administrative Region (hereinafter referred to as “Hong Kong”), the Macau Special Administrative Region (hereinafter referred to as “Macau”) and Taiwan).

**Article 3** On July 19, 2023, the Company completed the filing with the China Securities Regulatory Commission to issue 12,046,400 ordinary shares listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) overseas (hereinafter referred to as “H Shares”). The H Shares are listed on the Hong Kong Stock Exchange from March 20, 2024 (hereinafter referred to as the “Initial Public Offering of H Shares”).

Shareholders holding domestic unlisted shares of the Company applying to convert their domestic unlisted shares into overseas-listed shares for listing and circulating on the Hong Kong Stock Exchange shall comply with applicable requirements of the China Securities Regulatory Commission and entrust the Company to file with the China Securities Regulatory Commission. Application for the conversion of domestic unlisted shares into overseas-listed shares for listing and circulating on the Hong Kong Stock Exchange by shareholders is not subject to the approval of general meeting.

The domestic unlisted shares referred to in the preceding paragraph represent the shares issued by a domestic enterprise but not listed or traded on any domestic stock exchange.

**Article 4** Registered name of the Company: Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司).

**Article 5** Domicile of the Company: Room 1310, Building 1, No. 907 Yaocheng Avenue, Taizhou.

**Article 6** Immediately prior to the Initial Public Offering of H Shares, the registered capital of the Company was RMB210,025,200.

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

**Article 8** The Company's legal representative is the general manager of the Company.

**Article 9** All assets of the Company shall be divided into equal shares. The liability of a shareholder to the Company shall be limited to the shares subscribed for by that shareholder. The Company shall be held liable for its debts with all of its assets.

**Article 10** The Articles of Association have been adopted by a resolution at the general meeting of the Company held on March 23, 2023 and shall become effective on the date when the H Shares issued by the Company are listed and traded on the Hong Kong Stock Exchange. From its effective date, the Articles of Association shall replace the articles of association previously filed with the company registration authority. From its effective date, the Articles of Association shall become a legally binding document regulating the Company's organization and activities, as well as the rights and obligations between the Company and its shareholders and among its shareholders. Pursuant to the Articles of Association, a shareholder may take legal action against other shareholders, the directors, supervisors, managers and senior management of the Company and the Company, and the Company may take legal action against its shareholders, directors, supervisors and senior management.

**Article 11** The term "senior management" as mentioned in the Articles of Association refer to the general manager, the deputy general manager, the chief financial officer, the secretary to the board of directors of the Company and other persons recognized by the board of directors.

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

**Article 12** The objectives of business of the Company are to establish a new operating mechanism through the organizational form of a joint stock limited company in which shareholders make joint contributions to raise capital, to contribute to the economic revitalization.

**Article 13** As registered according to laws, the Company's scope of business is: manufacturing of biological drugs, technology development, technology transfer, technology consultation and technology services of biopharmaceuticals, self-operated and proxy import and export of commodities and technologies (except for commodities and technologies that are restricted or prohibited from import and export by the state) (Business activities subject to approval in accordance with the laws can only be carried out after approval by relevant authorities).

The business scope referred to in the preceding paragraph shall be subject to the registration with the company registration authority.

## **CHAPTER 3   SHARES**

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

**Article 14**   The Company's shares shall be in the form of registered share certificates.

The Company shall establish a register of shareholders stating the following particulars or conduct the registration of shareholders under the requirements of laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

Any shareholder who is registered in or any person who requests to have its name entered in the register of shareholders, if whose share certificate is lost, may apply to the Company for replacement of the share certificate in respect of such shares. If a holder of the domestic unlisted shares of the Company loses its share certificate and applies for replacement, it shall be dealt with in accordance with the relevant requirements of the Company Law. If a holder of the H Shares loses its share certificate and applies for replacement, it may be dealt with in accordance with laws, rules of the stock exchange or other relevant regulations of the place where the original register of shareholders of the H Shares is maintained.

**Article 15**   The issuance of shares by the Company shall adhere to the principle of openness, equality and fairness. Shares of the same class shall have the same rights.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entity or individual.

**Article 16**   All shares issued by the Company shall be denominated in RMB with each share having a par value of RMB1.00.

**Article 17**   Upon completion of the necessary procedures stipulated in the Trial Administrative Measures and other relevant laws, regulations and normative documents, the Company may issue shares to domestic investors and foreign investors.

Foreign investors referred to in the preceding paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for the Company's shares and who are located within the territory of the PRC excluding the regions mentioned above.

**Article 18**   The ordinary shares issued by the Company that are not listed on any stock exchange are unlisted shares. Holders of the unlisted shares and the H Shares of the Company have equal rights in respect of any distribution made in the form of dividends or other forms.

Upon completion of the necessary procedures stipulated in the Trial Administrative Measures and other relevant laws, regulations and normative documents, holders of the unlisted shares of the Company may transfer all or part of their unlisted shares to overseas investors for listing and trading on any overseas stock exchange, or convert all or part of their unlisted shares into H Shares for listing and trading on any overseas stock exchange. The listing and trading of shares on any overseas stock exchange above shall comply with the regulatory procedures, regulations and requirements of the overseas securities market.

**Article 19** The total number of shares of the Company at the time of its establishment was 166,480,000 shares, all of which are ordinary shares. The number of shares held by the promoters and their shareholding percentage are as follows:

No.	Name of promoter	Number of shares held (share)	Percentage of shareholding	Method of capital contribution
1.	Hangzhou Quanyi Investment Management Partnership (General Partnership) (杭州荃毅投資管理合夥企業(普通合夥))	40,000,000	24.03%	Conversion of net assets into shares
2.	Shenzhen Qianhai Efung Taihe Equity Investment Fund Enterprise (Limited Partnership) (深圳市前海倚鋒太和股權投資基金企業(有限合夥))	3,500,000	2.10%	Conversion of net assets into shares
3.	Taizhou China Medical City Rongjianda Venture Capital Co., Ltd. (泰州中國醫藥城融健達創業投資有限公司)	7,500,000	4.51%	Conversion of net assets into shares
4.	Taizhou Jianxin Venture Capital Co., Ltd. (泰州健鑫創業投資有限公司)	7,500,000	4.51%	Conversion of net assets into shares
5.	Nanjing Tongren Boda Equity Investment Center (Limited Partnership) (南京同人博達股權投資中心(有限合夥))	5,000,000	3.00%	Conversion of net assets into shares
6.	Shanghai Quanyou Fanyue Investment Management Partnership (Limited Partnership) (上海荃友凡悅投資管理合夥企業(有限合夥))	5,000,000	3.00%	Conversion of net assets into shares
7.	Shanghai Shuochen Investment Management Co., Ltd. (上海碩臣投資管理有限公司)	5,000,000	3.00%	Conversion of net assets into shares
8.	Nanjing Yuzhijia Pharmaceutical Technology Partnership (Limited Partnership) (南京裕之華醫藥科技合夥企業(有限合夥))	2,000,000	1.20%	Conversion of net assets into shares
9.	Taizhou Hongtai Health Investment Management Center (Limited Partnership) (泰州洪泰健康投資管理中心(有限合夥))	18,750,000	11.26%	Conversion of net assets into shares
10.	Suzhou Hefu Ruitai Equity Investment Center (Limited Partnership) (蘇州合富瑞泰股權投資中心(有限合夥))	3,750,000	2.25%	Conversion of net assets into shares
11.	Shenzhen Triwise Rozman Phase II Investment Partnership (Limited Partnership) (深圳勤智羅茲曼二期投資合夥企業(有限合夥))	1,250,000	0.75%	Conversion of net assets into shares
12.	Shenzhen Triwise Kangxin Venture Capital Partnership (Limited Partnership) (深圳勤智康信創業投資合夥企業(有限合夥))	1,250,000	0.75%	Conversion of net assets into shares
13.	Shenzhen Lucky-source III Venture Capital Center (Limited Partnership) (深圳瑞享源叁號創業投資中心(有限合夥))	3,230,000	1.94%	Conversion of net assets into shares
14.	Gongqingcheng Jiayin Lucky-source Equity Investment Partnership (Limited Partnership) (共青城佳銀瑞享源股權投資合夥企業(有限合夥))	1,250,000	0.75%	Conversion of net assets into shares
15.	Shenzhen Lucky-source IV Venture Capital Center (Limited Partnership) (深圳瑞享源肆號創業投資中心(有限合夥))	4,500,000	2.70%	Conversion of net assets into shares
16.	Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (杭州中美華東製藥有限公司)	35,900,000	21.56%	Conversion of net assets into shares
17.	MATRIX PARTNERS CHINA VI HONG KONG LIMITED	10,920,000	6.56%	Conversion of net assets into shares

No.	Name of promoter	Number of shares held (share)	Percentage of shareholding	Method of capital contribution
18.	Suzhou Guan hong Venture Capital Center (Limited Partnership) (蘇州冠鴻創業投資中心(有限合夥))	6,540,000	3.93%	Conversion of net assets into shares
19.	Shenzhen Yuanzhi Fuhai New Industry II Investment Enterprise (Limited Partnership) (深圳遠致富海新興產業二期投資企業(有限合夥))	730,000	0.44%	Conversion of net assets into shares
20.	Xinyu Tongchuang Guosheng Science and Innovation Industry Investment Partnership (Limited Partnership) (新余市同創國盛科創產業投資合夥企業(有限合夥))	1,450,000	0.87%	Conversion of net assets into shares
21.	Everest No. 37 (Shenzhen) Venture Capital Center (Limited Partnership) (朗瑪三十七號(深圳)創業投資中心(有限合夥))	730,000	0.44%	Conversion of net assets into shares
22.	Shenzhen Triwise Detai New Technology Venture Capital Enterprise (Limited Partnership) (深圳勤智德泰新科技創業投資企業(有限合夥))	730,000	0.44%	Conversion of net assets into shares
<b>Total</b>		<b>166,480,000</b>	<b>100.00%</b>	<b>–</b>

**Article 20** The Company is required to register with the market supervision and management department in respect of any change in its registered capital.

