

**SHANSHAN BRAND MANAGEMENT CO., LTD.**

**ARTICLES OF ASSOCIATION**

*Note:* The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These Articles of Association (the “**Articles of Association**”) are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), Law of the People’s Republic of China on Securities (the “**Securities Law**”), the Reply of the State Council of the People’s Republic of China on the Adjustment of the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)), Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange Listing Rules**”), Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), “Securities and Futures (Uncertificated Securities Market) Rules” (Chapter 571AS of the Laws of Hong Kong) (the “**USM Rules**”) and other relevant provisions, as well as with reference to the Guidelines for the Articles of Association of Listed Companies, to safeguard the legitimate rights and interests of Shanshan Brand Management Co., Ltd. (the “**Company**”), its shareholders, employees and creditors, and to regulate the organization and activities of the Company.

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

The Company was established by way of promotion according to the law on the basis of the overall conversion of Ningbo Shanshan Garment Brand Management Co., Ltd., and obtained a corporate business license following registration with the Ningbo Administration for Industry and Commerce on 18 May 2016. The Uniform Social Credit Code of the Company is 91330200580526817K.

The promoters of the Company are: Ningbo Shanshan Co., Ltd and Shaanxi Maoye Gongmao Co., Ltd.

<b>Article 3</b> The registered name of the Company:	(in Chinese)	杉杉品牌運營股份有限公司
	(in English)	Shanshan Brand Management Co., Ltd.

**Article 4** Address of the Company: 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang, PRC.  
Postal code: 315176  
Tel: 0574-8832 3011  
Fax: 0574-8832 3880

**Article 5** The registered capital of the Company is RMB133.4 million.

**Article 6** The term of operations of the Company is perpetual.

**Article 7** The legal representative of the Company shall be the director who represents the Company in executing its affairs, which shall be elected by the shareholders in general meeting. The chairman of the board shall be the director who executes the Company's affairs, which shall be the legal representative of the Company.

Civil activities conducted by the legal representative in the name of the Company shall have legal effect binding on the Company.

Any restriction on the functions and powers of the legal representative imposed by the

Articles of Association or by the general meeting shall not be enforceable against a bona fide third party.

Where the legal representative causes damage to others in the course of performance of his/her duties, the Company shall bear the civil liability accordingly. The Company may, after bearing such civil liability, seek indemnification from the legal representative at fault in accordance with laws or the Articles of Association.

**Article 8** Total assets of the Company are divided into shares with the same par value per share. Shareholders shall assume their liabilities to the extent of their respective subscribed shares in the Company, and the Company shall be liable for its debts to the extent of its total assets.

**Article 9** The Articles of Association shall, from the date when they come into force, constitute a legally binding document regulating the organization and activities of the Company, the rights and obligations between the Company and each shareholder and among the shareholders, and shall be binding on the Company and its shareholders, directors, managers and other senior management. All aforementioned persons shall be entitled to claim their rights regarding matters related to the Company in accordance with the Articles of Association. Shareholder may sue other shareholders, and shareholders may sue the directors, managers and other senior management of the Company. Shareholders may sue the Company and the Company may sue the shareholders, directors, managers and other senior management of the Company according to the Articles of Association.

For the purpose of the foregoing paragraph, "sue" includes the initiation of proceedings in a court or the application for arbitration to an arbitration institution.

**Article 10** The "other senior management" in the Articles of Association refers to the vice manager and financial controller of the Company. For the purposes of the Articles of Association, the term "in writing" includes electronic data interchange, email, publication on a website, and other electronic forms.

## CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE

**Article 11** The operation objectives of the Company: in accordance with the national laws and regulations, the Company continues to adopt the operation model as a standard joint stock company. Under the code of integrity and good faith, the Company will maximize its core competitive strengths and continue strengthening its business management in a scientific manner, which in return will continue to enhance the standard of various business, operation and management practices, including corporate brand operation and management. Its improving competitive strengths in the market will steadily increase its economic benefits and make positive contributions to community interests.

**Article 12** The business scope of the Company covers: brand operation and management; brand planning; and manufacture, processing, wholesales and retails of garment, textile products, leather products and personal protective equipment.

The above business scope is subject to the projects approved by the competent administration for industry and commerce.

## CHAPTER 3 SHARES

### Section 1 Issuance of Shares

**Article 13** The stocks of the Company shall take the form of shares.

**Article 14** The Company shall issue shares under the principles of openness, fairness and equality and shares of the same class shall carry the same rights.

The issuance conditions and price per share of the same class in the same issuance shall be the same. The same price is paid for each share subscribed for by the subscriber.

**Article 15** The shares issued by the Company shall be par value shares, which shall be denominated in Renminbi. The par value of each share shall be RMB1.

“RMB” referred to in the previous paragraph means the legal currency of the People’s Republic of China.

**Article 16** The Company was established by the whole conversion of the audited net assets as at 31 December 2015 as a joint stock limited company by Ningbo Shanshan Garment Brand Management Co., Ltd. The total number of shares of the Company upon promotion is 100,000,000 shares. The promoters subscribe for all the issued shares of the Company, and distribute the number of promoter shares in the Company based on their respective shareholding proportion in Ningbo Shanshan Garment Brand Management Co., Ltd.

**Article 17** As approved by a special resolution passed at the general meeting and authorized by the CSRC and approved by the Hong Kong Stock Exchange, the Company issued 33.4 million H Shares by way of initial public offering (including H Shares to be issued under the overallotment options), which were listed on the Main Board of the Hong Kong Stock Exchange. After the initial public offering, the shareholding structure of the Company comprises 133.4 million ordinary shares, including 100,000,000 domestic shares (in which case, Ningbo Shanshan Co., Ltd is interested in 90,000,000 shares, while Shaanxi Maoye Gongmao Co., Ltd is interested in 10,000,000 shares), representing approximately 74.96% of the total number of ordinary shares issued by the Company; and 33.4 million listed foreign shares held by foreign shareholders, representing approximately 25.04% of the total number of ordinary shares issued by the Company.

**Article 18** Domestic shares issued by the Company are retained under centralized depository of the relevant securities depository institutions for safe custody. H Shares of the Company shall primarily be placed in the custody of the Central Depository under HKSCC Nominees Limited and may be held by shareholders in their own names.

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

**Article 19** The Company may, based on its business and development needs and in accordance with laws and regulations, increase its capital in the following manners upon respective resolutions being adopted by the general meetings:

- (I) by issuing shares to unspecified targets;
- (II) by issuing shares to specific targets;
- (III) by allotting bonus shares to its existing shareholders;
- (IV) by placing new shares to its existing shareholders;
- (V) by capitalizing its capital common reserve;
- (VI) by any other means which is permitted by laws and administrative regulations and the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws, administrative regulations, departmental rules and relevant regulatory rules of the place where the shares of the Company are listed.

**Article 20** The Company may reduce its registered capital. Capital reduction of the Company proceeds in accordance with the procedures provided in the Company Law and other relevant requirements and the Articles of Association.

**Article 21** Under the following circumstances, the Company may repurchase its shares in accordance with laws, administrative regulations, departmental rules and the Articles of Association:

- (I) to reduce its registered capital;
- (II) to merge with another company that holds its shares;
- (III) to grant shares for employee stock ownership plan or share incentives;
- (IV) to purchase its own shares from its shareholders who are against the resolution regarding the merger or division with another company at a general meeting;
- (V) to use shares to convert corporate bonds issued by listed companies that can be converted into stocks;
- (VI) where it is necessary for a listed company to safeguard its value and the rights and interests of its shareholders;
- (VII) other circumstances as permitted by laws and administrative regulations.

The Company shall not engage in trading of its shares save for the circumstances specified above.

Where the Company purchases its own shares for the purposes of Items (I) and (II) above, it shall obtain approval at the general meeting. Where the Company purchases its own shares for the purposes of Items (III), (V) and (VI) above, it shall obtain approval of more than two-thirds of the directors attending at the meeting of the board as stipulated in the Articles of Association or authorized by the general meeting.

Following the acquisition of its shares in accordance with Paragraph 1, such shares shall be cancelled within ten (10) days from the date of acquisition in the case of Item (I) and transferred or cancelled within six (6) months in the case of Items (II) and (IV) above. Shares acquired by the Company for the purpose of Items (III), (V) and (VI), shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three (3) years.

Shares acquired by the Company for the purpose of Items (III), (V) and (VI) of Paragraph 1 shall be transacted publically in a centralized manner.

The Company shall not accept its shares being held as security under a pledge.

### **Section 3 Financial Assistance for Acquisition of the Shares of the Company**

**Article 22** The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly assumes any obligations as a result of the acquisition of shares in the Company.

The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to the aforesaid obligor for the purposes of reducing or discharging the obligations assumed by such person.

The provisions in this Article shall not apply to the circumstances stated in the Article 24 of this Section.

**Article 23** For the purpose of this Section, "financial assistance" includes (but is not limited to):

- (I) gift;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default) or release or wavier of any rights;

- (III) the provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, and a change in the parties to, and the assignment of rights arising under, such loan or contract;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of this Section, “assumption of obligation” include the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable and irrespective of whether such obligation is to be borne solely by the obligor or jointly with other persons) or by any other means which results in a change in his financial position.

**Article 24** The following activities shall not be deemed to be activities prohibited under Article 22 of this Section:

- (I) the provision of financial assistance by the Company where the financial assistance given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
- (II) the lawful distribution of the Company’s assets as dividends;
- (III) the allotment of shares as dividends;
- (IV) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of share capital structure of the Company effected in accordance with the Articles of Association;
- (V) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);
- (VI) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

#### **Section 4 Share Certificates and Register of members**

**Article 25** The share certificates of the Company shall be in registered form.

In addition to the particulars provided for under the Company Law, the Company's share certificates shall include such other particulars as required to be specified by the securities exchange(s) on which the Company's shares are listed.

The Company may issue overseas-listed foreign shares in form of foreign depository receipts, Prescribed Securities (as defined in the USM Rules) or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the listing place.

**Article 26** The Company shall keep a register of members which shall contain the following particulars:

- (I) the name (title) and address (residence), the occupation or nature of each shareholder;
- (II) the class and the number of shares held by each shareholder;
- (III) the amount paid or payable on the shares held by each shareholder;
- (IV) the share certificate number(s) of the shares held by each shareholder;
- (V) the date on which each shareholder was registered as a shareholder; and
- (VI) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be sufficient evidence of the shareholders' shareholdings in the Company.

The rights of class shareholders to be changed or abolished by the Company shall be passed by a special resolution of the relevant class shareholders at a separate general meeting before proceeding when the Company's share capital is divided into different classes of shares. The procedures of the meeting of class shareholders shall follow as much as possible the procedures of a shareholders' general meeting and the provisions in the Articles of Association relating to the procedures of a shareholders' general meeting shall apply to the meeting of class shareholders.

**Article 27** The Company may, in accordance with the mutual understanding and agreements made between the CSRC and overseas securities regulatory organizations, maintain the register of members of overseas-listed foreign shares overseas and appoint overseas agent(s) to manage such register of members. The original register of members for holders of H Shares shall be maintained in Hong Kong and shall be open for inspection by Shareholders and holder of the Prescribed Securities. The Company may suspend the registration of members in accordance with the provisions of the relevant regulatory rules.

A duplicate of the register of members for holders of overseas-listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of members at all times.

If there is any inconsistency between the original and the duplicate register of members for holders of overseas-listed foreign shares, the original register of members shall prevail.

**Article 28** Every person whose name is entered as an H Shareholder in the Register shall be entitled to hold their shares in uncertificated form through the uncertificated securities registration and transfer system, the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited (the "**Central Clearing and Settlement System**") , or any other system approved under the SFO and the USM Rules (as applicable) in compliance with the Listing Rules and other relevant regulations.

The Company shall comply with all applicable laws and regulations to facilitate the holding, transfer, and registration of its H Shares in uncertificated form, including electronic processes for corporate actions, as required by the uncertificated securities market regime.

