

**Yunnan Jinxun Resources Co., Ltd.**

**(Draft) Articles of Association**

**December 2025**

**(Applicable after the issuance and listing of H Shares)**

# **Yunnan Jinxun Resources Co., Ltd.**

## **Articles of Association**

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## Chapter 1 General Provisions

**Article 1** To safeguard the legitimate rights and interests of Yunnan Jinxun Resources Co., Ltd. (the “Company”), its shareholders, employees and creditors, and to regulate the organization and activities of the Company, these Articles of Association are compiled in accordance with the Company Law of the People’s Republic of China (hereinafter the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter the “Securities Law”), the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, Measures for the Supervision and Administration of Unlisted Public Companies (hereinafter the “Administration Measures”), Guiding Opinions No. 3 on the Regulation of Non-listed Public Companies – Mandatory Provisions in the Articles of Association, (Trial) Business Rules of the National Equities Exchange and Quotations (NEEQ), Rules on Corporate Governance of Companies Listed on the National Equities Exchange and Quotations (NEEQ) (hereinafter the “Governance Rules”), the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter the “Hong Kong Listing Rules”) and other relevant provisions.

**Article 2** The Company is a joint stock limited company converted from Yunnan Jinxun Trading Co., Ltd. in accordance with the Company Law, the Administration Measures and other laws and regulations and regulatory documents, and the method of incorporation is established by way of promotion.

**Article 3** The Company is registered with the Administration for Market Regulation of Kunming City, Yunnan Province, and has obtained a business license, its unified social credit code is 915301005501120153.

**Article 4** The Company has been filed with the China Securities Regulatory Commission (hereinafter the “CSRC”) on November 26, 2025, and with approval of The Stock Exchange of Hong Kong Limited (hereinafter the “Hong Kong Stock Exchange”) on [•], it has issued [•] ordinary shares at the nominal value of RMB1 per share in its initial offering of overseas listed foreign shares (H Shares) and listed on the Main Board of The Stock Exchange of Hong Kong Limited on [•] (hereinafter the “IPO of H Shares”).

**Article 5** The registered name and address of the Company

Name in Chinese: 雲南金潯資源股份有限公司

Name in English: YUNNAN JINXUN RESOURCES CO., LTD.

Company Address: 3/F, Block B, No. 1389 Changyuan North Road, Gaoxin District, Yunnan Province, PRC.

**Article 6** The Company’s registered capital is RMB[•].

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

**Article 8** The legal representative of the Company is Mr. Yuan Rong (袁榮), being the Chairman of the Board who executes company affairs on behalf of the Company. If the director who serves as the legal representative resigns, he is deemed to resign from the post of legal representative at the same time. If the legal representative resigns, the Company shall confirm a new legal representative within 30 days from the date of resignation of the legal representative.

The legal representative engages in civil activities in the name of the Company and the legal consequences thereof are borne by the Company.

The restrictions on the powers of the legal representative imposed by the Articles of Association or the shareholders' meeting shall not be asserted against a third party acting in good faith.

If the legal representative causes damage to others while performing duties, the Company shall bear civil liability. After the Company assumes civil liability, it may seek compensation from the at-fault legal representative in accordance with the laws or the Articles of Association.

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

**Article 10** From the date the Articles of Association become effective, they shall constitute a legally binding document that regulates the organization and conduct of the Company, as well as the rights and obligations between the Company and its shareholders and among shareholders, and shall be legally binding on the Company, its shareholders, directors and senior management. Based on the provisions of the Articles of Association and the Company Law, shareholders may sue other shareholders, shareholders may sue the Company's directors, general manager and other members of the senior management, shareholders may sue the Company, and the Company may sue the shareholders, directors, general manager and other members of the senior management.

Any disputes between the Company and the shareholders, directors or members of the senior management involving provisions of the Articles of Association shall be first resolved through negotiation. If negotiation is not successful, any party may initiate legal proceedings in a competent People's Court at the Company's place of registration.

**Article 11** The members of the senior management mentioned in the Articles of Association refer to, among others, the general manager, deputy general manager, chief financial officer and secretary to the Board of the Company.

**Article 12** The Company is a legal person of the PRC, and is governed and protected by the laws of the PRC.

The Company engaging in business activities must comply with the laws, regulations and relevant provisions of the PRC, abide by social ethics, business ethics, honesty and creditworthiness, accept supervision by the government and society at large, assume social responsibilities. The Company shall disclose periodic reports and interim reports in accordance with the laws.