**Article 21** The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance by way of gift, advance, guarantee, compensation or loans to purchasers or potential purchasers of the Company's shares.

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

**Article 22** The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution at the general meeting by way of the following:

- (1) Public offering of shares;
- (2) Non-public offering of shares;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Conversion of reserves into share capital;
- (5) Other methods required by laws, administrative regulations and normative documents and approved by the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange.

**Article 23** The Company may decrease its registered capital. The Company shall decrease its registered capital pursuant to the Company Law, other relevant regulations and the Articles of Association.

**Article 24** The Company shall not acquire its own shares, except under one of the following circumstances without violating laws, regulations, the Hong Kong Listing Rules and the provisions of the Articles of Association:

- (1) Decreasing the Company's registered capital;
- (2) Merging with other companies holding the Company's shares;
- (3) Using shares for the employee stock ownership plan or as equity incentives;
- (4) Requesting the Company to buy back its shares from shareholders who vote against any resolutions adopted at the general meeting concerning the merger and division of the Company;
- (5) Converting shares into corporate bonds issued by the Company which are convertible to shares of the Company;
- (6) Necessary for the Company to maintain the Company's value and shareholders' equity;
- (7) Other circumstances permitted by laws, administrative regulations, departmental rules, normative documents and the Hong Kong Listing Rules.

**Article 25** When the Company acquires its own shares, it may conduct by way of public centralized transaction or other methods recognized by relevant laws, administrative regulations, normative documents and the securities regulatory authorities in the place where the Company's shares are listed.

If the Company acquires its own shares under the circumstances specified in items (3), (5) and (6) of Article 24 of the Articles of Association, the acquisition shall be made through a public centralized transaction.

**Article 26** If the Company acquires its own shares under the circumstances specified in items (1) and (2) of Article 24 of the Articles of Association, it shall be subject to resolution at the general meeting. If the Company acquires its own shares under the circumstances specified in items (3), (5) and (6) of Article 24 of the Articles of Association, a resolution of a meeting of the board of directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Articles of Association or as authorized by the general meeting.

The Company shall write off the shares so repurchased within a period stipulated by laws, administrative regulations and the Hong Kong Listing Rules, and shall apply to the original company registration authority for registration of changes in registered capital.

Where there are other requirements under laws, administrative regulations, departmental rules, normative documents and the Hong Kong Listing Rules regarding the relevant matters related to the aforementioned share repurchase, such requirements shall prevail.

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

**Article 27** The shares of the Company may be transferred in accordance with laws. Save as otherwise required by laws, administrative regulations, departmental rules, normative documents, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange, the fully-paid shares of the Company are not subject to any restrictions on transfer rights and can be freely transferred without any lien. Transfer of the H Shares listed in Hong Kong shall be registered with the local share registrar designated by the Company in Hong Kong.

**Article 28** All fully-paid H Shares may be transferred freely in accordance with the Articles of Association. However, the board of directors may refuse to recognize any instrument of transfer without any reason unless the following conditions are satisfied:

- (1) the instrument of transfer only relates to the H Shares;
- (2) the stamp duty required by the laws of Hong Kong for the instrument of transfer has been paid;
- (3) the relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the rights to transfer such shares shall be provided;
- (4) the relevant shares are free of any lien in favor of the Company; and
- (5) No transfer shall be made to minors or persons of unsound mind or others under legal disability.

If the Company refuses to register the share transfer, the Company shall notify the transferor and transferee in writing of such refusal of share transfer registration within two months from the date of the formal transfer application.

**Article 29** All transfers of the H Shares shall be effected by transfer document in writing in a general or common form or in any other form acceptable to the board of directors, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The transfer document in writing may be signed by hand or (where the transferor or transferee is a corporation) stamped with the Company's seal. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the transfer document in writing may be signed by hand or in printed form.

All transfer documents shall be maintained at the legal address of the Company, the address of the share registrar or such places as the board of directors may designate from time to time.

**Article 30** Subject to the Articles of Association and all other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being listed in the register of shareholders.

Where two or more persons are registered as joint holders of any shares, they shall be deemed as the common holders of the said shares subject to the following restrictions:

- (1) the joint holders of any share shall jointly and individually assume the liabilities for all amounts payable for relevant share;
- (2) where any of the joint holders deceases, only the surviving joint holders shall be deemed by the Company as having title to the relevant shares, but the board of directors may, for the purpose of modifying the register of shareholders, require the death certificate documents of the relevant holder as it deems appropriate;
- (3) for joint holders of any share, any of them may attend the general meeting of the Company or exercise the voting rights of the shares (regardless of attendance in person or by proxy). In the event of more than one joint holder attending the general meeting in person or by proxy, only the attendee whose name appears first in the register of shareholders among such joint holders is entitled to vote for such shares, receive notices from the Company, and attend or exercise all of the voting rights relating to the shares at the general meetings of the Company, and any notice served on the aforesaid person shall be deemed to have been served on all joint holders of the relevant shares; and
- (4) where one of the joint holders delivers a receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint holders, such receipt shall be deemed as a valid receipt from such joint holders to the Company.

**Article 31** The Company may, in accordance with the memorandums of understanding and agreements between the securities authority of the State Council and overseas securities regulatory authorities, maintain its original copy of the register of shareholders of H Shares outside PRC and entrust an overseas agent to maintain such register. The original copy of the register of shareholders of H Shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall maintain a duplicate of the register of shareholders of H Shares at the Company's domicile. The appointed overseas agent shall ensure the consistency between the original copy and the duplicate of register of shareholders of H Shares at all times.

If there is any inconsistency between the original copy and the duplicate of the register of shareholders of H Shares, the original copy shall prevail.

**Article 32** The Company shall not accept its own shares as the subject of a pledge.

**Article 33** The shares of the Company held by the promoters shall not be transferred within one year after the establishment of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one year from the date when the Company's shares are listed and traded on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than 25% of the total number of their shares in the Company per annum during their terms of office. These shares of the Company held thereby shall not be transferred within one year from the date when the Company's shares are listed and traded. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate services with the Company.

Where there are other requirements on the transfer restrictions of H Shares by the securities regulatory authorities in the place where the Company's shares are listed, such requirements shall prevail.

**Article 34** Where a shareholder holding more than 5% of the Company's shares, director, supervisor or senior management sells the Company's shares held within six months after purchase, or buys them again within six months after sale, the proceeds thus earned shall belong to the Company, and the board of directors of the Company shall recover the proceeds, except for the securities company holding more than 5% of the shares as a result of underwriting the purchase of the remaining shares after the sale and other circumstances specified by relevant regulatory authorities.

The shares held by directors, supervisors, senior management and individual shareholders referred to in the preceding paragraph include the shares held by their spouses, parents and children, as well as shares held through the account of others.

If the board of directors of the Company does not abide by the provisions of the first paragraph of this Article, shareholders shall have the right to request the board of directors to do so within 30 days. If the board of directors of the Company fails to do so within the said period, shareholders shall have the right to file a lawsuit directly with the People's Court in its own name for the benefit of the Company.

If the board of directors of the Company does not abide by the provisions of the first paragraph of this Article, the responsible directors shall be jointly and severally liable according to law.

If H Shares are involved in the transfer stated in this article, the relevant regulations of the securities regulatory authorities in the place where the Company's shares are listed shall be observed.

## **CHAPTER 4 SHAREHOLDERS AND GENERAL MEETING**

### **Section 1 Shareholders**

**Article 35** The Company shall establish a register of shareholders according to the certificates provided by the securities registration and clearing institution. The register of shareholders is sufficient evidence that shareholders hold shares in the Company. Shareholders shall enjoy rights and assume obligations according to the types of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

**Article 36** When the Company convenes a general meeting, distributes dividends, undergoes liquidation and engages in other activities requiring the identification of shareholders, the board of directors or the convener of the general meeting shall decide the share registration date. Shareholders whose names appear on the register of shareholders after the close of business on the share registration date shall be the shareholders entitled to the relevant rights and interests.

**Article 37** The shareholders of ordinary shares of the Company shall have the following rights:

- (1) to receive dividends and profit distributions in any other form in proportion to the shares they hold;

- (2) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting right;
- (3) to supervise, make recommendations or make inquiries about the operations of the Company;
- (4) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, relevant regulations of the securities regulatory authorities in the place where the Company's shares are listed, and the Articles of Association;
- (5) to acquire relevant information according to the provisions of the Articles of Association, including:
  1. copy of the Articles of Association obtained after paying the cost;
  2. the right to inspect free of charge and, on payment of a reasonable fee, to make copies of:
    - (1) the whole and all parts of register of shareholders;
    - (2) the personal data of the directors, supervisors, general manager and other members of the senior management of the Company, including:
      - (a) present and past name and alias;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and positions;
      - (e) identity document and the numbers.
    - (3) report on the situation of the Company's issued share capital;
    - (4) report on the total par value, quantity, the highest price and the lowest price of shares the Company has repurchased since the last fiscal year, as well as all the expenses that the Company has paid for them;
    - (5) special resolution at general meeting of the Company;
    - (6) the latest audited financial statements of the Company and the report of the board of directors, the auditors and the board of supervisors;
    - (7) copy of the latest annual report that has been filed with the State Administration for Market Regulation and any other competent authorities;
    - (8) stubs of corporate bonds, resolutions of the board of directors meetings and the board of supervisors meetings; and
    - (9) minutes of general meetings.

The Hong Kong branch of the register of shareholders must be available for inspection by shareholders, but the Company can be allowed to suspend the shareholders registration in accordance with the terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). That is, after giving notice by the Company, the register, or that part of the register relating to the holding of any shareholder, can be closed for one or more periods, but the total period of closure shall not exceed 30 days within any one year.

Subject to the applicable laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, the Company may refuse to provide such information if the contents to be inspected and copied involve the Company's trade secrets and inside information as well as the personal privacy of the relevant personnel.

- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;
- (7) to require the Company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the Company;
- (8) other rights stipulated by laws, administrative regulations and normative documents, the Hong Kong Listing Rules and the Articles of Association.

**Article 38** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company will provide the information as required by the said shareholder upon verification of the said shareholder's identity.

**Article 39** If any resolution of the general meeting or the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution.

If the convening procedure or voting method of the general meetings or board of directors meetings violates the laws, administrative regulations or the Articles of Association or the contents of a resolution run counter to the Articles of Association, the shareholders shall have the right to request the people's court to cancel such resolution within sixty days after passing the resolution.

**Article 40** Where the Company incurs losses as a result of violation by directors and members of the senior management of laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, the shareholders individually or in the aggregate holding more than 1% of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the board of supervisors to initiate proceedings to the People's Court; where the Company incurs losses as a result of violation by the board of supervisors of any provisions of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, the shareholders individually or in the aggregate holding more than 1% of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing to the board of directors to initiate proceedings to the People's Court.

In the event that the board of supervisors or the board of directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date of receiving such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the shareholders described in the preceding paragraph shall have the right to for the benefit of the Company initiate proceedings to the People's Court directly in their own names.

Where the Company incurs losses as a result of infringement upon the legitimate rights and interests of the Company by any other persons, the shareholders stated in paragraph 1 of this article may initiate proceedings to the People's Court pursuant to the provisions of the first two paragraphs.

**Article 41** Shareholders may initiate proceedings to the People's Court in the event that a director or a senior management officer has violated laws, administrative regulations or the Articles of Association, damaging the interests of shareholders.

**Article 42** The shareholders of the Company shall have the following obligations:

- (1) to observe laws, administrative regulations, regulatory rules of the place where the shares are listed and the Articles of Association;
- (2) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (3) to be liable to the Company to the extent of the shares they hold;
- (4) save as stipulated by laws or regulations, no share refund is allowed after registration with the Company;
- (5) not to abuse their rights as shareholders to jeopardize the Company's or other shareholder's rights; not to abuse of the Company's status as an independent legal person or any abuse of the limited liability of a shareholder to jeopardize the interests of the Company's creditors;
- (6) other obligations imposed by laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

In the event of any damage caused to the Company or other shareholders arising from any abuse of the shareholder's right, such shareholder shall be liable for compensation in accordance with laws. In the event of any severe damage caused to the interest of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts.

**Article 43** If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**Article 44** The controlling shareholder and the de facto controller of the Company shall not take advantage of their connected relationships to harm the interests of the Company. They shall be held liable for damages if, as a result of violating such provisions, they cause the Company to sustain a loss.

The controlling shareholder and the de facto controller of the Company bear a fiduciary duty toward the Company and public shareholders of the Company. The controlling shareholder shall exercise its rights as an investor in strict accordance with the laws. The controlling shareholder, the de facto controller and their connected parties shall not harm the lawful rights and interests of the Company by means of profit distribution, asset restructuring, investment in a third party, appropriation of funds, loan security or other methods, or damage the interests of the Company and public shareholders of the Company by means of utilizing their controlling positions.

## **Section 2 General Provisions of General Meeting**

**Article 45** The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to laws:

- (1) to decide on the Company's business policy and investment plans;
- (2) to elect and replace directors and supervisors who are not employee representatives, and determine the remunerations of directors and supervisors;
- (3) to consider and approve the reports of the board of directors;
- (4) to consider and approve the reports of the board of supervisors;
- (5) to consider and approve the Company's annual financial budget plan and final accounts plan;
- (6) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (7) to resolve on increase or decrease of the registered capital of the Company;
- (8) to resolve on the plans for issuance of corporate bonds or other securities and listing;
- (9) to resolve on the merger, division, dissolution, liquidation or transformation of corporate form of the Company;
- (10) to amend the Articles of Association;
- (11) to resolve on appointment, dismissal or non-renewal of appointment of the Company's accounting firm and on the compensation matters of accounting firm;
- (12) to consider and approve the guarantee matters stipulated in the Articles of Association that shall be approved by the general meeting;
- (13) to consider the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;

- (14) to consider and approve matters relating to the changes in the use of proceeds from share offerings;
- (15) to consider share incentive plan and employee stock ownership plan;
- (16) to consider other matters which, in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association, shall be approved by the general meeting.

The powers of the general meeting stipulated in the preceding paragraph shall not be exercised by the board of directors or other institutions or individuals through authorization.

The general meeting may, when necessary, reasonable and legal, authorize or entrust the board of directors to handle matters authorized or entrusted by it, including but not limited to carrying out the following matters at the general meeting:

Subject to the applicable laws, regulations and listing rules, to give a general mandate to the board of directors to issue, allot and deal with additional overseas-listed shares not exceeding 20% of the shares in issue (or other proportions as required by the applicable laws, administrative regulations and listing rules of the place where the Company's shares are listed);

To authorize the board of directors, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the value, interest rate, term, targeted group and use of proceeds of the bond(s), as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits.

**Article 46** The provision of guarantee by the Company for third parties as set forth below, shall be subject to the consideration and approval of the general meeting:

- (1) any guarantee to be provided after the total amount of guarantee provided to third parties by the Company and its controlling subsidiaries exceeds 50% of the latest audited net assets;
- (2) any guarantee to be provided after the total amount of guarantee provided to third parties by the Company exceeds 30% of the latest audited total assets;
- (3) any guarantee to be provided by the Company within one year exceeding 30% of the Company's latest audited total assets;
- (4) any guarantee to be provided to a recipient with a gearing ratio of more than 70%;
- (5) any single guarantee exceeding 10% of the latest audited net assets;
- (6) any guarantee to be provided for shareholders, de facto controllers and their connected parties.

**Article 47** Shareholders' general meetings include annual general meetings and extraordinary general meetings.

An annual general meeting shall be convened once a year and shall be held within six months after the end of the preceding fiscal year.

**Article 48** The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number provided for in the Company Law, or less than two-thirds of the number prescribed in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third of its total paid-in share capital;
- (3) a written request is made by a shareholder or shareholders holding separately or in aggregate more than 10% of the shares of the Company;
- (4) the board of directors considers it necessary;
- (5) when proposed by two or more of independent non-executive directors;
- (6) when proposed by the board of supervisors;
- (7) other situations stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

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**Article 49** The Company's general meeting of shareholders shall be held at the company's domicile or other location specified in the notice of general meeting of shareholders.

The general meeting of shareholders will be held at a venue and in the form of on-site meetings, telephone conferences, etc. Where necessary, the Company may also provide online voting to facilitate shareholders' participation in general meetings. Shareholders who participate the general meeting through the above means shall be deemed to have attended the meeting.

The time and venue of the on-site meeting should be convenient for shareholders to attend. After the notice of the general meeting of shareholders is issued, the venue of the on-site meeting of the general meeting of shareholders shall not be changed without proper reason. If it is necessary to change, the convener shall make an announcement and explain the reason at least two working days before the on-site meeting.

### Section 3 Summoning of General Meeting

**Article 50** The shareholders' general meeting is convened by the board of directors. Independent non-executive directors have the right to propose to the board of directors to convene an extraordinary general meeting of shareholders. For the proposal of the independent non-executive directors to convene the extraordinary general meeting, the board of directors shall, in accordance with the laws, administrative regulations and the provisions of the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within ten days after receiving the proposal. If the board of directors agrees to convene an extraordinary general meeting of shareholders, it shall issue a notice of convening the general meeting of shareholders within five days after making the resolution of the board of directors; if the board of directors does not agree to convene an extraordinary general meeting of shareholders, it shall explain the reasons and make an announcement.

**Article 51** The board of supervisors shall be entitled to propose to the board of directors to convene an extraordinary general meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall, pursuant to laws, administrative regulations and provisions of the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the board of directors agrees to convene the extraordinary general meeting, it will serve a notice of such meeting within 5 days after the resolution of the board of directors is made. In the event of any change to the original proposal set forth in the notice, the consent of the board of supervisors shall be obtained.

If the board of directors does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the board of supervisors may convene and preside over the meeting by itself.

**Article 52** Shareholder(s) severally or jointly holding 10% or above shares of the Company shall be entitled to request the board of directors to convene an extraordinary general meeting, and shall put forward such request to the board of directors in writing. The board of directors shall, pursuant to laws, administrative regulations and provisions of the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the written proposal.

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If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution of the board of directors is made. In the event of any change to the original proposal set forth in the notice, the consent of shareholder(s) who put forward the proposal shall be obtained.

If the board of directors does not agree to hold the extraordinary general meeting, or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding 10% or above shares of the Company shall be entitled to propose to the board of supervisors to convene an extraordinary general meeting, and shall put forward such request to the board of supervisors in writing.

If the board of supervisors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of shareholder(s) who put forward the proposal shall be obtained.

In the case of failure to issue the notice for the general meeting within the term stipulated, the board of supervisors shall be deemed as failing to convene and preside over the general meeting. The shareholder(s) severally or jointly holding 10% or above shares of the Company for 90 consecutive days or above may convene and preside over such meeting by itself/themselves.

**Article 53** Prior to the announcement of the resolution of the general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

**Article 54** The board of directors and the board secretary shall support the general meeting convened by the board of supervisors or shareholders. The board of directors shall provide a register of shareholders as of the date of share registration. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.

**Article 55** For the general meeting convened by the board of supervisors or by the shareholders, the expenses necessary for the meeting shall be borne by the Company.

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

**Article 56** The contents of the proposals shall fall within the functions and powers of the general meeting, shall have clear discussion topics and specific matters to be resolved, and shall comply with relevant requirements of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association. Proposals for general meetings shall be in writing.

**Article 57** Where the Company convenes a general meeting, the board of directors, the board of supervisors and the shareholder(s) severally or jointly holding 3% or above shares of the Company may make proposals to the Company.