**Article 29** The Company shall keep a complete register of members. The register of members shall comprise the following parts:

- (I) the register of members which is maintained at the Company's residence other than those parts specified in Items (II) and (III) of this Article;
- (II) the registers of shareholders of overseas-listed foreign shares of the Company which is maintained in the places of the stock exchange(s) outside the PRC on which the shares are listed;
- (III) the registers of shareholders which are maintained in other places or in electronic form as the board may consider necessary for the purposes of listing of the Company's shares.

**Article 30** Different parts of the register of members shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

All H shares for which full payment has been made shall be transferred freely in accordance with the Articles of Association. However, the board may refuse to recognise any instrument of transfer (if applicable) without giving any reason, unless:

- (I) The transfer document or other documents (if applicable) relating to the ownership of any H Shares or affecting transfer of any H Shares ownership shall be registered, and the payment made to the Company for the registration shall not exceed the maximum fee prescribed by the Hong Kong Stock Exchange from time to time or as may be prescribed by the Code of Conduct for Approved Securities Registrars, in order to register the transfer instrument of the H Shares and other documents relating to the ownership of H Shares or affecting transfer of the H Shares ownership;
- (II) The share transfer document only involves the overseas-listed foreign shares listed in Hong Kong;
- (III) Stamp duty has been paid in respect of the share transfer document;
- (IV) Relevant share certificates and such other evidence as reasonably required by the board to show the right of the transferor to make the transfer have been produced;
- (V) the share transfer document shall adopt the standard transfer form stipulated by Stock Exchange;
- (VI) If the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (VII) The shares are free from any lien in favour of any company.

Should the Company refuse to register any transfer of shares, it shall, within two (2) months from the date of the formal application for the transfer, provide the transferor and the transferee with a written notice stating its refusal of registration of such transfer.

If such H-shares are held, transferred, and registered in uncertificated form, their transfer shall be conducted in accordance with all applicable laws and regulations (including the SFO and USM Rules).

Amendments or rectification of the register of members shall be made in accordance with the laws of the place where the register of members is maintained.

**Article 31** Subject to these Articles of Association and all the other applicable provisions, once the shares of the Company are transferred, the name of the transferee shall be listed in the register of members as the holder of the said shares. Where laws, regulations and the securities regulatory authorities of the place where the shares of the Company are listed stipulate the period of closure of the register of members prior to the holding of a shareholders general meeting or the record date for the determination of dividend distribution by the Company, such provisions shall prevail.

**Article 32** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities which require to confirm the identification of any shareholder, the convener of the board or the general meeting shall decide the record date. The shareholders whose names appear on the register of members at the close of trading on the record date shall enjoy the relevant rights.

**Article 33** Any person who disputes the register of members and requests to have his name entered in or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register.

**Article 34** Shareholders may apply to the Company for issue of a replacement share certificate in respect of such shares (the “**Relevant Shares**”) if his share certificate (the “**Original Certificate**”) is lost.

If a shareholder who has lost his share certificate of domestic shares applies for a replacement share certificate, it shall be dealt with in accordance with the relevant provisions of the Company Law.

If a shareholder who has lost his share certificate of overseas-listed foreign shares applies for a replacement share certificate, it shall be dealt with in accordance with the laws, rules of the stock exchange(s) or other relevant provisions of the place where the original register of holders of overseas-listed shares is kept. If shares are held in uncertificated form, no share certificates need to be surrendered or issued, and registration shall be conducted in accordance with the applicable uncertificated securities regime.

Holders of H Shares who have lost their share certificates and applied for replacement of share certificates, such replacement shall comply with the following requirements:

- (I) the applicant shall submit an application to the Company in the prescribed form accompanied by a notarial certificate or statutory declaration containing the reason for the application and the circumstances and evidence to prove the share certificates are lost as well as a declaration that no other person shall be entitled to request for registration as the shareholder in respect of the Relevant Shares.
- (II) no statement has been received by the Company from a person other than the applicant who request to have his name registered as a holder of the Relevant Shares before the Company decides to issue the replacement share certificate.
- (III) the Company shall, if it decides to issue a replacement share certificate to the applicant, publish an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board. The announcement shall be published repeatedly at least once every thirty (30) days within the period of the announcement of ninety (90) days.

- (IV) the Company shall have, prior to the publication of its announcement of intention to issue a replacement share certificate, delivered a copy of the announcement to be published to the Hong Kong Stock Exchange. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been exhibited at the premises of the Hong Kong Stock Exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered shareholder a photo copy of the announcement to be published.

- (V) if, upon expiration of the ninety (90)-day period referred to in Items (III) and (IV) of this Article, the Company has not received from any person any objection to such issue of a replacement share certificate, the Company may issue a replacement share certificate to the applicant according to his application.
- (VI) where the Company issues a replacement share certificate under this Article, it shall immediately cancel the Original Certificate and record such cancellation and issue in the register of members accordingly.
- (VII) not exceeding the maximum fee prescribed by the Hong Kong Stock Exchange from time to time or as may be prescribed by the Code of Conduct for Approved Securities Registrars relating to the cancellation of an Original Certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 35** Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned replacement share certificate or a shareholder who thereafter registers as the owner of such shares (provided that he is a bona fide purchaser) shall not be removed from the register of members.

**Article 36** The Company shall not be liable for any damages sustained by any person due to the cancellation of the Original Certificate or the issue of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

## Section 5 Transfer of Shares

**Article 37** The Company shall not accept its shares being held as security under a pledge.

**Article 38** The Company's shares can be transferred in accordance with the relevant laws and administrative regulations and the Articles of Association.

The transfer of the Company's shares may be registered with the share registrar appointed by the Company, and the transfer procedures shall be completed in accordance with the relevant regulations. Subject to all applicable laws and regulations (including the SFO and the USM Rules), the transfer of shares may be effected in uncertificated form through the uncertificated Securities System (which, in the case of the Company's H-shares or securities, refers to a computer-operated system (together with certain procedures and other facilities) that enables the ownership of H-shares and securities to be held, evidenced and transferred without the use of physical documents; and facilitates supplementary and ancillary matters), the Central Clearing and Settlement System, or any other system designated by a securities exchange or approved by the Securities and Futures Commission, in an uncertificated form.

**Article 39** Shares held by a promoter may not be transferred within one (1) year from the date of the establishment of the Company. Shares of the Company issued before the public offering of shares shall not be transferred within one (1) year from the date on which the shares are listed and commenced trading on a stock exchange.

**Article 40** Directors and senior management shall report to the Company their shareholdings in the Company and any changes thereto. During their term of office, they shall not transfer more than 25% of the total number of shares they held in the Company each year. The shares of the Company held by them shall not be transferred within one (1) year from the date on which the shares are listed. They shall not transfer the shares of the Company held by them within six (6) months from the date they leave the Company. In the event that the listing rules of the stock exchange of the place(s) where the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

## CHAPTER 4 SHAREHOLDERS AND GENERAL MEETING

### Section 1 Shareholders

**Article 41** A shareholder of the Company is a person who lawfully holds shares in the company and whose name (title) is entered in the register of members. The Company may, in accordance with the applicable regulatory rules, issue share certificates in physical form and/or adopt uncertificated issuance and trading arrangements, Share certificates shall specify such matters as required under the applicable regulatory requirements.

**Article 42** The Company shall maintain a register of members based on the certificates provided by the securities registration and settlement institution; the register of members shall be sufficient evidence to prove the shareholders' holdings of shares in the Company. A shareholder shall enjoy rights and assume obligations according to the class of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

**Article 43** The shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other distributions in proportion to their shareholdings;
- (II) the right to hold, request, convene, chair, attend or appoint a proxy to attend general meetings and to exercise corresponding voting rights;
- (III) the right to supervise the Company's business operations, present recommendations or raise queries;
- (IV) the right to transfer, donate, or pledge such shares as held by them in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (V) the right to inspect and copy the Articles of Association, register of members, minutes of shareholders general meetings, resolutions of the meetings of the board of directors, financial and accounting reports and qualified shareholders in compliance with the regulations may have rights to inspect the Company's accounting books and voucher;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in proportion with the number of shares held;
- (VII) the right to request the Company to repurchase shares from the shareholders who cast votes against the resolution for merger or division at shareholders' meeting;

(VIII) to obtain relevant information in accordance with the Articles of Association including:

1. the right to a copy of the Articles of Association at cost;
2. the right to inspect and copy upon paying reasonable charges:
  - (1) all parts of the register of members;
  - (2) personal particulars of each of the directors, managers and other senior management including:
    - i. present and former name and alias;
    - ii. principal residential address (domicile);
    - iii. nationality;
    - iv. primary and all other part-time occupations and duties; and
    - v. identification documents and their numbers.
  - (3) the state of the Company's share capital;
  - (4) special resolution of the Company;
  - (5) reports of the aggregate par value, number of shares, highest and lowest prices paid by the Company in respect of each class of shares bought back by the Company since the end of the last financial year and all the expenses paid by the Company therefor;
  - (6) minutes of general meetings;
  - (7) reports of the board; and

(IX) other rights conferred by law, administrative regulations, departmental regulations or the Articles of Association.

**Article 44** Where shareholders request for inspection and copying of the relevant information or demand for materials as mentioned in the preceding Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholder.

**Article 45** If a resolution passed at the general meeting or meeting of the board of the Company violates the laws or administrative regulations, the shareholders shall have the rights to submit a petition to the court of competent jurisdiction to render the same invalid.

If the procedures for convening, or the method of voting at, a general meeting or meeting of the board violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the rights to submit a petition to the court of competent jurisdiction to revoke such resolution within sixty (60) days from the date on which such resolution is adopted. Excluding insignificant defects only in the procedures for convening a meeting of, or the method of voting at, a general meeting or board meeting that do not in substance affect the resolution of the meeting.

In the event of one of the following, a resolution of the general meeting or Board shall not stand:

- (I) The resolution has been made without the convening of a general meeting or Board meeting;
- (II) The resolution has been made without voting at the general meeting or Board meeting;
- (III) The number of persons attending or votes represented at the meeting does not reach the number of persons attending or votes represented as stipulated under the Company Law or the Articles of Association;
- (IV) The number of persons attending or votes represented at the meeting voting in favour of the matter to be resolved does not reach the number of persons attending or votes represented as stipulated under the Company Law or the Articles of Association.

**Article 46** Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors and senior management other than members of the audit committee in the course of performing their duties, shareholders individually or jointly holding 1% or more of the shares of the Company for one hundred and eighty (180) consecutive days or more shall have the rights to request in writing the audit committee to initiate legal proceedings in the court of competent jurisdiction. Where the Company incurs loss as a result of violation of laws, administrative regulations or the Articles of Association by the audit committee in the course of performing its duties, the shareholders shall have the rights to request in writing to the board to initiate legal proceedings in the court of competent jurisdiction.

If the audit committee or the board refuses to initiate legal proceedings upon receipt of the written request of shareholders stated in the preceding paragraph, or fails to initiate such legal proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the rights to initiate legal proceedings in the court of competent jurisdiction directly in their own names in the interest of the Company.

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders as mentioned in the first paragraph of this Article may initiate legal proceedings in the court of competent jurisdiction in accordance with the provisions of the preceding paragraphs.

Where the directors, supervisors or senior management of the Company's wholly-owned subsidiary violate provisions under the laws, administrative regulations or the Articles of Association in their performance of duties resulting in loss for the Company, or loss caused by infringement upon the Company's wholly-owned subsidiary lawful rights and interests by other parties, shareholders along or in aggregated holding 1% or more of the Company's shares for over 180 consecutive days may request in writing the audit Committee or the Board of the wholly-owned subsidiary to file a lawsuit with the People's Court or may file a lawsuit with the People's Court directly in their own names in accordance with provisions of the first three paragraphs of Article 189 under the Company Law.

**Article 47** If any director or senior management is in violation of laws, administrative regulations or the Articles of Association, thus causing any losses to the shareholders, the shareholders may initiate legal proceedings against such director or senior management in the court of competent jurisdiction.