The Company has established a party organization in accordance with the provisions of the constitution of the Communist Party of China to engage in party activities. The Company shall provide necessary conditions for activities of the party organization.

## **Chapter 2 Business Purpose and Scope**

**Article 13** The Company's business purpose is to pursue material and mental well-being of all employees while making contribution to the progress and development of the global non-ferrous metal industry.

**Article 14** Subject to registration in accordance with the laws, the business scope of the Company includes: research and development, production, processing and production technique design of non-ferrous metals; domestic trading, supplies and sales of materials; import and export business of goods and technology; management consulting for enterprises; design, production and publication of various types of advertising within China; club services (For projects subject to approval according to the laws, business activities may only be carried out after obtaining approval of the relevant departments).

## **Chapter 3 Shares**

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

**Article 15** The Shares of the Company are in the form of registered shares, the registered share certificate signed and issued by the Company is the evidence to prove the shareholding of a shareholder. The China Securities Depository and Clearing Corporation Limited is the central registrar for domestic shares of the Company listed on the National Equities Exchange and Quotations (NEEQ) System (hereinafter the "listing"). The H Shares issued by the Company are mainly held by the custodian company under the Hong Kong Securities Clearing Company Limited.

**Article 16** The issuance of the Company's shares shall follow the principles of openness, fairness and impartiality, and each share of the same class shall have equal rights.

For shares of the same class issued in the same tranche, the issuance conditions and price per share shall be identical; the shares issued in the same tranche subscribed by any entity or individual, the same price per share shall be paid.

**Article 17** Shares issued by the Company are subscribed in cash, existing shareholders of the Company do not have pre-emptive right in subscription.

**Article 18** Shares issued by the Company are denominated in Renminbi with par value of RMB1.00 per share.

**Article 19** The Company has a total of [•] shares, all of the shares are ordinary shares denominated in Renminbi.

**Article 20** At the inception of the Company, all shares were subscribed by the promoters. The promoters of the Company used the net assets of Yunnan Jinxun Trading Co., Ltd. owned by them as capital contribution to the Company. Before and after the conversion of Yunnan Jinxun Trading Co., Ltd. to establish the Company, the shareholding percentages held by all shareholders remained unchanged. At the time of inception, the shares subscribed by the promoters of the Company were set out as follows:

No.	Name of promoter	Method of capital contribution	Number of shares subscribed (0'000 shares)	Shareholding percentage (%)	Date of capital contribution
1	Yuan Rong	By conversion of net assets into shares	2,660	95	April 30, 2016
2	Ji'an Heli Investment Management Center (Limited Partnership)	By conversion of net assets into shares	140	5	April 30, 2016
<b>Total</b>			<b>2,800</b>	<b>100</b>	—

The method of capital contribution adopted by the promoters of the Company was injecting the net assets underlying their shareholdings in the Yunnan Jinxun Trading Co., Ltd. for capital contribution, the total amount of paid-in share capital was not higher than the net assets of the Company. At the inception of the Company, the promoters paid off their respective capital contribution for the subscribed registered capital.

**Article 21** The Company or its subsidiaries (including the affiliated enterprises of the Company) shall not provide any financial assistance to the purchaser or intended purchaser of shares of the Company by way of gifts, capital advances, guarantees, compensation or loans, except for employee stock ownership plans implemented by the Company.

For the benefit of the Company, with a resolution passed by the shareholders' meeting, or the Board of Directors passed a resolution according to the Articles of Association or the authorization by the shareholders' meeting, the Company may provide financial assistance to others for acquiring shares in the Company or its parent company, but the accumulated total amount of financial assistance shall not exceed 10% of the total issued share capital. The resolution passed by the Board of Directors shall be approved by more than two-thirds of all directors.

Any violation of these provisions and losses are suffered by the Company, the directors and members of the senior management who are accountable shall be liable for compensation.

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

**Article 22** The Company may increase its capital by the following methods in accordance with the needs of its operation and development, in compliance with laws, regulations, Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and upon resolutions passed by the shareholders' meeting:

- (1) public issuance of shares by performing statutory procedures;
- (2) non-public issuance of shares (including additional issuance by placing for implementing equity incentives);
- (3) distributing bonus shares to existing shareholders;
- (4) converting capital reserve into share capital;
- (5) other methods stipulated by laws and administrative regulations, and other methods approved by securities regulatory authorities of the place where the Company's shares are listed, the CSRC and the Hong Kong Stock Exchange.