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Shareholder(s) severally or jointly holding 3% or above shares of the Company may submit written provisional proposals to the convener within the time limit specified in the Hong Kong Listing Rules prior to the general meeting. The convener shall, in accordance with the provisions of the Hong Kong Listing Rules, issue a supplementary notice of the general meeting of shareholders after receiving the proposal, announce the contents of the provisional proposal, and include the matters in the proposal that fall within the scope of responsibilities of the general meeting of shareholders on the agenda of the meeting for submission to the general meeting of shareholders for consideration and approval.

Save as provided in the preceding paragraph, upon issuance of the notice for the general meeting, the convener shall not amend any proposals which are set out in the notice for the general meeting or add new proposals.

Proposals that have not been set forth in the notice of the general meeting of shareholders or do not comply with the provisions of Article 56 of the Articles of Association shall not be voted and resolved at the general meeting of shareholders.

**Article 58** The convener of the general meeting of shareholders shall notify all shareholders by means of an announcement 21 days before the annual general meeting, and 15 days before the extraordinary general meeting. At the same time as the notice is given, a proxy form must be sent that provides pros and cons voting options on all resolutions to be proposed at the meeting.

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The date of the meeting is not included in the calculation of the commencement period.

**Article 59** The notice of the general meeting shall set forth the following particulars:

- (1) time, place and duration of the meeting;
- (2) matters and proposals submitted to the meeting for consideration and approval;
- (3) statement made in distinct words: that all shareholders shall have the right to attend the general meeting and may authorize a proxy in writing to attend such meeting and participate in voting, who is not necessarily a shareholder of the Company;
- (4) the share registration date for the shareholders who are entitled to attend the meeting;
- (5) name and telephone number of the standing contact person of the meeting;
- (6) the voting time and voting procedures via internet or other methods;
- (7) other matters required by laws, administrative regulations, regulatory documents and the Hong Kong Listing Rules.

Notices and supplementary notices of shareholders' general meetings shall adequately and completely disclose the particulars of all proposals. Where the opinions of an independent non-executive director are required on the matters to be discussed, such opinions and reasons thereof shall be provided at the same time when the notices or supplementary notices of shareholders' general meetings are served.

The interval between the share registration date of a shareholders' general meeting and the date of the meeting shall be no less than 10 business days. The share registration date shall not be changed once confirmed.

**Article 60** In the event that matters involving the election of directors and supervisors are to be considered at the general meeting, the notice of such general meeting shall fully disclose the detailed information of the candidates for such directors and supervisors, which shall at least include the following:

- (1) personal particulars including full name, education background, working experience and any part-time job;
- (2) whether there is any connected relationship with the Company or its controlling shareholders and de facto controller;
- (3) disclosure of the shareholdings in the Company;
- (4) whether or not it has been penalized by relevant regulatory authorities and other relevant authorities and stock exchanges;
- (5) other matters required by the Hong Kong Listing Rules.

Apart from directors and supervisors elected through the cumulative voting system, each candidate of director or supervisor shall be individually proposed.

**Article 61** After the notice of the shareholders' general meeting is issued, the meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall issue the announcement and explain the reasons at least two working days prior to the original scheduled date.

## **Section 5 Convening of General Meeting**

**Article 62** The board of directors and other conveners shall be entitled to take necessary measures to ensure the normal order of the general meeting. Any acts of interfering with the general meeting, stirring up arguments and infringing against the lawful interest of shareholders will be stopped by adopting measures and shall be reported to the relevant authorities for investigation and penalty.

**Article 63** All shareholders or their proxies on the register of shareholders as of the share registration date shall be entitled to attend the general meeting, and vote in accordance with the provisions of relevant law, regulations and these Articles of Association.

Shareholders may attend the general meeting in person and exercise their voting rights, or entrust others who need not be shareholders of the Company as their proxies to attend and exercise their voting rights within the scope of authorization.

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If the shareholder is a recognized clearing house (or its agent) as defined in the Hong Kong Securities and Futures Ordinance or relevant regulations under the Hong Kong laws in force from time to time, it may authorize one or more person(s) as it thinks fit to act as its proxy(ies) at any general meeting. However, if more than one person is authorized, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies may represent the recognized clearing house (or its agent) (not requiring presence of the shareholding voucher, notarized authorization and/or further evidences to prove the duly authorization) as if they are individual shareholders of the Company, and shall be entitled to the same legal rights, including the rights to speak and vote, as other shareholders.

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**Article 64** In the event that an individual shareholder attends a general meeting in person, it shall present its own identity card or other valid documents or proof capable of identifying itself and stock account card. In the event that a proxy is appointed to attend the meeting, it shall present its own valid identity documents and the power of attorney from the shareholder.

For a legal person shareholder, its legal representative or a proxy should attend the meeting. In the event that its legal representative attends the meeting, it should present its identity card or other valid proof capable of proving its qualification of being the legal representative. In the event that a proxy is appointed to attend the meeting, it should present its own identity card or the written power of attorney issued by the legal representative of the legal person shareholder in accordance with the laws.

For a partnership shareholder, its managing partner (including the representative of the managing partner) or its proxy should attend the meeting. In the event that its managing partner attends the meeting, it should present its identity card or other valid proof capable of proving its qualification of being the managing partner. In the event that a proxy is appointed to attend the meeting, the proxy should present its own identity card or the written power of attorney issued by the managing partner of the partnership shareholder in accordance with the laws.

**Article 65** The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following particulars:

- (1) the name of the proxy;
- (2) whether the proxy has the right to vote;
- (3) the instructions to vote in favor of or against, or to abstain from voting on each matter set out on the agenda of the general meeting;
- (4) the signing date and validity of the power of attorney;
- (5) the signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal entity shall also be affixed. If the principal is a partnership shareholder, the seal of the partnership shall also be affixed.

**Article 66** The power of attorney shall state whether the proxy, in the absence of any specific instructions from the shareholder, may vote as it thinks fit.

**Article 67** The power of attorney shall be deposited at Company's domicile or elsewhere specified in the notice of meeting at least 24 hours before the relevant meeting at which such proxies are authorized to vote, or 24 hours before the designated time for the relevant voting. Where the power of attorney is signed by other persons authorized by the principal, such signing authorization letter or other authorization document shall be notarized. A notarized signing authorization letter or other authorization document, together with the power of attorney, shall be deposited at the Company's domicile or elsewhere specified in the notice of meeting.

Where the principal is a legal person, its legal representative or any other persons authorized by resolution of its board of directors or other decision-making authority shall attend the general meeting of the Company on its behalf.

Where the principal is a partnership, the executive partner or the representative appointed by the executive partner or the person authorized by the resolution of the partners' meeting or other decision-making authority shall attend the general meeting of the Company on its behalf.

**Article 68** An attendance register for the meeting shall be compiled by the Company.

The attendance register shall list the name (or name of organization), identity card number (or unified social credit identifier of an organization), residential address (or principal place of business of an organization) of the attendant, the number of shares with voting rights held by the attendant or held on behalf of others, as well as the name of the principal (or name of organization) and so on.

**Article 69** The convenor shall verify the legitimacy of the qualifications of shareholders based on the register of shareholders provided by the securities depository and clearing house, and record the names of shareholders and the number of voting shares held by them. Registration for the meeting shall end before the chairman of the meeting announces the number of shareholders and proxies physically present at the meeting, as well as the total number of voting shares held by them.

**Article 70** During a general meeting, all the directors and supervisors of the Company and secretary to the board of directors shall be present at the meeting. General manager and other senior management officer(s) shall also attend the meeting.

**Article 71** The general meeting shall be convened by the board of directors in accordance with laws and shall be presided over by the chairman. If the chairman is unable or fails to perform its duties, the meetings shall be presided over by a director jointly elected by more than half of the directors, unless it is convened and presided over by the board of supervisors or qualified shareholders in accordance with the Articles of Association.

A general meeting convened by the board of supervisors on its own shall be presided over by the chairman of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform its duties, the meetings shall be presided over by a supervisor jointly elected by more than half of the supervisors.

A general meeting convened by shareholders on their own shall be presided over by a representative elected by the convenor.

During a general meeting, in the event that the chairman of the meeting violates the rules of procedures so that the general meeting cannot proceed, a person may be elected as the chairman of the meeting thereat to proceed with the meeting with the consent of shareholders with a majority of the voting rights present at the meeting.

**Article 72** The Company shall formulate the rules of procedures for general meetings which shall set out in detail the convening and voting procedures in respect of the general meeting (including notice, registration, consideration and approval for proposals, voting, vote counting, announcement of voting results, the resolution making process, meeting minutes and signing, announcements and other matters) and the principles of granting authorization to the board of directors at the general meeting. The scope of authorization shall be specified in details. The rules of procedures for general meetings attached to the Articles of Association as an appendix shall be prepared by the board of directors and approved at a general meeting.

**Article 73** At an annual general meeting, the board of directors and the board of supervisors shall report to the meeting on their work over the past year. Each independent non-executive director shall also present reports on their work.

**Article 74** Directors, supervisors and senior management shall answer or give explanation to any questions raised and suggestions made by shareholders at general meetings unless they cannot be disclosed at the general meeting pursuant to the relevant laws and administrative regulations or due to the involvement of the Company's trade secrets.

**Article 75** The chairman of the meeting shall announce, before voting takes place, the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held by them. The number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held by them shall be based on the registration of the meeting.

**Article 76** Minutes of general meetings shall be recorded by secretary to the board of directors.

The minutes of a meeting shall record the following:

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

**Article 77** The convener of the general meeting shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors, supervisors, secretary to the board of directors, the convener of the meeting or its representative and the chairman of the meeting shall sign on the meeting minutes. The meeting minutes shall be maintained with the signature book of attending shareholders, the proxy forms of their proxies and valid information on voting via other manners.

**Article 78** The convener of the general meeting shall ensure that the general meeting is being conducted continuingly until resolutions have been resulted. In the event of special reasons such as force majeure resulting in the termination of meeting or the failure of resulting in resolutions, necessary measures shall be taken to resume the general meeting as soon as practicable or terminate the meeting directly.