**Article 48** Shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay for the shares based on the shares subscribed for and the manners in which they became shareholders;
- (III) not to surrender the shares unless required by laws and regulations;
- (IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;

Where any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for the damages.

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

- (V) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

**Article 49** Any controlling shareholder and actual controller of the Company shall not use their affiliation to jeopardize the interests of the Company; otherwise, they shall make compensation for the loss incurred by the Company.

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of any stock exchange on which the shares of the Company are listed, any controlling shareholder shall not exercise his/her/its voting rights in a manner prejudicial to the interests of all or some of the shareholders of the Company in respect of the following matters:

- (I) to act honestly in the best interests of the Company for relieving a director of his/her duty;
- (II) to approve the expropriations by a director (for his/her own benefit or for the benefit of another person) of the Company's assets in any way, including without limitation, opportunities beneficial to the Company;
- (III) to approve the expropriations by a director (for his/her own benefit or for the benefit of another person) of the individual rights of other shareholders, including without limitation, rights to distributions and voting rights except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval at a general meeting in accordance with the Articles of Association.

**Article 50** A "Controlling Shareholder" referred to in the previous article means a person who satisfies any one of the following conditions:

- (I) he/she/it alone or acting in concert with others has the power to elect more than half of the directors;
- (II) he/she/it alone or acting in concert with others has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (III) he/she/it alone or acting in concert with others holds 30% or more of the issued and outstanding shares;
- (IV) he/she/it alone or acting in concert with others in any other manner is in de facto control of the Company.

## Section 2 General Provisions for the General meeting

**Article 51** The general meeting is the organ of authority of the Company and shall exercise the following powers:

- (I) to elect or replace the directors and to decide on matters relating to the remuneration of directors;
- (II) to examine and approve reports of the board;
- (III) to examine and approve the Company's profit distribution plans and recovery of losses;
- (IV) to decide on any increase or reduction of registered capital of the Company;
- (V) to decide on the issue of bonds by the Company;
- (VI) to decide on merger, division, dissolution, liquidation or change of nature of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to determine the appointment, dismissal or non-renewal of accounting firms that undertakes the audit work of the Company by the Company;
- (IX) to consider matters relating to the purchases and disposals of material assets or guarantee amounts, which are more than 30% of the latest audited total assets of the Company, within one year;
- (X) to consider proposals raised by shareholders who represent 1% or more of the total number of voting shares of the Company;
- (XI) to consider other matters required to be resolved by the general meeting as prescribed by laws, administrative regulations, department regulations, or the Articles of Association.

**Article 52** General meetings include annual general meetings and extraordinary general meetings. General meetings shall be convened by the board.

Annual general meetings are required to be held once every year within six (6) months after the end of the previous financial year.

**Article 53** An extraordinary general meeting is required to be held within two (2) months after the occurrence of any of the following:

- (I) the number of directors is less than the number stipulated by the Company Law or less than two-thirds of the number specified in the Articles of Association;
- (II) the losses of the company which are not recovered reach one third of the total paid-in share capital of the Company;
- (III) when shareholders alone or in aggregate holding 10% or more of the shares of the Company request;
- (IV) whenever the board deems necessary;
- (V) when the audit committee so requests;
- (VI) other circumstances as provided by laws, administrative regulations, departmental regulations or the Articles of Association.

**Article 54** The location for convening a General Meeting of the Company shall be the domicile of the Company or such other place as notified by the general meeting convener. The shareholders' meeting will be held at a designated venue, either in person or by other means approved or required by the relevant securities regulatory authorities (including electronic communication or a combination of both). If the Company's General Meeting is held online or through other means, the notice of the General Meeting shall clearly state the time and procedure of voting via the internet or any other means.

The Company can provide convenience for shareholders to attend the General Meeting through various modern information technology means, provided that the General Meeting is legal, valid and the conditions are met. Shareholders who participate in the General Meeting virtually through the above-mentioned technology shall be deemed to be present, and can vote electronically through the internet.

When the Company holds a General Meeting in the form of electronic communication and votes online, it shall be carried out in accordance with the Company Law and the relevant regulations of the securities regulatory authorities and stock exchanges where the Company's stocks are listed.

### Section 3 The Convening of General Meetings

**Article 55** The general meetings shall be convened by the board of directors within the period stipulated in the Articles of Association.

**Article 56** More than two independent non-executive directors shall have the rights to propose to the board of directors to convene an extraordinary general meeting. Regarding any request to convene an extraordinary general meeting by the independent non-executive directors, the board of directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving such request in accordance with the laws, administrative regulations and the Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the board of directors. If the board of directors refuses to convene an extraordinary general meeting, an explanation and relevant announcement shall be made.

**Article 57** The audit committee shall have the rights to request to the board of directors to convene an extraordinary general meeting, and such request shall be submitted in writing. The board of directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receiving the proposal in accordance with the laws, administrative regulations and the Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the board of directors and any changes to the original proposal contained in the notice shall be subject to the approval of the audit committee.

If the board of directors disagrees to convene the extraordinary general meeting or does not give any written reply within 10 days after receiving the proposal, the board of directors shall be deemed as failing to perform the duty of convening a general meeting. In such case, the audit committee may convene and preside over the meeting.

**Article 58** Shareholders individually or jointly holding more than 10% of shares of the Company are entitled to request the board of directors in writing to convene an extraordinary general meeting. The board of directors shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within five (5) days upon after the date of the resolution of the board of directors. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.

If the board of directors disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the request, shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to request the audit committee in writing to convene an extraordinary general meeting.

If the audit committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days upon receipt of the request. Any changes made to the original proposals in the notice shall be agreed by the relevant shareholders.

If the audit committee does not issue the notice of general meeting within the prescribed period, it shall be deemed as the audit committee not convening and not holding the general meeting. Then the shareholders individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting by themselves.

**Article 59** Where the audit committee or shareholders decide to convene a general meeting by themselves, a written notice shall be submitted to the board of directors.

Before making an announcement on the resolution(s) of the general meeting, the Convening Shareholders shall hold no less than 10% of the shares.

**Article 60** Where the audit committee or shareholders convene a general meeting by themselves, the board of directors and the secretary to the board shall cooperate. The board of directors shall provide the register of members on the shareholding record date. If the board of directors fails to provide the register of members, the convener may carry relevant announcement on the notice of convening general meeting to apply with the securities registration and clearing institutions. The convener shall not use the register of members for purposes other than convening a general meeting.

**Article 61** Where the audit committee or shareholders convene and hold a general meeting by themselves as a result of the failure of the board of directors to held a general meeting as aforesaid requirements, the expenses necessarily accrued therefrom shall be borne by the Company and be deducted from the amounts due for payment to the directors as a result of their negligent manners.

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

**Article 62** The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations, and the Articles of Association.

**Article 63** When a general meeting is convened by the Company, the board of directors, the audit committee or shareholders individually or jointly holding 1% or more of the shares of the Company are entitled to submit proposals to the Company.

Shareholders individually or jointly holding 1% or more of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two (2) days upon receipt of the proposals and announce the contents of the ad hoc proposals. If the ad hoc proposal does not comply with Article 60 herein according to the view of the convener after his/her reviewing and the convener decide not to include this ad hoc proposal into the agenda, the convener shall issue a notice for not including this ad hoc proposal into the agenda within two (2) days upon receipt of the proposals and specify the reason; and at the same time, the convener shall make explanation at this general meeting, and make announcement on the content of ad hoc proposal and the explanation of the convener and as well as the resolutions of general meetings after the general meeting.

Except for circumstances provided in the above paragraph, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

If a notice of general meeting does not specify the proposals or does not comply with Article 60 herein, no voting for resolutions shall be carried out at the general meeting.

**Article 64** Where an annual general meeting is convened by the Company, it shall issue a written notice of not less than twenty-one (21) days prior to the meeting; where an extraordinary general meeting is convened by the Company, it shall issue a written notice of not less than fifteen (15) days prior to the meeting, and shall notify all the registered shareholders of the matters proposed to be considered as well as the date and place of the meeting. Where laws, regulations and the securities regulatory authorities of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

**Article 65** A general meeting shall not decide on matters that have not been stated in the notice of the meeting.

**Article 66** Notice of the general meeting shall comply with the following requirements:

- (I) shall be in written form;
- (II) shall specify the time, venue and duration of the meeting;

- (III) matters and proposals that shall be submitted to the meeting for consideration;
- (IV) shall provide shareholders with the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be discussed. This principle includes (but is not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the causes and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;
- (V) in the event that any of the directors, managers and other senior management has material interests at stake in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect any director, managers and other senior management as a shareholder in a manner different from how they affect the same type of other shareholders, the difference shall be explained;
- (VI) shall include the full text of any special resolution to be proposed for approval at the meeting;
- (VII) shall contain a conspicuous statement that a shareholder who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote at the meeting on his/her behalf and such proxy needs not to be a Shareholder;
- (VIII) shall specify the date and place for the delivery of proxy forms for voting;
- (IX) shall specify the record date for determining the shareholders who are entitled to attend the general meeting;
- (X) shall state the names and telephone numbers of the standing contact persons for the meeting;

**Article 67** The notice of a general meeting shall be served to shareholders (regardless of whether they are entitled to vote at the general meeting) either by hand or by post in a prepaid mail or by electronic means, addressed to such shareholders at their registered addresses as shown in the register of members.

**Article 68** After issuance of the notice for general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make an announcement giving reasons at least two (2) working days before the date when the meeting is convened. If there are any other requirements on the above matters under listing rules of the place where the shares of the Company are listed, such requirements shall prevail.

**Article 69** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting and the resolutions passed at the meeting.

### **Section 5 The Convening of General meeting**

**Article 70** The Company shall convene the general meeting in strict compliance with the relevant requirements under laws, administrative regulations, departmental rules and the Articles of Association in order to ensure shareholders can legally exercise their respective rights.

The board of the Company shall practically perform its duties and organize the general meeting in a carefully and timely manner. All directors shall perform their respective duties and responsibilities diligently in order to ensure a general meeting is properly convened and duties are legally exercised.

**Article 71** The board of the Company or any other convener shall take necessary steps to ensure the proper order of the general meeting. The board or any other convener shall take steps to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights of shareholders, and shall report such act to the relevant department for investigation and treatment.

**Article 72** An individual shareholder who attends (whether attending the meeting in person or by virtual means through the use of technology) the general meeting in person shall present valid proof which can confirm his/her identity as a shareholder. If a proxy is appointed to attend the meeting, in addition to presenting the proxy's identity card, the proxy shall also present the shareholder's identity proof together with the authorization letter from the shareholder.

If a corporate shareholder appoints its representative to attend the meeting, the Company has right to request the representative to present the identity proof for the shareholder and its representative, as well as any resolution or authorization letter from the board of directors of such corporate shareholder or other authority as proof of the such authorization.

**Article 73** Any shareholder entitled to attend and vote at a general meeting shall have the rights to appoint one or more persons (such persons may not be shareholders) as his proxies to attend and vote on his behalf, and the proxies so appointed may exercise the following shareholders right (whether attending the meeting in person or by virtual means through the use of technology) pursuant to the authorizations from such shareholder:

- (I) the shareholder's rights to speak at the general meeting;
- (II) the rights to demand by himself or jointly with others in voting by way of poll;
- (III) the rights to vote by a show of hands or on a poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights on a poll. For the avoidance of doubt, voting (whether by a show of hands or by poll) may be conducted electronically or by other means, as the chairperson of the meeting may determine.

If the said shareholder is a recognized clearing house (or its agent), the shareholder may authorize one or more suitable persons to act as its representative at any shareholders' general meeting and creditors' meeting; however, if more than one person are authorized, the proxy form shall clearly indicate the number and types of shares each person is authorized in relation to. The proxy form shall be signed by authorized person(s) of the clearing house. The persons after such authorization may represent the recognized clearing house (or its agent) to attend such meetings (without the need to produce evidence in respect of shareholding, notarized authorization and/or further evidence to prove due authorization) to exercise the rights, as if they were the individual shareholders of the Company.