**Article 23** The Company may decrease its registered capital. The decrease of the Company's registered capital shall be carried out in accordance with the procedures stipulated by the Company Law and other relevant regulations and the Articles of Association. The registered capital of the Company after reduction of capital shall not be less than the statutory minimum amount.

**Article 24** The Company may acquire its own shares in the following circumstances in accordance with the requirements of the laws, administrative regulations, departmental rules, regulatory documents, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association:

- (1) reduction of registered capital of the Company;
- (2) merging with other companies which hold shares of the Company;
- (3) using the shares in employee stock ownership plans or equity incentives;
- (4) shareholders, who object to resolution of the shareholders' meeting on the merger or division of the Company, request the Company to purchase their shares;
- (5) using the shares for the conversion of convertible corporate bonds issued by the Company into shares;
- (6) when it is necessary to maintain the value of the Company and the interests of the shareholders;
- (7) other circumstances where acquisition of the Company's own shares are permitted pursuant to the provisions of laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.



Save as stated above, the Company shall not conduct activities of acquiring or selling its own shares.

If the Company acquires its own shares under the circumstances specified in items (1) and (2) in the preceding paragraph, a resolution passed by the shareholders' meeting is required; if the Company acquires its own shares under the circumstances specified in items (3), (5) and (6) in the preceding paragraph, this may be carried out pursuant to the authorization of the shareholders' meeting with a resolution of the Board of Directors passed by more than two-thirds of the directors attending the Board meeting, except otherwise provided in the Hong Kong Listing Rules.

After the Company has acquired its own shares pursuant to the preceding provisions, such shares shall be cancelled within 10 days from the date of acquisition under the circumstances specified in item (1); such shares shall be transferred or cancelled within 6 months under the circumstances specified in items (2) and (4); and such shares shall be transferred or cancelled within 3 years under the circumstances specified in items (3), (5) and (6) provided the number of the Company's shares in aggregate held by the Company shall not exceed 10% of the total issued shares of the Company.

**Article 25** The Company may acquire its own shares through open and centralized trading or other ways (if necessary) as permitted by laws, administrative regulations, Hong Kong Listing Rules or securities regulatory rules of the place where the Company's shares are listed and the CSRC. If the Company acquires its own shares under the circumstances specified in items (3), (5) and (6) of the first paragraph of Article 24, this should be carried out by the open and centralized trading method.

After the Company has acquired its own shares, it should perform the obligations of information disclosure pursuant to the relevant requirements of laws, administrative regulations, rules, regulatory documents and the Hong Kong Listing Rules. If the securities regulatory rules of the place where the Company's shares are listed have other provisions on matters involving repurchase of shares, such provisions shall prevail.

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

**Article 26** Shares of the Company may be transferred in accordance with the laws. If the Company's listed shares are permitted to be transferred publicly on the National Equities Exchange and Quotations (NEEQ) System, the transfers shall be carried out in accordance with the relevant laws, administrative regulations, departmental rules and the relevant business rules of the National Equities Exchange and Quotations (NEEQ) System. For transfer of H Shares of the Company, registration with the local share registrar in Hong Kong designated by the Company is required. All transfers of H Shares shall be effected by written transfer documents in the ordinary or common form or in any other form acceptable to the Board of Directors (including the standard transfer format or transfer form prescribed by the Hong Kong Stock Exchange from time to time); such transfer documents may only be executed by hand signature or affixed with the company's seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house (as defined by the relevant ordinances from time to time in force under Hong Kong law) or its nominee, the transfer document may be executed either by hand signature or machine imprint. All transfer documents shall be kept at the Company's registered office or at such other places as the Board of Directors may from time to time designate.



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

**Article 28** Directors and members of the senior management of the Company shall report to the Company on the shares they hold in the Company and any changes therein. During their term of office as determined at the time of appointment, they shall not transfer more than 25% of the total number of shares they hold in the Company in each year; the shares they hold in the Company shall not be transferred within one year from the date on which the Company's shares are listed and traded on the Main Board of the Hong Kong Stock Exchange. The above personnel shall not transfer the shares they hold in the Company within six months after leaving their positions. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

If there are other provisions on the transfer restrictions of H Shares under the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

**Article 29** The Company's directors, members of the senior management or shareholders holding more than 5% of the Company's shares who sell the Company's shares or other equity securities they hold within six months of purchase, or repurchase them within six months of sale, the gains derived therefrom shall belong to the Company, and the Company's Board of Directors shall recover such gains. However, this does not apply to a securities company holding more than 5% of shares due to purchase of residual shares from underwriting, nor to other circumstances prescribed by the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

The shares or other equity securities held by directors, members of the senior management and natural person shareholders as mentioned in the preceding paragraph include those shares or other equity securities held by their spouses, parents, children, and those held in other people's accounts.