## **Section 6 Voting and Resolutions of General Meeting**

**Article 79** Resolutions of general meetings shall take the form of ordinary resolutions or special resolutions.

To pass an ordinary resolution at a general meeting, votes representing a simple majority of the voting rights of the shareholders (including proxies) present at the meeting shall be cast in favor of such resolution.

To pass a special resolution at a general meeting, votes representing more than two-thirds of the voting rights of the shareholders (including proxies) present at the meeting shall be cast in favor of such resolution.

**Article 80** The following matters shall be passed by way of ordinary resolution at a general meeting:

- (1) the work report of the board of directors and the board of supervisors;
- (2) the board of directors' proposed profit distribution plan and loss recovery plan;
- (3) appointment and dismissal of members of the board of directors and the board of supervisors, and their remuneration and payment method;
- (4) proposals for the Company's annual budget and final accounts;
- (5) the Company's annual report;
- (6) matters other than those that are required to be passed by special resolution in accordance with the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association.

**Article 81** The following matters shall be passed by way of special resolution at a general meeting:

- (1) increase or reduction in the registered capital of the Company;
- (2) spin-off, merger, dissolution and liquidation or change in corporate form of the Company;
- (3) amendments to the Articles of Association;
- (4) the Company's purchase or sale of major assets or guarantee amount in excess of 30% of the Company's latest audited total assets within one year;
- (5) equity incentive plans;
- (6) other matters which are required to be passed by special resolution in accordance with the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and which are supposed to have a significant impact on the Company if they are passed by ordinary resolution at the general meeting.

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**Article 82** When voting at a general meeting, a shareholder (including proxy) shall exercise its voting rights in respect of the number of voting shares it represents. One vote per share. On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all its votes for or against for the relevant resolution.

Where material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

The shares of the Company held by itself have no voting rights and shall not be counted into the total number of shares carrying voting rights at the general meeting.

**Article 83** When connected transactions are considered at a general meeting, related shareholders who have material interests in the connected transactions or arrangements shall not participate in voting. The number of shares with voting rights represented by them shall not be counted in the total number of valid votes. The voting of non-related shareholders shall be disclosed fully in the announcement on the resolutions of a general meeting.

In accordance with applicable laws, regulations, regulatory documents and the Hong Kong Listing Rules, where any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Company must enter into a written agreement for a connected transaction. For the connected transaction that are subject to announcements, circulars and independent shareholders' approval under the Hong Kong Listing Rules, an announcement must be made as soon as possible after its terms have been agreed, and the connected transaction must be conditional on shareholders' approval at a general meeting. Any shareholder who has a material interest in the transaction must abstain from voting. If the connected transaction requires shareholders' approval, the Company must set up an independent non-executive board committee (all members of the committee shall be independent non-executive directors) and appoint an independent financial adviser. The independent non-executive board committee must, taking into account the recommendation of an independent financial adviser, advise the Company's shareholders: (1) whether the terms of the connected transaction are fair and reasonable; (2) whether the connected transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Company's group; (3) whether the connected transaction is in the interests of the Company and its shareholders as a whole; and (4) how to vote on the connected transaction.

**Article 84** The Company shall not enter into any contract with any person other than the directors, general manager and other senior management officer(s) whereby such person undertakes the management and administration of the whole or any substantial part of the business of the Company except that the Company is in special circumstances such as crises, unless prior approval by way of special resolution is obtained in general meeting.

**Article 85** The list of candidates for directors and non-staff representative supervisors shall be submitted to the general meeting for voting in the form of proposal.

**Article 86** The general meeting shall vote on each of the proposals one by one, and in the event that there are a number of proposals under one issue, voting will be proceeded according to the order of time which these proposals are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to decide on a resolution, the general meeting shall not put aside or not vote on the proposals.

**Article 87** When a proposal is being considered at a general meeting, no modifications can be made to the proposal, otherwise the modifications shall be deemed as a new proposal and shall not be voted at this general meeting.

**Article 88** Only one of the on-site voting or other voting methods may be selected for the same voting right. In the event that the same voting right is repeated, the first voting result shall prevail.

**Article 89** Any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

**Article 90** Before voting takes place on a proposal at a general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. In the event that a shareholder has an interest in a matter to be considered, the relevant shareholder and its proxy(ies) shall not participate in the vote counting and scrutinizing.

When voting takes place on a proposal at a general meeting, representatives of shareholders and supervisors and other relevant persons appointed pursuant to the Hong Kong Listing Rules shall be jointly responsible for vote counting and scrutinizing in accordance with the Hong Kong Listing Rules, and shall announce the voting results on the spot. The voting results of resolutions shall be recorded in the minutes.

Shareholders or their proxies who vote via other means have the right to check the results of their votes in the corresponding voting system.

**Article 91** The chairman of the meeting shall announce details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results.

Before the formal announcement of voting results, companies, vote counters, vote scrutineers, major shareholders, service providers and other related parties involved in the on-site voting and other voting methods shall be under a confidentiality obligation relating to the details of the voting.

**Article 92** Shareholders present at a general meeting shall express one of the following opinions on a proposal submitted for voting: being in favour of, being against or abstaining from voting, except for the declaration by securities registration and clearing institution as the nominal holder of stock connect mechanism between the mainland China and Hong Kong stock markets, based on the actual holders' intentions.

Uncompleted paper ballots, wrongly completed paper ballots, paper ballots with illegible characters and uncast paper ballots shall be deemed as voters abstaining from their voting rights. The voting results of the shares they hold shall be counted as "abstained".

**Article 93** In the event that the chairman of a meeting has any doubt towards the results of a resolution submitted for voting, it may arrange the counting of the votes cast; in the event that the chairman of the meeting has not counted the votes but shareholders or their proxies present at the meeting disagree with the results announced by the chairman, they shall have the right to request vote counting immediately after the voting results are announced. The chairman shall immediately arrange the counting of votes.

**Article 94** An announcement on the resolutions of a general meeting shall be made promptly, including the poll results at the meeting. The announcement shall list the number of shareholders or their proxies present at the meeting, the total number of voting shares of such shareholders or proxies, the ratio of such voting shares to total voting shares of the Company, the means by which votes were cast, the voting result for each proposal, and the particulars of each resolution passed and other information required to be announced under the Hong Kong Listing Rules

**Article 95** The Company shall appoint its auditors, share registrar or external accountants who are qualified to serve as its auditors as scrutineer for the vote – counting and state the identity of the scrutineer in the announcement. The Company must state in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant resolution or to abstain have done so at the general meeting. The Company must state in the poll results announcement directors' attendance at the general meeting.

**Article 96** In the event that a proposal is not passed at a general meeting, or a resolution passed at a previous general meeting is modified at this general meeting, a special note shall be made in the announcement on the resolutions of the general meeting.

**Article 97** Where a proposal on election of director or supervisor is passed at the general meeting, the term of office of the newly elected directors and supervisors shall commence on the day when the resolution is approved by the general meeting

**Article 98** Where a proposal on cash dividends, bonus shares or capital reserve capitalization is approved at the general meeting, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 99** Directors of the Company shall be natural persons, none of the following persons shall serve as the directors of the Company:

- (1) a person who has no civil capacity or has limited civil capacity;
- (2) a person who has been imposed penalty for the offense of corruption, bribery, embezzlement, larceny, or disrupting the socialist economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- (3) a person who is a director, factory manager or manager of a company or enterprise that is bankrupt and liquidated, was personally liable for the bankruptcy of such company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of such company or enterprise;
- (4) a person who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years of the date on which the business license of such company or enterprise was revoked;
- (5) a person who has a relatively large sum of debt, which was not paid at maturity;
- (6) a person who is prohibited by relevant regulatory authorities from entering into the securities market and is still in such prohibition period;
- (7) other circumstances stipulated in laws, administrative regulations, department rules or the Hong Kong Listing Rules.

If the Company elects or appoints directors in violation of the preceding paragraph, such election, appointment or employment shall be void.

In the event that any circumstance above occurs during a director's term of office, that person shall be dismissed.

**Article 100** Lists of the candidates for directors shall be put forward by way of proposal at the general meeting for voting.

**Article 101** Directors are elected or replaced by the general meeting. Shareholders may remove any director before the expiry of its term of office by ordinary resolution (without prejudice to any claim for damages under any contract) at the general meeting subject to the compliance with laws and administrative regulations.

Rule 4(3) of  
Appendix A1  
to the Hong  
Kong Listing  
Rules

The term of office of a director is three years, and is eligible for re-election upon expiry of the term. However, if an independent non-executive director has served for a term of more than nine years, it shall continue in office after performing the relevant deliberation procedures in accordance with the requirements of the listing rules in the place where the Company's shares are listed.

The term of office of each director shall commence as of its assumption of office until the expiration of the current board of directors. A director shall continue to perform its duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of its term of office, results in the number of directors being less than the quorum.

Without violation of relevant laws, administrative regulations and the regulatory rules in the place where the Company's shares are listed, any director appointed by the board of directors to fill a casual vacancy to the board of directors shall hold its office until the first general meeting after accepting the appointment, and shall then be eligible for re-election.

Rule 4(2) of  
Appendix A1  
to the Hong  
Kong Listing  
Rules

General manager or other senior management may also concurrently act as director, but the number of general manager or other senior management who hold the offices of director shall not be more than half of the total number of directors of the Company.