**Article 74** The instrument appointing a proxy shall be in writing under the hand of the principal or his/her attorney authorized in writing. Where the principal is a body corporate, such instrument shall be under its seal or under the hand of its director or attorney duly authorized.

The instrument issued by a shareholder to authorize another person to attend the general meeting shall include the following contents:

- (I) name of the proxy;
- (II) whether the proxy has voting rights;
- (III) indication of consent, objection or abstention concerning each resolution to be resolved on the general meeting;
- (IV) date of signing of the instrument and term of validity;
- (V) signature (or seal) of the principal;
- (VI) Specifying the number of shares represented by such proxy;
- (VII) If more than one proxy is appointed, the instrument shall specify the number of shares represented by each proxy respectively.

**Article 75** Where the instrument is signed by another person authorized by the entrusting party, the authorization letter or other document authorizing the signatory shall be notarized. The notarized authorization letter or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting prior to the time for convening the meeting or prior to the specified time by the Company.

Where the principal is a body corporate, its legal representative or the person authorized by resolution of its board of directors or any other decision-making body shall be entitled to attend the general meeting of the Company as the representative of such body corporate. Those duly authorized persons may also represent the principal of such body corporate to sign the instrument appointing a voting proxy.

**Article 76** Any form issued by the board of the Company to its shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast vote in favour of or against each resolution and enable the shareholders to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that if the shareholder does not give specific instructions, the proxy shall vote at his/her own discretion.

**Article 77** Where the principal deceases, is incapacitated to act, withdraws the signed appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of the event before commencement of the relevant meeting.

**Article 78** A registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain items, including but not limited to, the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of shares held or representing the voting rights and names (or name of organizations) of the proxies.

The convener shall examine the legality of the shareholders' qualifications according to the register of members provided by the securities registration and clearing organizations. The names of shareholders and the number of shares with voting rights shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending in person and via virtual means the meeting and the shares held with voting rights.

**Article 79** The general meeting shall be presided over by the chairman of the board. If the chairman of the board is unable to or fails to discharge his/her duty, the meeting shall be presided over by a director elected by more than half of the directors. If the chairman of the meeting is not elected, the attending shareholders may elect one person to preside over the meeting. If for any reason shareholders are unable to elect the chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

If a general meeting is convened by the audit committee itself, the chairperson of the audit committee shall preside over the meeting. If the chairperson of the audit committee is unable to or fails to discharge his/her duty, the meeting shall be presided over by a audit committee members elected by more than half of the audit committee members.

If a general meeting is convened by the shareholders themselves, the convener will nominate a representative to conduct the meeting. If for any reason the shareholders are unable to elect the chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

At a general meeting, if the chairman of the meeting contravenes the provisions of the Articles of Association, making the meeting impossible to proceed, with consent from more than half of the attending shareholders in person and via virtual means with voting rights, the shareholders may nominate one person to serve as the chairman and continue with the meeting. If for any reason the shareholders are unable to elect the chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

**Article 80** Directors and senior management of the Company shall, upon request of the general meeting, attend such meeting for answering queries raised by the shareholders.

**Article 81** The chairman of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies in person and via virtual means as well as the total number of their voting shares, and the number of attending shareholders and their proxies in person and via virtual means and the total number of their voting shares shall be subject to registration of the general meeting.

**Article 82** Minutes shall be prepared for general meetings by the secretary to the board. The attending directors and chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the registration record of attending shareholders in person and via virtual means and authorization letters of proxies.

**Article 83** The convener shall ensure the general meeting can be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to resume the meeting or directly terminate that meeting immediately followed by a timely public announcement.

### **Section 6 Voting and Resolutions at General meetings**

**Article 84** Resolutions of general meetings shall take the form of ordinary resolutions or special resolutions.

An ordinary resolutions at a general meeting shall be passed by more than half of the voting rights held by shareholders (including their proxies) attending the general meeting.

A special resolution at a general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

**Article 85** When shareholders (including their proxies) vote at a general meeting, they shall exercise their voting rights according to the number of voting shares that they represent. Each share shall carry one voting right.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Subject to and conditional upon compliance with applicable laws, regulations and/or requirements of the listing rules of any place in which the shares of the Company are listed, the board, independent non-executive directors and other shareholders who meet the relevant specified conditions may solicit for the voting shares from shareholders.

When the relevant related party transactions are considered at a general meeting, the related shareholders shall not participate in the voting if so specified in applicable laws, regulations or listing rules of any place in which the shares of the Company are listed. His/her shares held with voting rights will not be counted within the total number of valid votes. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-related shareholders. In case of other provisions under applicable laws, administrative regulations, departmental rules or listing rules of any in which the shares of the Company are listed, such provisions shall prevail.

**Article 86** Voting at a general meeting shall be taken by open ballot or other means as permitted by applicable listing rules. The same voting right can only be exercised by electing to vote at the meeting or others. The first vote shall prevail in cases when a given voting rights is exercised repeatedly.

**Article 87** On a poll taken at a meeting, a shareholder (including his/her proxies) entitled to two or more votes need not to cast all votes in the same way.

**Article 88** When the number of votes for and against a resolution is equal, whether vote by a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 89** The following matters shall be passed by way of an ordinary resolution at a general meeting:

- (I) work reports of the board;
- (II) profit distribution plan and loss recovery plan formulated by the board;
- (III) appointment and removal of non-employee representatives directors and remuneration of directors and method of payment thereof;

- (IV) appointment, dismissal or non-renewal of an accounting firm;
- (V) matters other than those requiring the approval by way of special resolutions in accordance with the laws, administrative regulations or the Articles of Association.

**Article 90** The following matters shall be passed by way of a special resolution at a general meeting:

- (I) increase or reduction of the registered capital and the issuance of any kinds of shares, share warrants and other similar securities by the Company;
- (II) issuance of corporate bonds;
- (III) division, merger, dissolution and liquidation of the Company;
- (IV) amendment to the Articles of Association;
- (V) matters relating to the purchases and disposals of material assets or guarantee amounts, which are more than 30% of the latest audited total assets of the Company, within one year;
- (VI) other matters required by laws, administrative regulations or the Articles of Association and those that the general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution.

**Article 91** The Company shall not, without prior approval at a general meeting, enter into a contract to hand over all or material business management of the Company to a person other than to a director, manager or other senior management.

**Article 92** No amendment shall be proposed to a proposal when it is being considered at a general meeting. Otherwise, the relevant amendment shall be regarded as a new proposal and shall not be put forward for voting at that general meeting.

**Article 93** Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting for any resolution or restricted to voting only for or only against it, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted in the total number of voting shares.

**Article 94** Shareholders who attend the general meeting shall take one of the following stances when a proposal is put forward for voting: “for”, “against” or “abstain”.

Any unfilled, improperly filled or illegible votes or votes that are not cast shall be considered as abstentions from voting by the shareholders. Its respective shares shall be counted as “abstentions” in the voting results.

**Article 95** The chairman of the meeting shall be held responsible for deciding whether or not a resolution of the general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting. The on-site general meeting shall not end earlier than meeting held online or by any other means.

**Article 96** If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange the recounting of the votes. If the chairman of the meeting does not arrange the recounting of the votes, a shareholder or proxy attending the meeting who dissents from the result announced by the chairman of the meeting shall be entitled to request the recounting of votes immediately after the announcement of the voting result, in which case the chairman of the meeting shall immediately arrange the re-counting of the votes.

**Article 97** If the counting of votes is conducted at a general meeting, the result of the counting shall be recorded in the minutes of meeting.

The minutes of meeting, the attendance register and proxy forms shall be kept at the Company’s domicile.

**Article 98** If any proposal in connection with the distribution of cash dividend, allotment of new shares or conversion of capital common reserve into the share capital is passed at the general meeting, the Company shall implement detailed plans thereof within two (2) months upon conclusion of such general meeting.

**Article 99** Shareholders may examine photocopies of the minutes of meetings during the Company’s office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within seven (7) days upon receipt of the payment for reasonable charges.

## CHAPTER 5 BOARD OF DIRECTORS

### Section 1 Directors

**Article 100** The board and those shareholders holding, individually or collectively, more than 1% of voting shares of the Company may nominate candidates for directors. Before the convening of the general meeting, the candidates for directors shall provide written undertakings accepting the nomination and shall confirm that the information publicly disclosed is true and complete, and that they will discharge their duties as a director upon election.

Upon election of directors, the Company shall promptly enter into engagement contracts with the elected directors in which details relating to the rights and obligations between the Company and the directors, the directors' term of office, liability of the directors for contravening the laws and regulations as well as the Articles of Association together with compensation arising out of an early termination of such engagement contracts by the Company shall be clearly specified pursuant to the laws and regulations as well as the Articles of Association.

**Article 101** Directors shall be elected or changed at the general meeting and serve a term of three (3) years. A director may serve consecutive terms if re-elected upon the expiry of his/her term.

List of candidates for directors shall be proposed to the general meeting in form of a proposal. With respect to the proposal for election of directors shall be made separately at the general meeting.

The board shall disclose the detailed information of a candidate for a director before the convening of general meeting to ensure shareholders have sufficient knowledge of such candidate.

The term of a director shall be calculated from the date upon which the relevant resolution is passed at the general meeting to the expiry of the current board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as a director pursuant to laws, administrative regulations, departmental rules and Articles of Association until a new director is elected.

Subject to compliance with the relevant laws and administrative regulations, a director whose term of office has not expired may be dismissed at the general meeting by way of an ordinary resolution, provided that claims which may be raised under any contract shall not be affected.

Managers and other senior management may hold a concurrent post as a director.

A director does not need to hold shares of the Company.

**Article 102** The directors shall comply with laws, administrative regulations and the Articles of Association, and shall faithfully perform their following obligations to the Company:

- (I) not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- (II) not to misappropriate the money of the Company;
- (III) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- (IV) not to violate the Articles of Association and lend the capital of the Company to others or provide guarantee to others by charging the Company's assets without approval of the general meetings or the board of directors;
- (V) not to enter into contracts or transactions with the Company in violation of the Articles of Association or without approval of the general meeting;
- (VI) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the general meeting;
- (VII) not to accept commissions in relation to transactions between any third party and the Company;
- (VIII) not to disclose the secrets of the Company without consent;
- (IX) not to use their connections to harm the interests of the Company;
- (X) to be bound by other fiduciary duties stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall be entitled to the income gained by the directors in violation of this Article; the director shall be liable for compensation if any loss is caused to the Company.

**Article 103** The directors shall comply with the laws, regulations and the Articles of Association and shall diligently perform their following obligations to the Company:

- (I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the national laws, administrative regulations and the requirements of national economic policies and that its commercial activities are within the scope stipulated in the business license;
- (II) to treat all shareholders equally and fairly;
- (III) to understand the operation and management of the Company in a timely manner;

- (IV) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (V) to perform other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 104** In circumstances that a person may not serve as a director of the Company as stipulated in the Company Law and a director is determined by the CSRC as forbidden to entering the securities market or other circumstances, the board of the Company shall immediately prevent such director from performing his/her duties and propose dismissal of such director at the General meeting.

**Article 105** A director who fails to attend two consecutive meetings of the board in person or by proxy shall be deemed to be unable to perform his/her duties. The board shall propose to the general meeting for removal of such director.

**Article 106** A director may resign before expiry of his/her term of service. When a director resigns, he/she shall submit a written resignation notice to the board.

Without violation of the relevant laws and regulations and the regulatory rules of the place where the shares of the Company are listed, if a director resigns during his/her term of office, another director shall be appointed by the current board to fill the casual vacancy for a term ending at next general meeting of the Company and can offer himself/herself for re-election.

If the number of directors in the board of the Company falls below the minimum statutory requirement or as required under the Articles of Association due to a director's resignation, the former director shall still perform his/her duties as a director in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the appointment of the re-elected director.

Save for the circumstances referred to in the preceding paragraph, a director's resignation takes effect upon delivery of his/her resignation report to the board.