If the Company's Board of Directors fails to execute the provisions of the first paragraph, shareholders have the right to request the Board of Directors to execute within 30 days. If the Board of Directors fails to execute within the above period, shareholders have the right to directly file a lawsuit with the People's Court in their own names for the benefit of the Company.

If the Board of Directors of the Company fails to execute according to the provisions of the first paragraph of this Article, the directors responsible shall bear joint and several liability according to law.

**Article 30** When the Company is acquired in a takeover, the purchaser is not required to issue a general offer to all shareholders of the Company, if the regulatory rules of the place where the Company's shares are listed have other provisions, such provisions shall prevail.

## **Chapter 4 Shareholders and Shareholders' Meeting**

### **Section 1 Shareholders**

**Article 31** A shareholder of the Company is a person who lawfully holds shares of the Company. The registrar and depository of the share certificates held by shareholders of domestic unlisted shares of the Company is the China Securities Depository and Clearing Corporation Limited, the register of members for shareholders of domestic unlisted shares and the shares held by the shareholders are based on the data recorded in the securities book-keeping system of the China Securities Depository and Clearing Corporation Limited as conclusive evidence. The share certificates of the H Shares of the Company are held by the custodian company under the Hong Kong Securities Clearing Company Limited, and may also held by the shareholders in their individual names.

The share certificates of the Company shall set out details as required by the Company Law as well as other particulars as required by the stock exchange of the place where the Company's shares are listed.

The H Shares issued by the Company and listed overseas may adopt the form of overseas depository receipts or other derivative forms of shares in accordance with the laws and securities registration and custodian practice of the place where the Company's shares are listed.

**Article 32** The Company shall maintain a register of members at the office of the Company, the register of members is sufficient evidence to prove that the shareholders hold the shares of the Company, unless with evidence to the contrary. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. The register of members shall be kept by the secretary to the Board. The register of members set out the following particulars:

- (1) the names and addresses of shareholders;
- (2) the class and number of shares held by each shareholder;
- (3) the reference number of the share certificates held by each shareholder;
- (4) the date of acquiring the shares by each shareholder.

When the Company convenes a shareholders' meeting, distributes dividends, goes into liquidation or conducts other acts that need to confirm the identity of the shareholders, the Board of Directors or the convener of the shareholders' meeting shall determine the record date. The shareholders recorded in the register of members at the close of business on the record date shall be the shareholders who are entitled to the relevant rights and interests.

Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of shareholders may apply to the Company for issue of a replacement share certificate in respect of such shares if his/her share certificate is lost. If a shareholder whose share certificate of domestic unlisted shares of the Company has lost applies to the Company for a replacement share certificate, it shall be dealt with in accordance with the relevant provisions of the Company Law. If a shareholder whose share certificate of H shares of the Company has lost applies to the Company 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 the H shares is kept.

**Article 33** The Hong Kong branch register of members must be available for inspection by shareholders, but the Company may be permitted to suspend the registration of shareholders in accordance with the equivalent conditions set out as follows:

- (1) The Company may suspend the register of members for one or more time periods after issuing a notice according to paragraph (2), however the suspended periods in aggregate within any one year shall not exceed 30 days;
- (2) If the notice mentioned in paragraph (1) is issued by the Company, it shall be issued in accordance with the applicable listing rules of the relevant stock exchange; or in the form of an advertisement published in a newspaper widely circulated in Hong Kong; and if the notice is issued by any other companies, it shall be issued in the form of an advertisement published in a newspaper widely circulated in Hong Kong;
- (3) For any one year, the 30-day period mentioned in paragraph (1) may be extended by passing a resolution of shareholders of the Company within that year;
- (4) The 30-day period mentioned in paragraph (1) shall not be extended for an additional period of more than 30 days, or for an additional period made up of several time periods in aggregate of more than 30 days, in any one year.