**Article 102** Directors shall comply with laws, administrative regulations and the Articles of Association, with the following duties of loyalty to the Company:

- (1) directors shall not abuse their authority by receiving any bribe or other illegal income, and shall not embezzle any of the property of the Company;
- (2) directors shall not misappropriate the Company's funds;
- (3) directors shall not deposit assets or funds of the Company into accounts held in their own names or in the name of any other individual;
- (4) directors shall not, in violation of the Articles of Association, lend Company funds to other people or provide guarantee for other people with Company assets without the consent of the general meeting or the board of directors;

- (5) directors shall not enter into contracts or trade with the Company either in violation of the Articles of Association or without the consent of the general meeting;
- (6) without the consent of the general meeting, any director shall not take advantage of its position to seek business opportunities that should belong to the Company for itself or for any other person, or operate business of the same kind for itself or for any other person;
- (7) directors shall not accept commissions for transactions with the Company as their own;
- (8) directors shall not disclose Company secrets without authorization;
- (9) directors shall not make use of their related-party relationship to damage the Company's interests;
- (10) directors shall have other duties of loyalty specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

Any income obtained by a director in violation of this article shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

**Article 103** Directors shall comply with laws, administrative regulations and the Articles of Association, with the following duties of diligence to the Company:

- (1) directors shall be prudent, scrupulous and diligent in exercising the authority conferred by the Company to ensure that the business activities of the Company comply with the laws, administrative regulations and various economic policy requirements, and that the business activities do not go beyond the scope of business activities specified in the Company's business license;
- (2) directors shall treat all shareholders equally;
- (3) directors shall keep abreast of the Company's business management status;
- (4) directors shall sign written statements confirming periodic reports of the Company, and ensure that the information disclosed by the Company is true, accurate, and complete;
- (5) directors shall provide accurate information and materials to the board of supervisors, and shall not interfere with the performance of duties by the board of supervisors or individual supervisors;
- (6) directors shall have other diligence duties prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

**Article 104** Except as otherwise provided by this section, the provisions relating to the qualifications and obligations of directors in the Articles of Association shall apply to independent non-executive directors. Independent non-executive directors shall perform their duties honestly and faithfully, safeguard the Company's interest and in particular, preventing encroachment of the lawful rights and interests of public shareholders, so as to ensure the sufficient representation of the interests of all shareholders.

If there are any independent non-executive director fails to comply with the qualifications, independence requirement required by the Hong Kong Listing Rules or there are circumstances that render it not appropriate to perform its duties as an independent non-executive director, which results in the number of independent non-executive directors less than that required by the Articles of Association, the Company shall immediately notify the Hong Kong Stock Exchange and explain the relevant details and reasons by way of announcement. The Company shall, as required, make up the number of independent non-executive directors to satisfy the requirements of the Hong Kong Listing Rules within three months after the non-compliance with the relevant requirements.

**Article 105** If a director fails to attend board meetings in person and fails to appoint any other director to attend on its behalf for two consecutive times, it shall be deemed to be unable to perform its duties, and the board of directors shall propose to the general meeting for replacement.

**Article 106** A director may resign prior to the expiry of its term of service. When a director intends to resign, it shall submit a written resignation to the board of directors. The board of directors will disclose such information in accordance with applicable laws and regulations and the requirements of the Hong Kong Listing Rules.

A director shall continue to perform its duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a re-elected director takes office, if the member of the board of directors falls below the minimum statutory requirement prescribed by the Company Law due to a director's resignation.

Save for the circumstances referred to in the preceding article or where a later effective date of resignation is stated in the resignation notice of the director, the director's resignation takes effect upon delivery of its resignation notice to the board of directors.

**Article 107** When a director's resignation takes effect or its term of service expires, the director shall complete all transfer procedures with the board of directors, and shall remain loyal to the Company and shareholders within two years after the end of its term of service. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after the end of its term of office, until such trade secrets become publicly available information.

**Article 108** Unless legally authorized by the Articles of Association or the board of directors, no director shall act on behalf of the Company or the board of directors in its own name. When a director acts in its own name and a third party reasonably considers such director acts on behalf of the Company or the board of directors, such director shall declare in advance its position and capacity.

**Article 109** A director shall be personally liable for any loss suffered by the Company as a result of a violation by it of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing its duties. The Company may purchase liability insurance for its directors subject to approval by the general meeting, save for those liabilities arising from breach of the law, regulations and or the Articles of Association by the directors.

**Article 110** The relevant matters of the independent non-executive directors of the Company shall be carried out in accordance with the laws, administrative regulations, relevant regulations of the relevant regulatory authorities and stock exchanges, and shall be specifically stipulated by the work system of the independent non-executive directors of the Company.

## **Section 2 Board of Directors**

**Article 111** The Company has established a board of directors, which is responsible to the general meeting.

**Article 112** The board of directors shall comprise nine directors, and shall have one chairman. The chairman shall be elected by more than half of all the directors. The board of directors of the Company includes three independent non-executive directors. The independent non-executive directors include at least one person with appropriate professional qualifications or accounting or related financial management expertise. At least one independent non-executive director of the Company is ordinarily resident in Hong Kong.

**Article 113** The board of directors exercises the following powers:

- (1) to convene the general meeting and report work to the general meeting;
- (2) to carry out the resolutions of the general meeting;
- (3) to decide on the operational and investment plans of the Company;
- (4) to formulate the annual financial budget and final account plans of the Company;
- (5) to formulate the profit distribution and loss recovery plans of the Company;
- (6) to formulate the plans for increasing or decreasing the Company's registered capital, the issuance of bonds or other securities and listing;
- (7) to formulate plans for major acquisition, purchase of shares of the Company, merger, division and dissolution and change of the form of the Company;
- (8) in accordance with the Articles of Association or within the scope authorized by the general meeting, to determine matters such as the Company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted management of finance, connected transactions and external donations;
- (9) to decide on the organizational setup of the Company;
- (10) to decide on the appointment or dismissal of the general manager, secretary to the board of directors, and other senior managers of the Company and determine their remuneration, rewards and punishments; based on the nomination of the general manager, to decide on the appointment or dismissal of senior management of the Company such as deputy general manager, chief financial officer and other senior managers and determine their remuneration and rewards and punishments;
- (11) to formulate the basic management systems of the Company;
- (12) to formulate the modification plan to the Articles of Association;
- (13) to manage disclosure matters of the Company;

- (14) to make proposals to the general meeting on the appointment or replacement of the accounting firm that provides auditing services to the Company;
- (15) to hear work report of the general manager and to inspect the general manager's work;
- (16) to formulate and implement share incentive plans of the Company;
- (17) other powers and duties authorized by the laws, administrative regulations, department rules, listing rules in the place where the Company's shares are listed or the Articles of Association.

The board of directors has established four special committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy and Development Committee. The special committees shall be responsible for the board of directors and shall perform their duties as stipulated in the Articles of Association and as authorized by the board of directors. Proposals shall be submitted to the board of directors for consideration. All members of the special committees shall be directors. Independent non-executive directors shall account for the majority of members of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The board of directors is responsible for formulating the terms of reference of the special committees and regulating the operation of the special committees.

**Article 114** Any material matters to be decided by the board of directors of the Company must be handled in strict accordance with the specified procedure, and notice shall be given to all directors at the time required by the Articles of Association and sufficient information shall be given at the same time. The directors may request additional information. When one-fourth or more of the directors or two or more of the independent non-executive directors consider that the information and materials are not sufficient or they are unable to make a decision on the matters for other reasons, they may jointly propose to postpone the board meetings or delay the discussion of certain matters to be resolved in the board meetings, and the board of directors shall adopt the relevant proposal.

**Article 115** The board of directors shall formulate the rules of procedure of the board of directors so as to ensure the implementation of resolutions passed at the general meeting, improving the efficiency and ensuring the scientific policy-making of the board of directors.

The rules of procedure of the board of directors are set out as an appendix to the Articles of Association, which shall be formulated by the board of directors and approved by the general meeting.

**Article 116** The board of directors shall organize relevant experts and professionals to review and evaluate major investment projects.

**Article 117** Any guarantee provided by the Company shall be submitted to the board of directors for consideration; if the guarantee meets the standards stipulated in the Articles of Association, it shall be submitted to the general meeting for consideration and approval after the board of directors' review and approval.

The board of directors shall, in addition to the approval of more than half of all the directors, also obtain the consent of more than two-thirds of the directors attending the board meeting.

**Article 118** The chairman of the board of directors shall exercise the following functions and powers:

- (1) to chair the general meeting and to convene and chair the board meetings;
- (2) to sign material documents of the board of directors;
- (3) to supervise and inspect the implementation of resolutions of the board of directors;
- (4) other functions and powers conferred by the board of directors;
- (5) other functions and powers conferred by laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed or the Articles of Association.

**Article 119** In the event that the chairman is incapable of performing or not performing its duties, a director nominated by more than half of the directors shall perform its duties.

**Article 120** The board of directors shall convene regular board meetings at least four times a year, approximately once every quarter, shall be convened by the chairman and shall be notified in writing to all directors and supervisors 14 days prior to the meeting and, if necessary, to the general manager and other senior management.

**Article 121** Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, more than half of the independent non-executive directors, the board of supervisors or the general manager may propose an extraordinary board meetings. The chairman shall convene and preside over the board meetings within 10 days after receiving such proposal. The chairman of the board of directors may also convene an extraordinary board meetings when it deems it necessary.

**Article 122** A reasonable notice for convening the extraordinary board meetings shall be notified to all directors, supervisors and the general manager, and, if necessary, other senior management of the Company prior to the convening of the meeting.

**Article 123** A notice of a board meeting shall contain:

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

**Article 124** The board meetings shall be held upon the attendance of more than half of directors. Unless otherwise stipulated in the Articles of Association, a resolution of the board of directors must be passed by more than half of all directors of the Company.

Resolutions of the board of directors are voted by way of poll with each director having one vote.

**Article 125** If any director has connection with the enterprise involved in the resolution made at a board meeting, the said director shall not vote on the said resolution for itself or on behalf of another director. The board meetings may be held when more than half of the non-connected directors attend the meeting. The resolution of the board meetings shall be passed by more than half of the non-connected directors (in the case of items (6), (7) and (12) of Article 113 of the Articles of Association, the issue shall be passed by over two-thirds of the non-connected directors). If the number of non-connected directors attending the meetings is less than three, the issue shall be submitted to the general meeting for consideration.