**Article 107** When a director's resignation takes effect or his/her term of service expires, the director shall complete all transfer procedures with the board. His/her fiduciary duties towards the Company and its shareholders do not necessarily cease after the end of his/her term of service and shall be still in effect within half a year after the end of his/her term of service. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after his/her resignation takes effect or his/her term of service expires, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationships between them and the Company have been terminated.

**Article 108** Unless legally authorized by the Articles of Association or the board, no director shall act on behalf of the Company or the board. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the board, such director shall declare in advance his/her 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 him/her of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties.

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

**Article 110** The Company has three (3) independent non-executive directors. In any circumstances, at least three (3) of members of the board shall be independent non-executive directors and independent non-executive directors shall be at least one-third of members of the board.

**Article 111** The independent non-executive directors serve the same term as other directors of the Company. Upon expiration of their terms, such directors may be re-elected and re-appointed, provided that if an independent non-executive director has served for more than 9 years, his/her re-appointment shall be considered and approved by shareholders by way of a separate resolution. Documents attaching to the resolution sent to shareholders shall include the reasons why the board believes such independent non-executive director is still independent and should be re-elected.

**Article 112** The independent non-executive directors shall have the duties of good faith and due diligence toward the Company and all the shareholders. The independent non-executive directors shall, in accordance with relevant laws, regulations, regulatory documents and the Articles of Association, carefully perform their duties and safeguard the interest of the Company as a whole, particularly to protect the legal rights and interests of minority shareholders from damage.

The independent non-executive directors shall perform their duties independently, without any influence of the Company's major shareholders, actual controllers or other entities or individuals who have interests with the Company.

**Article 113** The nomination, election and change of independent non-executive directors shall be made in a legal and standardized manner in compliance with laws and all the relevant requirements of stock exchange in the place where the Company's shares are listed.

**Article 114** In order to fully leverage the role of independent non-executive directors, independent non-executive directors shall have duties and powers conferred by the Company Law and other relevant laws and regulations as well as the Stock Exchange Listing Rules to directors and independent non-executive directors.

### Section 3 Board

**Article 115** The Company shall set up a board of directors (i.e., the board) which shall be accountable to the general meeting.

**Article 116** The board consists of 9 directors, including 1 employee representative director and three independent non-executive directors. Non-employee representative directors are elected by the shareholders' meeting, while the employee representative director is elected by the company's employees through a democratic process conducted via the Employee Representative Assembly, a general meeting of employees, or other appropriate means. The Board shall have a chairman and may have a vice chairman of the Board ("**vice chairman of the board**") if necessary.

**Article 117** The board shall perform the following duties:

- (I) to convene general meetings and to report to general meetings;
- (II) to implement the resolutions of general meetings;
- (III) to determine business operation plans and investment plans of the Company;
- (IV) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (V) to formulate plans for the Company to increase or decrease its registered capital and issue corporate bonds;
- (VI) to formulate plans for mergers, demergers, dissolution and alteration of corporate form of the Company;
- (VII) to decide on the establishment of the Company's internal management structure;
- (VIII) to appoint or dismiss the Company's managers, in which case, based on the nominations of managers, to appoint or dismiss deputy managers, financial controller and other senior management, and to determine their remuneration and rewards and penalties;
- (IX) to formulate the basic management system of the Company;
- (X) to formulate plans for any amendments to the Articles of Association;
- (XI) to propose to general meetings the appointment or change of the accounting firm acting as the auditor of the Company;
- (XII) other matters authorized by laws, administrative regulations, departmental rules or the Articles of Association and the general meeting.

**Article 118** The board shall explain to the general meeting regarding the non-standard auditors' advice given by any certified accountant in relation to the financial report of the Company.

**Article 119** The board shall establish board committees in accordance to the relevant requirements under the Stock Exchange Listing Rules and in light of the Company's needs and formulate the working rules of each committee, to ensure the implementation by the board of the resolutions of general meeting, to improve efficiency and to have scientific decision-making. The composition of members of the board committees shall meet the relevant requirements under the Stock Exchange Listing Rules.

**Article 120** The board shall formulate stringent examination and approval system to determine the authority with respect to external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and connected transactions of the Company. Specialists or professionals shall be retained to evaluate major investment projects and report to general meeting for approval.

**Article 121** Following matters shall be approved by the majority of all the directors in the board:

- (I) to determine business operation plans and investment plans of the Company;
- (II) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (III) to decide on the establishment of the Company's internal management structure;
- (IV) election and dismissal of chairman and vice chairman of the board;
- (V) to appoint or dismiss the Company's managers, in which case, based on the nominations of managers, to appoint or dismiss deputy managers, financial controller and other senior management, and to determine their remuneration and rewards and penalties;
- (VI) to formulate the basic management system of the Company;
- (VII) to propose to general meetings the appointment or change of the accounting firm acting as the auditor of the Company;
- (VIII) other matters authorized by laws, administrative regulations, departmental rules or the Articles of Association and the general meeting.

**Article 122** Following matters shall be approved by more than two-thirds of all the directors in the board:

- (I) to formulate plans for the Company to increase or decrease its registered capital and issue corporate bonds;
- (II) to formulate plans for mergers, demergers, dissolution and alteration of corporate form of the Company;
- (III) to formulate plans for any amendments to the Articles of Association;
- (IV) other matters expressly required by laws, administrative regulations, departmental rules or the Articles of Association and the general meeting.

**Article 123** The board shall not, without the prior approval of a general meeting, dispose or agree to dispose of, the fixed assets where the estimated value of the consideration, for the proposed disposition, and the aggregate amount of the consideration for any such disposition of the fixed assets that has been completed in the period of four (4) months immediately preceding the proposed disposition, exceeds 33% of the value of the fixed assets as shown in the last balance sheet placed before the shareholders at a general meeting.

The disposition of fixed assets referred to in this Article shall include, among other things, the act of transferring certain interests in assets, but exclude the act of providing guarantee by way of using fixed assets.

The validity of a disposal by the Company of fixed assets shall not be affected by the breach of the first provision aforesaid.

**Article 124** All directors of the Company shall cautiously treat and strictly control the debt risks arising from the provision of guarantee to any other party and shall bear several and joint liabilities in accordance with the law for the losses caused by violation against the power or procedures of approving provision of guarantee to any other party.

Neither any controlling shareholder nor any other related party is permitted to force the Company to provide guarantees to any other party.

**Article 125** The chairman of the board and the vice chairman of the board shall be a director of the Company and shall be elected and removed by more than half of all the directors. The chairman of the board shall serve a term of three (3) years and may be re-elected upon the expiry of his/her term.

**Article 126** The chairman of the board shall perform the following duties:

- (I) to preside over general meetings and to convene and preside over meetings of the board;
- (II) to examine the implementation of resolutions passed by the board;
- (III) to perform other duties entrusted by the board.

**Article 127** Where the chairman of the board is unable to discharge or fails to discharge his/her duties, the vice chairman of the board, if any, shall carry out such duties (and if the Company has two or more vice chairmen of the board, the vice chairman nominated by more than one half of the directors shall carry out such duties). Where the vice chairman of the board is unable to or fails to carry out the duties or where the position of vice chairman of the board does not exist, half or more of the directors shall designate a director to preside over the meeting.

**Article 128** The board meetings include regular meetings and extraordinary meetings. No less than four (4) meetings of the board shall be held each year. Such meetings shall be convened by the chairman of the board and notice thereof shall be given in writing to all directors fourteen (14) days before the meeting.

**Article 129** The chairman of the board shall convene and preside over the extraordinary meeting of the board within ten (10) days under any of the following circumstances where:

- (I) any shareholder holding more than 10% voting rights propose;
- (II) more than one third of the directors jointly propose;
- (III) the manager proposes.

**Article 130** The board shall convene the extraordinary meeting of the board, and the chairman of the board shall give written notice to all directors three (3) days before the meeting is held. In emergency situation, the Company may at any time convene an extraordinary meeting of the board upon unanimous agreement by all the directors.

**Article 131** The notice of the meeting of the board shall consist of the following:

- (I) date and venue of the meeting;
- (II) period of the meeting;
- (III) causes and issues of discussion;
- (IV) date of issuance of notice.

**Article 132** The board meeting shall not be held unless more than half of the directors are present. Each director shall have one vote. Resolutions of the board shall be passed by more than half of all the directors.

When the number of votes cast for and against a resolution equals, the chairman of the board shall have a casting vote.

**Article 133** If any director has connection with the entity involved in the resolution of a meeting of the board, or the resolution has connection with the contract, arrangement or any other suggestions in which the director or any of his/her close associates (as defined in the Stock Exchange Listing Rule) are substantially interested, such director shall abstain from voting on the resolution and shall not vote on behalf of other directors. When determining whether the quorum is reached, such directors shall not be counted. The meeting of the board may be held when more than half of the attending directors have no connection with the entity. The resolution of the meeting of the board shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three (3), the matter shall be submitted to the general meeting for approval.

**Article 134** The resolution of the meeting of the board shall be voted by a show of hands or open ballot.

The resolution of the extraordinary meeting of the board may be voted by means of communications and the signature of the attending directors, provided that the directors' opinions are fully expressed. The directors voting by means of communications shall sign and date it afterwards.

**Article 135** Directors shall attend meetings of the board in person. Where a director is unable to attend a meeting of the board, he/she may authorize in writing another director to attend on his/her behalf. The power of attorney shall state name of the proxy, the matters represented, scope of authorization and validity period. It shall be signed or sealed by the principal.

The appointed director who attends the meeting shall exercise a director's duties as authorized. If a director fails to attend a meeting of the board in person and fails to appoint a representative to attend the meeting, he/she shall be deemed to have waived his/her voting rights at the meeting.

**Article 136** The board shall keep minutes of the matters discussed in the meeting. The attending directors shall sign on the minutes of the meeting. The attending directors are entitled to request that an explanatory record of their comments made at the meetings be noted in the minutes. Minutes of meeting of the board shall be maintained as company files by the secretary of the board.

**Article 137** The minutes of the board shall consist of the following:

- (I) date and venue of the meeting and the name of the convener;
- (II) the name of the director present and name of director being appointed to attend on the other's behalf (attorney);
- (III) the agenda;
- (IV) the main points of directors' speeches;
- (V) the voting method of each resolution and the result (the result shall specify the number of votes "for", "against" and "abstain").

The directors shall sign on and be responsible for the resolutions of the board. Where a resolution of the board is in violation of laws, regulations, or the Articles of Association, thereby causing losses to the Company, the directors who take part in the resolution shall be liable to the Company for damages. However, where a director can prove that he/she expressed his/her opposition to such resolution when such resolution is put to the vote, and that such opposition was recorded in the minutes of the meeting, the director shall be relieved from such liability.

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

**Article 138** The board shall set up the audit committee, remuneration committee and nomination committee. All members of the special committees shall be directors, among which, the audit committee must have at least three (3) members, and all members shall be non-executive directors, of whom the majority shall be independent non-executive directors. At least one (1) member of the audit committee shall be an independent non-executive director with the proper qualification as required by Rule 3.10(2) of the Stock Exchange Listing Rules, or appropriate accounting or related financial management expertise. The chairman of the audit committee must be an independent non-executive director. The majority of the members of the remuneration committee shall be independent non-executive directors. The chairman of the remuneration committee must be an independent non-executive director. The majority of the members of the nomination committee shall be independent non-executive directors. The chairman of the nomination committee must be the chairman of the board or an independent non-executive director.

**Article 139** If a strategy and development committee is set up, its main responsibilities are to make a research and provide recommendations on the Company's long-term development strategies and significant investment decisions.

**Article 140** The main responsibilities of the audit committee include:

- (I) to make recommendations to the board on appointment or removal of the external auditors, approve the remuneration and employment terms of such auditors, handle any issues on resignation or dismissal of such auditors, monitor whether such auditors are independent and objective and the audit procedures are valid or not, discuss the nature and scope of the audit and the relevant reporting responsibilities with such auditors before auditing, and formulate and implement the policies on non-audit service provided by such auditors;
- (II) to supervise the internal audit system and its implementation of the Company;
- (III) to be responsible for communications between internal auditors and external auditors;
- (IV) to audit the financial information and its disclosure of the Company;
- (V) to supervise the financial report system, risk management and internal system of the Company;
- (VI) other duties provided by the Stock Exchange Listing Rules.