The original register of shareholders of H shares shall be kept in Hong Kong. In the event of any inconsistency between the original and duplicate of the shareholders register of overseas listed foreign shares, the original shall prevail.

**Article 34** Shareholders of the Company shall enjoy the following rights:

- (1) To receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;
- (2) To request, convene, preside over, attend or appoint a proxy to attend the shareholders' meeting and exercise the corresponding voting rights in accordance with the law;
- (3) To supervise, and make recommendations or inquiries on the operation of the Company;
- (4) To transfer, bestow or pledge the shares held by them according to the laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

- (5) To inspect the Articles of Association, the register of members, the Company's bond stubs, minutes of shareholders' meetings, resolutions of the Board meetings and financial accounting reports;
- (6) To participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon the termination or liquidation of the Company;
- (7) To request the Company to acquire its shares by the shareholders who object to a resolution of a shareholders' meeting on the merger or division of the Company;
- (8) To have shareholders' information right and participation right in major matter of the Company as specified in laws, administrative regulations and the Articles of Association;
- (9) Other rights as provided by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 35** Any shareholder requests for inspection of the relevant information as set forth in the preceding paragraph or for obtaining information shall provide the Company with a written document evidencing the class and number of shares held by him in the Company and the Company shall comply with such shareholder's request upon verification of his shareholder capacity. When a shareholder inspects or copies the relevant information or requests for information as mentioned in the preceding Article, he shall comply with the provisions of laws and administrative regulations on protecting, among others, state secrets, commercial secrets, personal privacy and personal information.

**Article 36** If the content of the resolution of the Company's shareholders' meeting or the Board meeting violates laws or administrative regulations, the shareholders have the right to request the People's Court to declare it invalid.

If the convening procedures or voting methods of the shareholders' meeting or the Board meeting violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the shareholders have the right to request the People's Court to revoke the resolution within 60 days from the date on which the resolution is made, unless there are only minor flaws in the convening procedures or voting methods of the shareholders' meeting or the Board meeting resulting in no substantive impact on the resolution. Shareholders who are not informed to participate in shareholders' meeting may request the People's Court to revoke within 60 days from the date on which he knows or should know about the resolution of the shareholders' meeting; the right of revocation will extinguish if it is not exercised within one year from the date of the resolution.

If relevant parties such as the Board of Directors and shareholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the People's Court. Before the People's Court makes a judgement or ruling to revoke a resolution, the relevant parties shall execute the resolution of the shareholders' meeting. The Company, its directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

If the People's Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with laws, administrative regulations, the regulations of the CSRC and stock exchanges, fully explain the impact of the judgement or ruling, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. Where previous matters need to be corrected, the Company shall handle the same in a timely manner and fulfil its obligations to disclose the information accordingly.

**Article 37** A resolution of the shareholders' meeting or Board meeting of the Company shall not be valid under any of the following circumstances:

- (1) no shareholders' meeting or Board meeting has been convened to pass the resolution;
- (2) the resolution is not voted on at the shareholders' meeting or Board meeting;
- (3) the number of persons attending the meeting or the number of voting rights held by them has not reached the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of Association;
- (4) the number of persons or the number of voting rights held by them voting in favour of the resolution does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of Association.

**Article 38** In the event that a director or a member of the senior management other than a member of the Audit Committee violates laws, administrative regulations or the Articles of Association when performing duties of the Company, thus causing losses to the Company, the shareholders who individually or jointly hold more than 1% of shares of the Company for more than 180 consecutive days shall have the right to request the Audit Committee in writing to lodge a legal action with the People's Court. In the event the members of Audit Committee violate the laws, administrative regulations or the Articles of Association when executing duties of the Company, thus causing losses to the Company, the shareholders may request the Board of Directors in writing to lodge a legal action with the People's Court.

In the event that the Audit Committee or the Board of Directors refuses to take legal action upon receipt of the request in writing from the shareholders as prescribed in the preceding paragraph, or does not lodge a legal action within 30 days from the date of receiving such a request, or in case of emergency or failure to take immediate legal action will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph shall have the right to lodge a legal action directly with the People's Court in their own names in the interest of the Company.

In the event that some other persons infringe the legitimate rights and interests of the Company, thus causing losses to the Company, the shareholders prescribed in the first paragraph of this Article may lodge a legal action with the People's Court in accordance with the provisions of the preceding two paragraphs.