**Article 126** Voting on board meetings may be conducted by open ballot or by a show of hands.

**Article 127** Unless otherwise stipulated by relevant laws, administrative regulations and regulatory documents or the Hong Kong Listing Rules, the extraordinary board meetings may be held and make resolutions in the form of video meeting, teleconference or written circular and shall be signed by the attending directors, provided that the directors are allowed to freely express their views. After the board of directors has delivered the proposal to all directors and that the number of directors giving consent and signature to the proposal has reached the quorum, such proposal, if delivered to the secretary to the board of directors by means of methods referred to above, shall become a resolution of the board of directors. Such resolution shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

Regular board meetings shall not be convened by way of written circular.

**Article 128** Directors shall attend the board meetings in person. Where a director is unable to attend a meeting for any reason, it may, by a written power of attorney, appoint another director to attend the meeting on its behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which will be signed or sealed with the chop by the appointing director. A director appointed as a representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a board meeting and has not appointed a representative to attend the meeting on its behalf, it shall be deemed to have waived its right to vote at the meeting.

**Article 129** The board of directors shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the attending directors. Minutes of the board meeting shall be kept by secretary to the board of directors as company files.

**Article 130** Minutes of the board meeting shall include the following contents:

- (1) date and place of the meeting and name of the convener;
- (2) names of the attending directors and names of the directors (proxies) appointed by others to attend the board meeting;
- (3) agenda of the meeting;
- (4) main points of directors' speeches;
- (5) method and result of the voting for each proposal (the voting result should specify the number of votes for and against the proposal or abstention).

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

**Article 131** The Company shall have a general manager who shall be appointed or removed by the board of directors.

The Company shall have several senior managements who shall be appointed or removed by the board of directors.

The general manager, deputy general manager, secretary to the board of directors, financial officer and other managements appointed by the board of directors, except for securities affairs representatives, are senior managements of the Company.

**Article 132** The circumstances of disqualification for directors of the Articles of Association shall be applicable to the general manager and other senior management.

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

**Article 133** Persons who hold administrative positions other than director and supervisor in the Company's controlling shareholder shall not serve as the Company's senior management.

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

**Article 134** The term of office of the general manager is three years, and the general manager may be re-elected by the board of directors.

**Article 135** The general manager is responsible to the board of directors and exercises the following powers:

- (1) be in charge of the producing and operational management of the Company, organize the enforcement of resolutions of the board of directors and report to the board of directors on work;
- (2) organize the implementation of the annual operation plans and investment schemes of the Company;
- (3) formulate the structure scheme of the internal organizational setup of the Company;
- (4) formulate the fundamental management policies of the Company;
- (5) formulate the specific management rules of the Company;
- (6) propose the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management;
- (7) appoint or dismiss other management personnel except those who shall be appointed or dismissed by the board of directors;

- (8) other responsibilities authorized by the Articles of Association and the board of directors.

The general manager shall attend board meetings.

**Article 136** The general manager may resign before expiry of its term of office. The specific procedures and methods for such resignation of the general manager shall be specified in the employment contract concluded by the general manager and the Company.

**Article 137** The deputy general manager, financial officer and other senior management shall be nominated by the general manager and appointed or dismissed by the board of directors. The deputy general manager assists the general manager in performing relevant duties and is accountable to the general manager, who may authorize the deputy general manager.

**Article 138** The Company shall have a secretary to the board of directors, who shall be responsible for the preparation of the general meeting and board meetings of the Company, keeping of documents, management of shareholders' information of the Company and handling matters such as information disclosure.

The secretary to the board of directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

**Article 139** If the general manager and other senior management violates laws, administrative regulations, department rules or the Articles of Association when performing its duties in the Company, it shall indemnify the Company against losses incurred due to such violation.

**Article 140** Senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all the shareholders. If the Company's senior management fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.

## **CHAPTER 7 BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 141** The circumstances of disqualification for directors of the Articles of Association shall be applicable to supervisors.

Directors, the general manager and other senior management members shall not serve concurrently as supervisors.

**Article 142** The means and procedure of nomination for supervisors shall be:

The board of supervisors and the shareholder(s) individually or jointly holding at least 3% voting shares of the Company may nominate candidates for non-employee representative supervisors, while the board of supervisors will review the qualifications, and if the candidates meet the qualifications, the board of supervisors will submit the list to the general meeting for voting.

The employee representative supervisors are democratically elected by the employees of the Company through the employee representative meeting, the employee meeting or other means.

**Article 143** The supervisors shall observe the laws, administrative regulations and the Articles of Association. They shall shoulder the duties of loyalty and due diligence to the Company, and shall not accept any bribery or other illegal income by using their powers and position, or seize the assets of the Company.

**Article 144** Each supervisor shall serve for a term of three years, and may be re-elected upon expiry of its term of office.

**Article 145** Supervisors may resign before the expiration of their term. The provisions of the Articles of Association regarding the resignation of directors shall apply to supervisors.

**Article 146** The original supervisor shall continue to perform its duties in accordance with the laws, administrative regulations and the Articles of Association until a re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of its term of office, or if the resignation of supervisor results in the number of supervisors being less than the quorum.

**Article 147** Supervisors shall ensure that information disclosed by the Company is true, accurate and complete and they shall sign on the regular reports with written confirmation.

**Article 148** Supervisors may attend board of directors meetings and may raise queries or proposals regarding matters resolved at such meetings.

**Article 149** Supervisors shall not prejudice the interests of the Company by means of their connected relationship or they shall be liable for compensation for any loss caused to the Company.

**Article 150** If supervisors have violated the provisions of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties, which has caused losses to the Company, they shall be liable for compensation.

## **Section 2 Board of Supervisors**

**Article 151** The Company shall have a board of supervisors, which shall consist of three supervisors. The board of supervisors shall have one chairman, who shall be selected by at least one half of all supervisors. The chairman of the board of supervisors shall convene and preside over meetings of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform its duties, a supervisor jointly selected by at least one half of the supervisors shall convene and preside over the meeting of the board of supervisors.

The board of supervisors shall consist of shareholder's representatives and employee's representatives, of which employee's representatives shall account for no less than one-third.

**Article 152** The board of supervisors exercises the following powers:

- (1) review regular reports prepared by the board of directors and provide review opinions in writing;
- (2) examine the financial standing of the Company;

- (3) supervise the Company's duties performing of directors and senior management, and put forward suggestions for dismissing any directors or senior management who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general meetings;
- (4) require the directors and senior management to take corrective measures when their actions are detrimental to the Company's interests;
- (5) propose to convene an extraordinary general meeting and to convene and preside over the general meeting when the board of directors fails to perform its duty to convene and preside over a general meeting prescribed in the Company Law;
- (6) submit proposals to the general meetings;
- (7) bring a lawsuit against any director or senior manager in accordance with the Company Law;
- (8) conduct investigation if any abnormality in the operation of the Company is found, and, where necessary, engage an accounting firm, law firm or any other specialized agency to assist in its work at the expense of the Company;
- (9) other powers conferred by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 153** Meetings of the board of supervisors are classified as regular meetings and extraordinary meetings.

At least one regular meeting of the board of supervisors shall be held every six months. A supervisor can propose to convene an extraordinary meeting of the board of supervisors. A notice of regular or extraordinary meetings of the board of supervisors shall be given to all supervisor 10 days and 5 days prior to the meetings respectively.

**Article 154** A notice of meeting of the board of supervisors shall include the followings:

- (1) the date, venue and duration of the meeting;
- (2) the subject matter and issues;
- (3) the date the notice is given.

**Article 155** Should an extraordinary meeting of the board of supervisors be required to convene as soon as possible in case of emergency, the notice of meeting of the board of supervisors may be given orally, which shall at least include the date, venue, subject matter and issues of the meeting, as well as an explanation of the emergency to convene an extraordinary meeting of the board of supervisors as soon as possible.

The board of supervisors shall formulate the rules of procedure of the board of supervisors, which shall specify the procedures for the discussion of matters and voting at such meetings so as to ensure the efficiency of the work and rationality of the decisions of the board of supervisors. The rules of procedure of the board of supervisors shall be annexed to the Articles of Association and shall be prepared by the board of supervisors and approved by the general meeting.

**Article 156** Proceedings of the board of supervisors: each supervisor shall have one vote.

**Article 157** Resolutions of the board of supervisors shall be passed by more than half of the supervisors.

**Article 158** The extraordinary meeting of the board of supervisors can be held by means of video conference, teleconference or written signing and resolution can be made provided that the supervisors' chances to fully express their opinions are guaranteed. Supervisors attending the meeting shall sign their names.

**Article 159** The board of supervisors shall prepare meeting minutes on matters discussed. Supervisors attending the meeting shall sign on the meeting minutes.

A supervisor is entitled to request the addition to the minutes of some explanatory record concerning its speech made during the meeting. Minutes of the meeting of board of supervisors shall be kept as a company file.

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

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

**Article 160** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirement of relevant regulatory departments of the PRC.

**Article 161** The Company shall adopt the Gregorian calendar year as its fiscal year, which shall commence on January 1 and end on December 31 of the same Gregorian calendar year. The Company shall prepare financial and accounting reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law. Financial and accounting reports shall be prepared in accordance with provisions of relevant laws, administrative regulations and departmental rules.

**Article 162** The Company shall publish financial reports prepared in accordance with either the international accounting standards or that of the place overseas where the Company's shares are listed twice every fiscal year, namely an interim financial report within three months after the end of the first six months of each fiscal year and an annual financial report within four months after the end of the fiscal year.

The Company shall publish results announcements twice every fiscal year, namely an interim results announcement within two months after the end of the first six months of each fiscal year and an annual results announcement within three months after the end of the fiscal year.

Where relevant laws, administrative regulations, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange have other provisions regarding the above announcements, such provisions shall prevail.

The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place overseas where the Company's shares are listed.