**Article 141** The main responsibilities of the Remuneration Committee include:

- (I) to make recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (II) to review and approve the recommendations on management's remuneration with reference to the board's corporate goals and objectives;
- (III) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or make recommendations to the board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (IV) to make recommendations to the board on the remuneration of non-executive directors;
- (V) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the members group comprising the Company;
- (VI) to review and approve compensation payable to the executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (VII) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (VIII) to ensure that no director or any of his associates is involved in deciding his own remuneration.

**Article 142** The main responsibilities of the nomination committee include:

- (I) to review the structure, size and composition (including the skills, knowledge and experience) of the board at least once a year and make recommendations regarding any proposed changes in the board in line with the Company's corporate strategy;
- (II) to identify individuals suitably qualified to become directors, select and nominate candidates of directors or make recommendations to the board in this regard;
- (III) to assess the independence of independent non-executive directors; and
- (IV) to make recommendations on the appointment or reappointment of the directors and succession plan of the directors (especially the chairman of the board and the chief executive officer).

**Article 143** Each special committee may engage an intermediary agency to provide professional advices at the expense of the Company.

**Article 144** Each special committee shall be responsible for the board and the proposals of each special committee shall be submitted to the board for review and approval.

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

### **Section 1 Manager**

**Article 145** The Company shall have one manager and may have one deputy manager, who are appointed or dismissed by the board. The directors may also be appointed as managers, deputy managers or other senior management members.

Senior management members of the Company include the manager, deputy manager, secretary of the board and financial controller.

**Article 146** A person who holds an office other than that of the director or supervisor in the controlling shareholder or beneficial controller of the Company shall not act as a senior management of the Company.

**Article 147** The manager are appointed for tenure of three years and they may be re-appointed.

**Article 148** The manager shall be accountable to the board and perform the following duties:

- (I) to be in charge of the Company's production, operation and management, to organize and implement the resolutions of the board and to report his/her work to the board;
- (II) to organize and implement the Company's annual plan and investment scheme;
- (III) to draft the plan for establishment of the internal management departments of the Company;
- (IV) to establish the Company's basic management system;
- (V) to formulate basic rules and regulations for the Company;
- (VI) to recommend the appointment or dismissal of deputy manager and financial controllers;
- (VII) to decide the appointment or dismissal of management members other than those required to be appointed or dismissed by the board;
- (VIII) other duties granted by the Articles of Association or the board.

**Article 149** The manager may be present at the meetings of the board, but shall have no voting rights if he/she is not a director.

**Article 150** The manager shall bear the fiduciary and diligent obligations in accordance with the provisions of laws, administrative regulations and the Articles of Association in performing his/her duties.

**Article 151** The manager may resign before expiry of his/her term of service. The specific procedures and measures concerning the manager's resignation shall be stipulated by the service contract between the manager and the Company.

## **Section 2 Secretary of the Board**

**Article 152** The board shall have a secretary of the board. The secretary of the board is a senior management member of the Company and responsible to the board.

The Company shall provide convenient conditions for the secretary of the board to perform his or her duties, and the directors, senior management members and relevant personnel of the Company shall support and cooperate with the secretary of the board.

In order to perform his or her duties, the secretary of the board has the right to know the financial and operating conditions of the Company, attend relevant meetings related to information disclosure, consult all documents related to information disclosure, and require relevant departments and personnel of the Company to provide relevant data and information in a timely manner.

**Article 153** The secretary of the board shall be a natural person with the necessary professional knowledge and experience, and shall be appointed by the board.

**Article 154** The main responsibilities of the secretary of the board are as follows:

- (I) to ensure that the Company has complete organizational documents and records;
- (II) to ensure that the Company prepares and submits the reports and documents required by the competent authorities according to laws;
- (III) to ensure that the register of members of the Company is properly established and that the persons entitled to the relevant records and documents of the Company obtain the relevant records and documents in a timely manner;
- (IV) other responsibilities required by laws, administrative regulations and the Articles of Association or required by the stock exchanges.

**Article 155** A director or other member of senior management of the Company may concurrently serve as the secretary of the board of the Company. The certified accountant of the accounting firm engaged by the Company may not concurrently serve as the secretary of the board of the Company.

Where a director concurrently serves as the secretary of the board, if the director and the secretary of the board are required to make an act separately, the person who concurrently serves as the director and the secretary of the board of the Company shall not do so in a dual identity.

**Article 156** The Company shall, when appointing the secretary of the board, sign a confidentiality agreement with him or her and require him or her to undertake continued performance of the obligations for confidentiality during his or her term of office and after leaving office until the relevant information is disclosed, except for the information concerning the violation against laws and regulations by the Company.

The secretary of the board shall, before leaving office, subject himself or herself to the examination on the office leaving from the board, and hand over the relevant archives, matters in progress or to be processed.

#### **CHAPTER 7 THE QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, MANAGERS AND OTHER SENIOR MANAGEMENT**

**Article 157** A person may not serve as a director, manager or other senior management of the Company if such person:

- (I) has no civil capacity or has limited civil capacity;
- (II) is sentenced for the offence of corruption, bribery, expropriation, misappropriation of property or for disrupting the social and economic order, the sentence of which elapses, or who has been deprived of political rights due to such crimes, the sentence of which elapses but is less than five (5) years, or who were granted probation, where less than two years have lapsed since the expiration of the probationary term;
- (III) is a former director, factory manager or manager of a company or enterprise that has been declared bankrupt on the ground of maladministration and is personally liable for the winding up of such company or enterprise, with less than three (3) years having elapsed since the date of completion of the bankruptcy and liquidation of such company or enterprise;
- (IV) is a former legal representative of a company or an enterprise which has had its business license revoked for violating the laws, and is personally liable for that revocation, with less than three (3) years having elapsed since the date of revocation of business licence;
- (V) has comparatively large amount of individual debts that have become overdue and have not been settled, and has been listed as a dishonest person by the People's Court;
- (VI) has been currently under investigation by judicial organs for criminal offence which investigation is not yet concluded;

(VII) is prohibited from acting as leader of an enterprise by virtue of any laws and administrative regulations;

(VIII) is not a natural person;

(IX) has been convicted by the relevant competent authorities for violation of securities regulations, where such violation involved fraudulent or dishonest acts with less than five years having elapsed since the date of such conviction.

**Article 158** The validity of an act by a director, manager or other senior management on behalf of the Company to bona fide third party shall not be affected by any irregularity in his appointment, election or eligibility.

**Article 159** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, the Company's directors, managers and other senior management owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

(I) not to cause the Company to exceed the scope of business stipulated in its business license;

(II) to act honestly and in the best interests of the Company;

(III) not to expropriate the Company's property in any way, including (without limitation) opportunities which benefit the Company;

(IV) not to expropriate the individual rights of shareholders, including (without limitation) rights to distributions and voting rights, save and except according to a restructuring of the Company which is submitted to general meeting for approval in accordance with the Articles of Association.

**Article 160** Any director, manager and other senior management of the Company owe a duty, in the exercise of his/her powers and in the discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 161** The directors, managers and other senior management of the Company shall perform their duties in accordance with the fiduciary principle and shall not put themselves in a position where their duty and their interest may conflict. This principle includes (but is not limited to) discharging the following obligations:

(I) to act honestly in the best interests of the Company;

(II) to act within the scope of their powers and not to exceed such powers;

- (III) to exercise the discretion vested in them personally and not to allow themselves to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of their discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to take advantage of the assets of the Company in any form without the informed consent of the shareholders given in a general meeting;
- (VII) not to exploit their position to accept bribes or other illegal income or expropriate the Company's property in any way, including (without limitation) opportunities which benefit the Company;
- (VIII) not to accept commissions in connection with the Company's transactions, unless with the informed consent of the shareholders given in a general meeting;
- (IX) to comply with the Articles of Association, to perform their official duties faithfully, to protect the Company's interests and not to exploit their position and power in the Company to advance their own interests;
- (X) not to compete with the Company in any way, unless with the informed consent of the shareholders given in a general meeting;
- (XI) not to appropriate the capital of the Company or to loan such funds to others, not to deposit the funds of the Company in their own or other personal bank accounts, or provide assets of the Company as guaranty for the shareholders of the Company or others;
- (XII) not to release any confidential information relating to the Company which he has obtained during their term in office, without the informed consent of the shareholders in a general meeting; nor shall be use such information otherwise than for the Company's benefit save that disclosure of such information to the court or other governmental authorities is permitted if:
  - 1. disclosure is required by law;
  - 2. public interests so requires;
  - 3. the interests of the relevant directors, managers or other senior management so requires.

**Article 162** The directors, managers and other senior management of the Company shall not direct the following persons or institutions (the “**Connected Persons**”) to act in a manner which they are prohibited from doing:

- (I) the spouse or minor child of the directors, managers or other senior management of the Company;
- (II) the trustee of the directors, managers or other senior management of the Company or of any person described in Item (I) of this Article;
- (III) the partner of the directors, managers or other senior management of the Company or any person referred to in Items (I) and (II) of this Article;
- (IV) a company in which the directors, managers or other senior management of the Company, whether alone or jointly with the persons referred to in Items (I), (II) and (III) of this Article or other directors, managers and other senior management of the Company, have de facto controlling interest;
- (V) the directors, managers and other senior management of a company which is being controlled in the manner set out in Item (IV) of this Article.

**Article 163** The fiduciary duties of the directors, managers and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period in fair principle, depending on the time which has lapsed between the termination and the act concerned and the circumstances and terms under which the relationship with the Company was terminated.

**Article 164** Unless otherwise provided by Article 47 of the Articles of Association, directors, managers and other senior management of the Company may be relieved of liability for specific breaches of duties by the informed consent of shareholders at a general meeting.

**Article 165** Where a director, manager and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the board at the earliest opportunity, whether or not the related matters under normal circumstances is otherwise subject to the approval of the board.

**Article 166** Unless the interested director, manager and other senior management of the Company has disclosed such interest to the board as required under the preceding paragraph of this Article and the matter has been approved by the board at a meeting where he/she is not counted in the quorum and has refrained from voting, the Company shall have the rights to revoke the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, manager and other senior management concerned.

**Article 167** A director, manager and other senior management of the Company shall be deemed to have some interest in a certain contract, transaction or arrangement in which a Connected Person of such director, manager and other senior management has some interest.

**Article 168** In the event that a director, manager and other senior management of the Company gives a written notice to the board before the Company considers entering into the contract, transaction or arrangement for the first time, stating that due to the contents of the notice, such director, manager or senior management of the Company has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, manager and other senior management shall be deemed, for the purposes of the preceding Articles of this Chapter, to have disclosed his/her interest, insofar as attributable to the scope stated in the notice.

**Article 169** The Company shall not in any manner pay taxes for or on behalf of a director, manager and other senior management.

**Article 170** The Company shall not directly or indirectly extend a loan to or provide any guarantee to a director, manager and other senior management of the Company or of the Company's parent company or any of their respective Connected Persons.

The following transactions are not subject to the above prohibition:

- (I) the provision by the Company of a loan or a guarantee of a loan to its subsidiaries;
- (II) the provision by the Company of a loan or a guarantee of a loan or any other funds to any of its directors, managers and other senior management to meet expenditure incurred by them for the purposes of the Company or for the purpose of enabling them to perform their duties, in accordance with the service contracts approved by the general meeting;

- (III) the Company may make a loan to or provide a loan guarantee to any of the relevant directors, managers and other senior management or their respective Connected Persons on normal commercial terms, provided that the ordinary course of business of the Company should include the lending of money or the provision of loan guarantees.