If the directors, supervisors (if applicable) or members of the senior management of a wholly-owned subsidiary of the Company have violations as stipulated in the preceding paragraph, or if others have infringed the legitimate rights and interests of a wholly-owned subsidiary of the Company and caused losses, shareholders who individually or jointly hold more than 1% of the Company's shares for more than 180 consecutive days may, in accordance with the preceding three paragraphs, submit a written request to the Board of Supervisors (or Audit Committee, if applicable) or Board of Directors of the wholly-owned subsidiary to lodge a legal action with the People's Court, or lodge a legal action directly with the People's Court in their own names.

**Article 39** In the event that a director or a member of the senior management has violated the laws, administrative regulations or the Articles of Association, prejudicing the interests of shareholders, the shareholders may lodge a legal action with the People's Court.

**Article 40** A shareholder of the Company shall undertake the following obligations:

- (1) to comply with laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (2) to pay for share capital according to the shares subscribed and the method of capital contribution;
- (3) not to surrender the shares except under circumstances stipulated by laws, regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed;
- (4) not to abuse the rights of a shareholder to prejudice the interests of the Company or other shareholders; not to abuse the Company's independent status of legal person and shareholders' limited liability to prejudice the interests of the Company's creditors; if a shareholder abuses his rights, causing losses to the Company or other shareholders, he shall be liable for compensation in accordance with the laws. If a shareholder of the Company abuses the Company's independent status of legal person and shareholders' limited liability to evade debts, which seriously prejudicing the interests of the Company's creditors, he shall be jointly and severally liable for the Company's debts.
- (5) other obligations to be undertaken as prescribed by the laws, administrative regulations, other securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 41** Where a shareholder holding more than 5% of the Company's shares with voting rights has pledged any of the shares held by him, he shall submit a written report to the Company since the date of actual occurrence of such event.

**Article 42** Controlling shareholders and de facto controllers of the Company shall not damage the interests of the Company by taking advantage of their related and/or connected relationship. In case of violation and losses are incurred by the Company and other shareholders, such controlling shareholders and de facto controllers shall be liable for compensation.



The controlling shareholders and de facto controllers of the Company shall have a fiduciary duty to the Company and other shareholders of the Company. The controlling shareholders shall exercise the rights of the investor in strict accordance with the law. The controlling shareholders and de facto controllers shall not damage the legitimate rights and interests of the Company and other shareholders through, among others, profit distribution, asset restructuring, external investment, capital occupation or loan guarantee, and shall not damage the interests of the Company and other shareholders by taking advantage of their controlling position.

The controlling shareholders and de facto controllers of the Company who have violated the requirements of the relevant laws, regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, causing losses to the Company and other shareholders, shall be liable for compensation.

**Article 43** The controlling shareholders or the de facto controllers of the Company shall comply with the following provisions:

- (1) to exercise shareholders' rights in accordance with the law and not to abuse their controlling rights or take advantage of their related and/or connected relationship to undermine the lawful rights and interests of the Company or other shareholders;
- (2) to stringently fulfill the public declarations and undertakings made by them and not to alter or waive such declarations or undertakings in a unilateral manner;
- (3) to strictly perform the obligation of information disclosure in accordance with relevant provisions, actively cooperate with the Company to make proper information disclosure, and notify the Company in a timely manner about major incidents that have occurred or will likely incur;
- (4) not to occupy the funds of the Company in any manner;
- (5) not to coerce, instruct, or demand the Company and relevant personnel to provide guarantee in violation of the laws or regulations;
- (6) not to take advantage of the possession of undisclosed material information of the Company to seek benefits, not to divulge undisclosed material information relating to the Company in any manner, and not to engage in illegal or non-compliance acts such as insider dealing, short-term dealing and market manipulation;
- (7) not to compromise the lawful rights and interests of the Company and other shareholders through any means, such as unfair related party and/or connected transactions, profit allocation, asset reorganization and external investment;
- (8) to ensure the integrity of the Company's assets and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any manner;
- (9) other provisions of laws, administrative regulations, CSRC rules, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.



If the Company's controlling shareholders or de facto controllers do not serve as directors of the Company but actually execute the Company's affairs, the provisions of the Articles of Association regarding directors' fiduciary and diligence obligations are applicable.

If the controlling shareholder(s) or the de facto controller(s) of the Company instruct the directors and members of the senior management to engage in acts detrimental to the interests of the Company or its shareholders, they shall bear joint and several liability with such directors and members of the senior management.