**Article 163** The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

**Article 164** When the Company distributes its after-tax profits for a given year, it shall set aside 10 percent of profits for its statutory common reserve. The Company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

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

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

After the Company has made up its losses and made allocations to its common reserves, the remaining after-tax profits of the Company shall be distributed in proportion to the shareholdings of its shareholders.

If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory common reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

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

**Article 165** The Company's common reserves shall be used to make up the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's registered capital. However, the capital common reserve shall not be used to make up the Company's losses.

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

**Article 166** The Company may distribute dividends in the form of (or a combination of both):

- (1) Cash;
- (2) Shares.

**Article 167** Cash dividends and other payments by the Company to holders of unlisted shares of the Company shall be distributed and paid in Renminbi, whereas those to holders of H Shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars or Renminbi. The foreign currency for the cash dividends and other payments by the Company to holders of H Shares shall be handled in accordance with state regulations on foreign exchange control.

**Article 168** Unless otherwise provided in relevant laws and administrative regulations, where cash dividends and other payments are paid in Hong Kong dollars, the average selling price of the relevant foreign exchange posted by the People's Bank of China for the Gregorian calendar week immediately preceding the date of declaration of the dividends or other payments shall be used as the exchange rate.

## **Section 2 Internal Audit**

**Article 169** The Company shall implement its internal audit system with its own audit personnel to audit and supervise the income and expenditure and financial activities of the Company.

**Article 170** The internal audit system and the duties of the audit personnel shall be implemented upon the approval of the board of directors. Person in charge of the audit shall be responsible to and report to the board of directors.

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

**Article 171** The Company shall engage an accounting firm which complies with laws and regulations and has a good reputation to audit the financial statements, and provide net assets verification and other related consulting services for a term of one year. The appointment of accounting firm may be renewed upon the expiry of its term.

**Article 172** The engagement, dismissal or non-reappointment of an accounting firm shall be determined by the general meeting.

Rule 17 of  
Appendix A1  
of Hong Kong  
Listing Rule

**Article 173** The Company guarantees that the accounting documents, account books, financial and accounting reports and other information related to accounting which are provided to the accountants by the Company are true and complete. The Company must neither reject to provide information, nor hide it, nor lie about it.

**Article 174** The audit fee of an accounting firm shall be determined by the general meeting.

**Article 175** 15 days' prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is considered at the general meeting of the Company.

**Article 176** If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a general meeting is held, subject to confirmation at the next annual general meeting. However, if there are other accounting firms holding the position while such vacancy persists, such accounting firms may continue to act.

## **CHAPTER 9 NOTICES**

### **Section 1 Notices**

**Article 177** Notices of the Company shall be sent via the following methods:

- (1) by hand;
- (2) by email or post;
- (3) by publishing on the Company's website or websites designated by the Hong Kong Stock Exchange, subject to applicable laws, administrative regulations, departmental rules, normative documents and the Hong Kong Listing Rules;
- (4) other ways required by the Articles of Association.

Where a notice is served by way of announcement, after the publication of such announcement, all related persons (including all holders of unlisted shares of the Company and holders of H Shares) shall be deemed to have received the relevant notice.

**Article 178** The notice of the general meeting of the Company shall be made by hand, email, post, announcement or other methods specified by the rules of procedure of the general meeting.

**Article 179** The meeting notice of the board of directors of the Company shall be made by hand, email, post, announcement or other methods specified by the rules of procedure of the board of directors.

**Article 180** The meeting notice of the board of supervisors of the Company shall be made by hand, email, post, announcement or other methods specified by the rules of procedure of the board of supervisors.

**Article 181** For a notice of the Company delivered by hand, the addressee shall sign (or stamp) on the receipt of the delivery, and the date of acknowledgement of receipt signed by the addressee shall be deemed as the date of delivery; where a notice of the Company is sent by post, the fifth working day after the notice is delivered to post office shall be deemed as the date of delivery; where a notice of the Company is made by email, the date of issue shall be deemed as the date of delivery; where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery.

**Article 182** The accidental omission to give a notice of a meeting to or the non-receipt of notice of a meeting by any person who is entitled to receive the notice shall not invalidate the meeting and the resolutions passed at such meeting.

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

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

**Article 183** The Company may carry out merger or division in accordance with the law.

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

**Article 184** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on merger and shall make an announcement within 30 days as of the date of the Company's resolution on merger.

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

**Article 185** After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**Article 186** When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on division and shall make an announcement within 30 days as of the date of the Company's resolution on division.

**Article 187** Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to the division, debts incurred by the Company before its division shall be jointly borne by the companies after the division.

**Article 188** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution on reduction in registered capital and shall publish an announcement within 30 days from the date of such resolution. A creditor has the right, within 30 days after receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

The registered capital of the Company following the reduction in capital shall not fall below the minimum statutory requirement.

**Article 189** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

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

## **Section 2 Dissolution and Liquidation**

**Article 190** The Company shall be dissolved due to any of the following reasons:

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

**Article 191** Where the situation set forth in paragraph (1) of Article 190 of the Articles of Association occurs, the Company may continue to exist by amending the Articles of Association.

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

**Article 192** Should the Company dissolve due to reasons stipulated in the items (1), (2), (4) and (5) of Article 190 of the Articles of Association, it shall set up a liquidation committee to begin liquidation within 15 days after the occurrence of the dissolution event. The liquidation committee shall comprise directors or members determined by the resolutions of the general meeting, failing which creditors may apply to the People's court for the establishment of a liquidation committee comprising designated persons.

**Article 193** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;

- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes and taxes incurred in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in any civil proceedings.

**Article 194** The liquidation committee shall notify creditors within 10 days from the date of its establishment and make an announcement within 60 days commencing from that date. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

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

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

**Article 195** After ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same at the general meeting or to the People's Court for confirmation.

**Article 196** The remaining properties of the Company, after payment of liquidation expenses, wages, social insurance contribution and statutory compensation of staff, taxes and debts of the Company, shall be distributed in proportion to the shareholdings of shareholders. The assets of the Company shall not be distributed to shareholders before the settlement of debts in accordance with the preceding article.

**Article 197** During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation.

**Article 198** If the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall apply to the People's Court in accordance with the law for a declaration of bankruptcy.

After the Company is declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

**Article 199** Following the completion of liquidation, the liquidation committee shall present a report on liquidation which shall be submitted to the general meeting or the People's Court for confirmation. The liquidation committee shall also submit such report to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

**Article 200** The members of the liquidation committee shall be devoted to their duties and perform their liquidation obligations in accordance with law.

The members of the liquidation committee shall not accept any bribes or any other illegal income by making use of their functions and powers, nor may they seize any assets of the Company.

The members of the liquidation committee shall be responsible for compensation should they deliberately or through material negligence cause losses to the Company or to creditors.

**Article 201** If the Company is declared insolvent pursuant to law, insolvent liquidation shall be proceeded in accordance with laws regarding enterprise insolvency.

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

**Article 202** The Company shall make amendments to the Articles of Association upon occurrence of any of the following events:

- (1) the Company Law or the relevant laws, administrative regulations, departmental rules, normative documents or listing rules of the place where the shares of the Company are listed are amended and the provisions under the Articles of Association are contradictory to relevant provisions after such provisions are amended;
- (2) any change of the Company's conditions is contradictory to what is stated in the Articles of Association;
- (3) the general meeting has decided to make amendments to the Articles of Association.

**Article 203** The following procedures shall be followed when amending the Articles of Association:

- (1) the board of directors shall first pass a resolution for the amendment of the Articles of Association and prepare a proposal for amendments to the Articles of Association;
- (2) the board of directors shall convene a general meeting for voting on such proposal of amendment to the Articles of Association;
- (3) the general meeting shall approve such proposal by special resolution;
- (4) the Company shall submit the amended Articles of Association to the Company for filing with the competent administration for market regulation of the Company for record.

**Article 204** Any amendment to the Articles of Association passed by way of resolution at the general meeting shall be submitted to relevant competent authorities for approval if required. If there is any change relating to the registered particulars of the Company, application shall be made for the changes in accordance with the laws.

**Article 205** The board of directors shall amend the Articles of Association in accordance with the resolution on amendments to the Articles of Association passed at the general meeting and the approval opinions of the relevant competent authorities.

**Article 206** Any amendment to the Articles of Association shall be subject to announcement if so required by relevant laws and administrative regulations.

## CHAPTER 12 SUPPLEMENTARY PROVISIONS

**Article 207** The board of directors may formulate detailed rules of the Articles of Association in accordance with the provisions thereof. Such detailed rules shall not contravene the provisions in the Articles of Association.

**Article 208** The Articles of Association is written in Chinese. In case of any discrepancies among the various versions in different languages, the latest Chinese version approved by and registered with the competent administration for market regulation of the Company shall prevail.

**Article 209** The figure itself shall be included if the Articles of Association refers to any such words as “above”, “within”, “below” or “no less than”; the figure itself shall not be included if the Articles of Association refer to any such words as “over”, “exceeding”, “other than”, “less than” or “more than”.

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

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

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

**Article 210** Where the Articles of Association conflicts with the relevant provisions of the Hong Kong Listing Rules and other relevant laws, regulations and normative documents promulgated from time to time, the relevant provisions of the Hong Kong Listing Rules and other relevant laws, regulations and normative documents shall prevail.

**Article 211** The board of directors shall be responsible for the interpretation of the Articles of Association.

**Article 212** The appendices to the Articles of Association include the rules of procedure of the general meeting, the rules of procedure of the board of directors and the rules of procedure of the board of supervisors. In case of any discrepancy between the rules of procedure of the general meeting, the rules of procedure of the board of directors and the rules of procedure of the board of supervisors and the Articles of Association, the Articles of Association shall prevail.

**Article 213** After consideration and approval by the general meeting of the Company and the corresponding provisions of the Articles of Association have been adjusted or supplemented by the board of directors of the Company after the completion of stock issuance pursuant to the authorization of the general meeting, the Articles of Association shall take effect and be adopted from the date of initial public offering and listing of H Shares of the Company, and the original Articles of Association shall be repealed at the same time.