**Article 171** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 172** A loan guarantee provided by the Company in breach of Item (I) of Article 169 shall not be enforceable against the Company unless:

- (I) the guarantee is provided in connection with a loan to a Connected Person of any of directors, managers and other senior management of the Company or its parent company and the lender are not aware of the relevant circumstances;
- (II) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 173** For the purposes of the preceding Articles of this Chapter, the term “security” shall include an act whereby a guarantor assumes its liability or provides property to guarantee in order to secure the performance of obligations by an obligator.

**Article 174** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, manager or other senior management of the Company breaches the duties which he/she owes to the Company, the Company has a right:

- (I) to demand such director, manager or other senior management to compensate it for losses sustained by the Company as a result of such breach;
- (II) to rescind any contract or transaction which has been entered into between the Company and such director, manager, or other senior management or between the Company and a third party (where such third party knows or should have known that such director, manager or other senior management representing the Company has breached his/her duties owed to the Company);
- (III) to demand such director, manager or other senior management to account for profits made as a result of the breach of his/her duties;
- (IV) to recover any monies which should have been received by the Company and which were received by such director, manager or other senior management instead, including (without limitation) commissions;

- (V) to demand repayment of interest earned or which may have been earned by such director, manager or other senior management on monies that should have been paid to the Company.

**Article 175** The Company shall enter into a contract in writing with a director to determine his/her emoluments subject to prior approval of the general meeting. The above emoluments include:

- (I) emoluments in respect of his/her service as a director, or senior management of the Company;
- (II) emoluments in respect of his/her service as a director, or senior management of a subsidiary of the Company;
- (III) emoluments in respect of other services for the management of the Company and its subsidiary;
- (IV) funds received by such directors as compensation for their loss of position or for their retirement.

A director may not sue the Company for such benefits due to him/her on the grounds of the foregoing matters, except for under such contract as mentioned above.

**Article 176** The contract regarding emoluments entered into by and between the Company and its directors shall provide that in the event of a takeover of the Company, the Company's directors shall, subject to the prior approval of the general meeting, have the rights to receive compensation or other payment for loss of their position or for their retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

- (I) anyone makes a tender offer to all the shareholders;
- (II) anyone making a tender offer aims at that the offeror becomes a controlling shareholder which has the same definition as that provided in Article 48 of the Articles of Association.

If the relevant director fails to comply with this Article, any fund received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of foregoing offer, and the expenses incurred from the distribution of such fund on a pro rata basis shall be borne by the relevant director and may not be paid out of such fund.

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

### Section 1 Financial and Accounting System

**Article 177** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirements of the relevant departments of the PRC.

**Article 178** The Company shall prepare the financial reports at the end of each accounting year. The financial reports shall be examined and verified in a manner prescribed by laws.

**Article 179** The board of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by local governments and other authorities concerned require the Company to prepare.

**Article 180** The financial reports of the Company shall, in addition to being prepared in accordance with the PRC Accounting Standards for Business Enterprises and regulations, be prepared in accordance with either international accounting standards, or those of the place outside China where the shares of the Company are listed. If there is any material difference between the financial statements prepared in accordance with the two accounting standards, such difference shall be stated in the notes to the financial reports. When the Company is to distribute its after-tax profits for the relevant accounting years, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

**Article 181** Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC Accounting Standards for Business Enterprises and regulations, and also in accordance with either international accounting standards or those of the place outside China where the shares of the Company are listed.

**Article 182** The Company shall disclose two financial reports in each accounting year, i.e., its interim financial reports within sixty (60) days of the end of the first six months of an accounting year and its annual financial reports within one hundred and twenty (120) days after the end of the accounting year.

**Article 183** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 184** Upon completion of preparation of its interim or annual financial reports, the Company shall follow such procedures and make such announcements as required by the securities-related laws and regulations of the PRC and provisions of the stock exchange on which the shares of the Company are listed.

**Article 185** When distributing after-tax profits for the current year, the Company shall set aside 10% of its profits for the Company's statutory common reserve, except where the fund has reached over 50% of the Company's registered capital.

When the Company's statutory common reserve is not sufficient to make up for its losses of the previous year, profits for the current year shall be used to make good the losses before allocating such profits to the statutory common reserve in accordance with the above provisions.

After the Company has made appropriations to the statutory common reserve from its after-tax profit, it may, with the approval of the general meeting by way of resolution, make further appropriations from its after-tax profit to the discretionary common reserve.

After the Company has made good on its losses and made allocations to its common reserve, the remaining after-tax profits shall be distributed in proportion to the number of shares held by the shareholders, except when the Articles of Association provide not to distribute in proportion to their shareholding.

Profit distributed to shareholders by the general meeting before losses have been made good and appropriations have been made to the statutory common reserve in violation of the foregoing provisions must be returned to the Company.

Company shares held by the Company shall not be entitled to any distribution of profit.

Domestic shares and H Shares shall enjoy equal rights to dividend or any other distribution.

**Article 186** Capital common reserve includes the following items:

- (I) premium obtained from the issue of shares over the nominal value of shares;
- (II) other incomes required by the finance department of the State Council to be treated as the capital common reserve.

**Article 187** The common reserve shall be applied to make up the Company's losses, expand the production and business operations of the Company or increase the Company's capital. Nonetheless, the capital common reserve shall not be used to make good the Company's losses.

Upon the conversion of statutory common reserve into capital, the balance of the common reserve shall not be less than 25% of the registered capital of the Company before such conversion.

**Article 188** The Company may distribute its dividend by means of:

- (I) cash;
- (II) stocks.

**Article 189** After the resolution with respect to the profit distribution plan is adopted at the general meeting, the board of directors of the Company shall complete the dividend (or share) distribution within two (2) months after the general meeting.

**Article 190** The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall meet the requirements of the laws or the relevant provisions of the stock exchanges in the place where the Company is listed.

The receiving agents appointed on behalf of holders of H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 191** The Company shall conduct internal audit system and assign full-time auditors to conduct internal audit and supervision on the revenues and expenditures and economic activities of the Company.

**Article 192** The internal audit system and the duties of the auditing staff of the Company shall come into effect upon the approval of the board. The officer-in-charge of the audit team shall be responsible to and report to the board.

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

**Article 193** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company could be appointed by the founding meeting before the first annual general meeting and the term of the office of the first accounting firm shall be terminated before the conclusion of the first annual general meeting.

The board could exercise the right aforesaid where the founding meeting fails to do so.

**Article 194** The accounting firm appointed by the Company shall hold office for a period commencing from the conclusion of this annual general meeting until the conclusion of the next annual general meeting. The appointment may be renewed.

The Company guarantees that it shall provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accountant so engaged without any refusal, omission and falsification of any information.

**Article 195** The accounting firm engaged by the Company shall enjoy the following rights:

- (I) to have the access to the account book, records or vouchers of the Company at any time, and have the right to require the directors, managers or other senior management of the Company to provide relevant materials and statements;
- (II) to require the Company to take every reasonable measure to obtain the materials and statements of the subsidiaries necessary for the accounting firm to perform its duties;
- (III) to attend the general meeting, obtain the meeting notices any shareholder is entitled to or other information related to the meeting, and address any general meeting over the issues concerning the accounting firm.

**Article 196** If there is a vacancy of the office of the accounting firm, the board may fill up the vacancy by appointing an accounting firm before convening the general meeting. But during the period when the vacancy subsists, if the Company has other accounting firm in office, such firm can continue to carry out the relevant duty.

**Article 197** The general meeting may dismiss any accounting firm through an ordinary resolution before the term of such accounting firm expires, regardless of the contract made by the Company with such accounting firm. If the relevant accounting firm enjoys the right to claim compensation from the Company because of the disengagement, the relevant rights shall not be influenced by this provision.

**Article 198** The remuneration of the accounting firm or the method of determining the remuneration shall be decided by the general meeting. The remuneration of the accounting firm engaged by the board shall be decided by the board.

**Article 199** The appointment, removal and non-renewal of an accounting firm shall be resolved by the general meeting.

Where it is intended to pass a resolution at a general meeting to appoint an accounting firm which is not holding a current position to fill any vacancy of the position of the accounting firm, or to renew the engagement of an accounting firm engaged by the board to fill up the vacancy, or to dismiss an accounting firm before the expiry of its term of appointment, such matters shall be handled pursuant to the following provisions:

(I) before dispatch of the notice of general meetings, the proposal on the appointment or dismissal is delivered to the accounting firm to be appointed or to leave its office or already retired in the relevant fiscal year.

Leaving office shall include the dismissal, resignation and retirement for an accounting firm.

(II) if the accounting firm to leave its office makes any statement in writing and requires the statement to be informed to shareholders by the Company, unless being too late for the receipt of such statement, the Company shall take the following measures:

1. making instructions on the notice to the resolution that the leaving accounting firm has made such a statement;
2. copies of such a statement as the annex to the notice of general meetings shall be sent to every shareholders who is entitled to such notice in such manner set forth in the Articles of Association.

(III) if the Company fails to deliver such statement made by the relevant accounting firm in accordance with the provisions in Item (II) of this Article, the accounting firm concerned may require the statement to be read out at the general meeting and make further complaints.

(IV) the accounting firm to leave office is entitled to attend the following meetings:

1. the general meeting at which its term of office shall expire;
2. the general meeting at which the corresponding vacancy caused by its dismissal shall be filled;
3. the general meeting convened for the resignation that it takes initiative to render.

The accounting firm to leave office is entitled to receive all notices or other information related to the foregoing meetings, and to speak at the foregoing meetings regarding such matters related to it as the former accounting firm of the Company.

**Article 200** Thirty (30) days' prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is considered at the general meeting of the Company. Where the accounting firm resigns, it shall make clear to the general meeting whether there is any impropriety existing in the Company.

- (I) An accounting firm may resign by depositing a written resignation notice at the registered office of the Company. The resignation notice shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements:
  - 1. a statement to the effect that there are no circumstances in connection with its resignation which should be brought to the attention of the shareholders or creditors of the Company; or
  - 2. a statement of other circumstances considered necessary.
- (II) The Company shall send a copy of the above written notice to the competent authority within fourteen (14) days after receiving such notice. If the notice contains Item 2 statement abovementioned, a copy of such statements shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statements by prepaid mail to every shareholder who is entitled to the financial report of the Company at the address registered in the register of members.
- (III) Where the accounting firm's notice of resignation contains a statement regarding any accountable affair referred to in Item 2 of (I), it may require the board to convene an extraordinary general meeting for the explanation of the circumstances regarding to its resignation.

## **CHAPTER 9 NOTICE AND ANNOUNCEMENT**

### **Section 1 Notice**

**Article 201** A notice of the Company shall be delivered by:

- (I) hand;
- (II) mail, fax and email;
- (III) announcement or electronic means;
- (IV) other means stated in the Articles of Association.

The Company may serve a notice to the shareholders whose registered addresses are located outside Hong Kong.

**Article 202** Any notice served by the Company must be so sufficient that any shareholder whose address is in Hong Kong has sufficient time to exercise his/her/its rights or act upon the terms set forth in such notice.

**Article 203** The meeting notice of convening the general meeting shall be delivered by announcement, serve a written notice to shareholders or by electronic means. Shareholders may give notices, issue instructions, appoint proxies and exercise their shareholder rights to the Company by electronic means.

**Article 204** The meeting notice of convening the meeting of the board shall be delivered by serving a written notice or by electronic means to all directors.

**Article 205** Unless otherwise stipulated in the Articles of Association, corporate communications (as defined in the Stock Exchange Listing Rules), such as notices, information or written statements, sent to holders of H Shares by the Company may be delivered by hand or by prepaid post to the registered address of each holder of H Shares. The Company may deliver its corporate communications in electronic way in accordance with the provisions of the Stock Exchange Listing Rules, provided that the Company has made appropriate arrangements and is in compliance with the provisions of the Stock Exchange Listing Rules regarding delivery of corporate communications in electronic way. By giving a written notice to the Company, the Company's holders of H Shares may select receiving corporate communications from the Company either in electronic way or by post. They may also select only receive corporate communications in either Chinese or English or both Chinese and English. The shareholder may also give a written notice to the Company in advance within reasonable time to amend his or her choice of the mean to receive the aforesaid communications and language version(s) according to the appropriate procedures.