**Article 44** When the controlling shareholders or de facto controllers pledge the shares of the Company held or actually controlled by them, they shall maintain the controlling right in the Company and the stability of production and operation.

**Article 45** When controlling shareholders and actual controllers transfer their shares in the Company, they shall comply with the requirements of the laws, administrative regulations, CSRC, Hong Kong Listing rules and other securities regulatory rules of the place where the Company's shares are listed on share transfer restrictions and the undertakings made by them on share transfer restrictions.

**Article 46** The Company shall actively adopt measures to prevent shareholders and their related parties and/or connected persons occupy or transfer the funds, assets and other resources of the Company.

The Company shall not provide funds, products, services or other assets to shareholders or de facto controllers at nil consideration' shall not provide funds, products, services or other assets to shareholders or de facto controllers under obviously unfair conditions; shall not provide funds, products, services or other assets to shareholders or de facto controllers obviously without repayment abilities; shall not provide guarantees for shareholders or de facto controllers obviously without repayment abilities, or provide guarantees for shareholders or de facto controllers without a proper reason; shall not waive the claims of debts against the shareholders or de facto controllers or assume the debts of shareholders or de facto controllers without a proper reason.

Transactions between the Company and the shareholders or de facto controllers on provision of funds, products, services or other assets shall perform the review procedures by the Board of Director or the shareholders' meeting strictly in accordance with the decision-making system for related party and/or connected transactions, related directors and related shareholders shall abstain from voting.

Shareholders of the Company shall not take advantage of their related and/or connected relationship to harm the interests of the Company. In case of violation and losses are suffered by the Company, such shareholders shall be liable for compensation.

Directors and members of the senior management of the Company are obliged to safeguard the assets of the Company not to be occupied by the controlling shareholders and their affiliates. If the directors and members of the senior management of the Company assist and connive in the encroachment on assets of the Company by the controlling shareholders and their affiliates, the Board of Directors of the Company shall notify, warn and penalize the directly accountable person according to the seriousness of the case, if the directors are seriously liable, the Board shall propose to the shareholders' meeting for their dismissal.

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

**Article 47** The shareholders' meeting is the organ of power of the Company, and exercises the following functions and powers according to the laws:

- (1) to elect and remove directors, and decide on matters related to the remuneration of directors;
- (2) to consider and approve the report of the Board of Directors;
- (3) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (4) to make resolutions on the Company's increase or decrease of registered capital;
- (5) to make resolutions on the issuance of corporate bonds;
- (6) to make resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form;
- (7) to amend the Articles of Association;
- (8) to make resolutions on the appointment and dismissal of accounting firms undertaking the Company's audit business;
- (9) to consider and approve changes in the use of proceeds raised;
- (10) to consider and approve equity incentive schemes and employee stock ownership plans;
- (11) to consider and approve matters of guarantees stipulated in Article 48;
- (12) to consider and approve matters of repurchases of shares of the Company;
- (13) to consider matters related to the Company's purchase or sale of major assets exceeding 30% of the Company's latest audited total assets within one year;
- (14) to consider other matters that should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds. Other than this, the powers of the shareholders' meeting set forth above shall not be exercised by the Board of Directors through authorization.

**Article 48** Guarantees provided by the Company shall be submitted to the Board of Directors of the Company for consideration, and shall also be submitted to the shareholders' meeting for consideration under any of the following circumstances:

- (1) any guarantee to be provided after the total amount of external guarantees of the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets;
- (2) any guarantee provided after the total amount of external guarantees of the Company exceeds 30% of the latest audited total assets;
- (3) any guarantee which exceeds 30% of the latest audited total assets based on the principle of cumulative calculation of the guarantee amount for 12 consecutive months;
- (4) any guarantee provided for a target party whose asset-liability ratio is over 70%;
- (5) any guarantee with a single guaranteed amount that exceeds 10% of the latest audited net assets;
- (6) any guarantee provided to shareholders, de facto controllers and their related parties/connected persons;
- (7) other external guarantee matters required to be considered and approved by the shareholders' meeting in accordance with national laws, regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place where Company's shares are listed, or the Articles of Association.

When the Company provides guarantees for related parties/connected persons, such guarantees shall have rational commercial reasons, and shall be submitted to the shareholders' meeting for consideration after being considered and approved by the Board of Directors. When the Company provides guarantees for shareholders, de facto controllers and their related parties/connected persons, such guarantees shall be submitted to the shareholders' meeting for consideration. When the Company provides guarantees for the controlling shareholders, de facto controllers and their related parties/connected persons, such controlling shareholders, de facto controllers and their related parties/connected persons shall provide counter guarantee.