**Article 206** Where a notice of the Company is delivered by hand, the addressee shall sign (or seal) on reply slip and the date of receipt shall be deemed as the date of service; where a notice of the Company is delivered by mail, the third (3th) day from the date of delivery to the post office shall be deemed as the date of service; and where a notice of the Company is delivered by announcement or by electronic means, the first (1st) day on which such announcement is published shall be deemed as the date of service. Where a notice of the Company is delivered by email, the date of sending the email shall be deemed as the date of service, but the Company shall notify the addressee by telephone on the date of sending and keep sending record and email reply slip until the signing of the resolutions.

**Article 207** Regarding the Company's H shares, to the extent permitted by applicable law, and unless otherwise restricted or prohibited by the listing rules of the Stock Exchange, the Company shall, after the Board decides for the listing of the Company's shares:

1. Accept instructions issued electronically by shareholders and security holders (including, but not limited to, dividend election instructions, payment election instructions, responses to "corporate communications available for electronic delivery" (as defined in the Listing Rules), and instructions regarding any meeting of security holders, such as intentions to attend, proxy appointments, revocations of proxies, and voting instructions), subject to reasonable authentication measures determined by the Board from time to time;
2. Where the Company makes an offer to shareholders and security holders to subscribe for any new securities, it may receive payments from shareholders and security holders through any electronic means or by such other means as the Board deems appropriate; and
3. Pay any amounts payable in connection with any corporate actions of the Company (including amounts paid by the Company to shareholders and security holders in connection with its corporate actions, such as the distribution of dividends and other entitlements, matters relating to rights issues, public offerings, and offers made on a preferential basis to specific classes of holders, and/or (where applicable) refunds of oversubscriptions; and payments relating to takeovers and privatizations) through any electronic means or by such other means as the Board deems appropriate.

**Article 208** The Company shall comply with all applicable laws and regulations, including but not limited to the Securities and Futures Ordinance and USM Rules, to enable the holding, transfer, and registration of its H-shares or other prescribed securities in uncertificated form by electronic means.

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

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

**Article 209** The merger or division of the Company shall be proposed by the board, and upon approval in accordance with the procedures provided in the Articles of Association, it shall go through the relevant examination and approval formalities according to the laws. A shareholder objecting to merger or division of the Company may require the Company or the shareholders who are in favour of such merger or division to acquire his/her shares at a fair price. A special document about the content of the resolution on merger or division of the Company shall be made for inspection by the shareholders.

The aforesaid documents shall also be sent by mail to holders of H shares of the companies listed in Hong Kong.

**Article 210** Merger of the Company may take the form of absorption or establishment of a new company.

**Article 211** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's merger resolution and shall publish an announcement in newspapers within thirty (30) days from the date of the Company's merger resolution. A creditor has the rights, within thirty (30) days of receiving such notice from the Company or, for creditors who do not receive the notice, within forty-five (45) days from the date of the public notice, to demand the Company to settle its debts or provide a guarantee for such debt.

**Article 212** Upon the merger of the Company, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

**Article 213** When the Company is divided, its assets shall be split up accordingly. In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's resolution to divide and shall publish an announcement in newspapers within thirty (30) days from the date the Company made a resolution to divide.

**Article 214** Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

**Article 215** A balance sheet and a property list shall be prepared for the purpose of the reduction of registered capital of the Company.

The Company shall inform its creditors of the reduction in capital within ten (10) days and publish an announcement of the reduction in the newspaper within thirty (30) days after the resolution regarding the reduction is made. The creditors may require the Company to pay its debts or provide guarantees for the debts within thirty (30) days upon receiving such notice or, in the absence of such notice, within forty-five (45) days from the date of the relevant announcement.

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

**Article 216** Changes in particulars of the companies as a result of merger or division must be registered with the registration authorities in accordance with the laws. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the laws.

When increasing or reducing the registered capital, the Company shall register the changes with company registration authorities in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 217** The Company shall be dissolved and liquidated according to law upon the occurrence of any of the following events:

- (I) the term of its operations has expired or other events of dissolution specified in the Articles of Association have occurred;
- (II) a resolution on dissolution is passed by shareholders at a general meeting;
- (III) dissolution is due to the merger or division;
- (IV) the Company's business license is revoked or the Company is ordered to close down or de-registered according to law;
- (V) where the Company experiences serious difficulties in operation and management and its continuation may cause substantial loss to the interests of shareholders, without any solution identified through any other channel, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the court of competent jurisdiction to dissolve the Company;
- (VI) the Company is legally declared bankrupt due to its failure to repay debts due.

**Article 218** Upon the occurrence of the situation described in Item (I) of Article 213 hereof, the Company may continue to exist by amending the Articles of Association.

Where the Company is dissolved in accordance with Items (I), (II), (IV) and (V) of Article 213 hereof, a liquidation committee shall be established to commence liquidation within fifteen (15) days from the date of occurrence of events giving rise to dissolution. The members of the liquidation committee shall be composed of its directors or the person approved by the general meeting. In case no liquidation committee is established within the specified period to commence liquidation, the creditors may apply to the court of competent jurisdiction to designate relevant persons to form a liquidation committee and commence liquidation. If the Company is dissolved in accordance with Item (VI) of Article 213 hereof, the court of competent jurisdiction shall, according to the relevant laws and regulations, organise the shareholders, relevant authorities and professionals to form a liquidation committee so as to carry out the liquidation proceedings.

**Article 219** If the board decides that the Company shall be liquidated (except for such liquidation as a result of the Company's declared bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the board has made full inquiry into the position of the Company and that the board is of the opinion that the Company can pay off its debts in full within twelve (12) months after the liquidation has commenced.

Upon passing of the resolution to liquidate the Company at the general meeting, the functions and powers of the board shall cease immediately.

The liquidation committee shall take instructions from the general meeting and shall report to the general meeting on the liquidation committee's income and expenditure, the business of the Company and the progress of the liquidation at least once per year. It shall make a final report to the general meeting upon the completion of such liquidation.

**Article 220** The liquidation committee shall exercise the following powers during the liquidation period:

- (I) to notify creditors or issue public notices;
- (II) to handle the Company's assets and to prepare a balance sheet and an inventory of the assets;
- (III) to deal with the Company's outstanding businesses related to liquidation;
- (IV) to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- (V) to claim credits and pay off debts;
- (VI) to handle the surplus assets of the Company after its debts have been paid off;
- (VII) to represent the Company in civil lawsuits.

**Article 221** The liquidation committee shall notify the creditors within ten (10) days after its establishment, and issue public notices in the newspapers within sixty (60) days. A creditor shall lodge its claim with the liquidation committee within thirty (30) days after receiving notification, or within forty-five (45) days of the public notice if it did not receive any notification.

A creditor shall state all matters relevant to its creditor rights in making its claim and furnish evidence. The liquidation committee shall register such creditor rights.

**Article 222** Upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the general meeting or court of competent jurisdiction for endorsement.

**Article 223** The assets of the Company shall be distributed in the following order:

- (I) payment of liquidation expenses;
- (II) payment of wages, social insurance expenses and statutory compensation;
- (III) payment of outstanding taxes;
- (IV) payment of the Company's debt;
- (V) distribution to the shareholders according to the class and proportion of their respective shareholdings.

The Company shall continue to exist during the liquidation period, although it shall not engage in any operating activities that are not related to the liquidation. The Company's properties shall not be distributed to the shareholders before repayment is made in accordance to the foregoing provisions.

**Article 224** Should the liquidation committee find that the properties of the Company is insufficient for clearing off the debts after liquidating the properties of the Company and preparing the balance sheets and inventory of assets, it shall apply to the court of competent jurisdiction to declare the Company's bankruptcy pursuant to laws. Once the court of competent jurisdiction declares the bankruptcy of the Company, the liquidation committee shall hand over the liquidation matters to the court of competent jurisdiction.

**Article 225** Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, an income and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a certified public accountant in China, such committee shall submit the same to the general meeting or court of competent jurisdiction for confirmation.

Within thirty (30) days from the date of the said confirmation made by the general meeting or court of competent jurisdiction, the liquidation committee shall submit the same to the company registration authority to apply for de-registration of the Company, and to announce that the Company is terminated.

**Article 226** The members of the liquidation committee shall devote themselves to their duties and fulfill their obligations of liquidation according to laws. None of the members of the liquidation committee may take any bribe or any other illegal proceeds by taking advantage of his/her position, nor may he/she misappropriate any of the properties of the Company.

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

**Article 227** Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with the laws relating to bankruptcy of enterprise.

## CHAPTER 11 AMENDMENT TO ARTICLES OF ASSOCIATION

**Article 228** Under any one of the following circumstances, the Company shall amend its articles of association:

- (I) after amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association conflict with the amended laws or administrative regulations;
- (II) the changes that the Company have undergone are not in consistence with the records made in the Articles of Association;
- (III) the general meeting decides that the Articles of Association should be amended.

**Article 229** Where the amendments to the Articles of Association involve registration matters of the Company, procedures for alteration of registration shall be dealt with in accordance with the law.

**Article 230** The Articles of Association and its amendments shall be approved by the general meeting. Where the amendments to the Articles of Association approved by the general meeting shall be subject to the approval of the relevant regulatory authorities, such amendments shall be submitted to the relevant regulatory authorities for approval. Where amendments involve registration matters of the Company, procedures for alteration of registration shall be dealt with in accordance with the law.

**Article 231** The board shall amend the Articles of Association according to the resolutions of the general meeting and the opinions of the relevant competent authority, if applicable.

**Article 232** Any amendment to the Articles of Association that involves information to be disclosed as required by the laws and regulations shall be publicly announced as required.

## CHAPTER 12 SETTLEMENT OF DISPUTES

**Article 233** The Company shall comply with the following rules in settling disputes:

- (I) whenever any disputes or claims concerning the affairs of the Company arise from any rights or obligations as provided in the Articles of Association, the Company Law and other relevant laws and administrative regulations between a holder of overseas-listed foreign shares and the Company, between a holder of overseas-listed foreign shares and a director or manager or other senior management of the Company, and between a holder of overseas-listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors or managers or other senior management of the Company or the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the register of members do not have to be resolved through arbitration.

- (II) the party seeking arbitration may select to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral institution selected by the party seeking the arbitration. If the party seeking arbitration selects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Ningbo according to the securities arbitration rules of the Hong Kong International Arbitration Centre.
- (III) if any disputes or claims are settled by way of arbitration in accordance with Item (I), the laws of the People's Republic of China shall apply, except as otherwise provided in the laws and administrative regulations.
- (IV) the award of the arbitral institution is final and shall be binding on the parties thereto.

## CHAPTER 14 SUPPLEMENTARY ARTICLES

**Article 234** The Articles of Association are written in Chinese. In case of any inconsistency between the articles of association in any other language or of different version and the Articles of Association, the latest Chinese version of the Articles of Association registered and filed with the Ningbo Administration for Industry and Commerce shall prevail.

**Article 235** The term “above”, “within”, “below” as stated in the Articles of Association shall all include the given figure; the term “except”, “lower”, “more than” shall all exclude the given figure. For the purpose of providing and/or distributing corporate communications to shareholders by the Company as required by the Hong Kong Listing Rules, corporate communications by electronic means refer to those communications may be sent or made available to the shareholders by the Company electronically or by posting the information on the website of the Company in accordance with the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time.

**Article 236** The Articles of Association shall be take effect from the date when it is considered and passed at a general meeting.

**Article 237** The term “accounting firm” as stated in the Articles of Association shall have the same meaning as an “auditor”.

**Article 238** Any matter which is in conflict with the laws, administrative regulations, other relevant regulatory documents and provisions of the listing rules where the shares of the Company are listed as promulgated from time to time, the laws, administrative regulations, other relevant regulatory documents and provisions of the listing rules where the shares of the Company are listed shall prevail.

**Article 239** The board shall be responsible for the interpretation of the Articles of Association.