Transactions of the Company (except provision of guarantee) that meet any of the following criteria shall be submitted to the shareholders' meeting for consideration:

- (1) the amount of total assets involved in the transaction (if both book value and appraised value exist, whichever the higher) accounts for more than 50% of the latest audited total assets of the Company;
- (2) the transaction amount accounts for more than 50% of the market capitalization of the Company;
- (3) the net assets of the target of transaction (such as equity interest) in the latest accounting year accounts for more than 50% of the market capitalization of the Company;

- (4) the relevant operating revenue of the target of transaction (such as equity interest) in the latest accounting year accounts for more than 50% of the latest audited operating revenue of the Company and exceeds RMB50 million;
- (5) the profit generated by the transaction accounts for more than 50% of the latest audited net profit of the Company and exceeds RMB7.5 million;
- (6) the relevant net profit of the target of transaction (such as equity interest) in the latest accounting year accounts for more than 50% of the latest audited net profit of the Company and exceeds RMB7.5 million;

The aforesaid “transaction” includes the following:

- (1) purchases or sales of assets;
- (2) external investment (including entrusted wealth management, investment in subsidiaries, etc.);
- (3) provision of guarantees;
- (4) provision of financial assistance;
- (5) lease in or lease out assets;
- (6) signing management contracts (including entrusting operation and entrusted operation, etc.);
- (7) giving or receiving gift of assets;
- (8) restructuring creditors’ claims or debts;
- (9) transfer of research and development projects;
- (10) signing licensing agreement;
- (11) waive of rights;
- (12) other transactions recognized by the CSRC, NEEQ, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed.

The above purchases or sales of assets exclude purchases of raw materials, fuel and power and the sales of products or commodities related to transactions conducted in daily operations.

**Article 49** Shareholders’ meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year within 6 months after the end of the preceding accounting year.

**Article 50** The extraordinary general meeting is not convened regularly. Under any of the following circumstances, the Company shall convene an extraordinary general meeting within 2 months from the date of occurrence:

- (1) When the number of directors is less than the statutory minimum number stipulated in the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (2) The unrecovered losses of the Company reach one-third of the total share capital;
- (3) Upon request from the shareholders individually or jointly holding more than 10% of the shares (excluding treasury shares) of the Company with voting rights (excluding proxy voting rights);
- (4) Whenever deemed to be necessary by the Board of Directors;
- (5) other circumstances as stipulated by laws, administrative regulations, departmental rules, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The number of shares held mentioned in the aforesaid item (3) is based on the number of shares held by shareholders on the date of making the written request.

**Article 51** The place for the Company to hold the shareholders' meeting is domicile address of the Company or the place specified in the notice of meeting. The shareholders' meeting shall be held in a venue and conducted in the form of a physical on-site meeting. The selection of time and venue for a physical on-site meeting shall be convenient for shareholders to attend. Subject to ensuring the legality and validity of the shareholders' meeting, the Company may provide convenience for shareholders to participate in the shareholders' meeting through various methods and channels, including the provision of modern information technology means. The shareholders' meeting shall allocate reasonable time for discussion of each proposal. Shareholders who participate in the shareholders' meeting through the abovementioned means are deemed to be present at the meeting.

**Article 52** The Company may engage lawyers to provide legal opinions on the following issues when convening the shareholders' meeting:

- (1) whether the procedures of convening and holding the meeting have complied with laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (2) whether the qualifications of the persons attending the meeting and the qualifications of the convener are legal and valid;
- (3) whether the voting procedures and voting results of the meeting are legal and valid;
- (4) legal opinions on other relevant issues as required by the Company.

The Company shall engage lawyers to issue witness opinions when convening the annual general meeting.

### **Section 3 Convening of Shareholders' Meeting**

**Article 53** Independent directors (including “independent non-executive directors”, same below) have the right to propose to the Board of Directors to convene an extraordinary general meeting. Upon approval by more than half of all independent directors, the independent directors have the right to make proposals to the Board of Directors to hold an extraordinary general meeting. For such proposal made by the independent directors, the Board of Directors shall, according to the provisions of laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association, give written feedback to agree or disagree to hold the extraordinary general meeting within 10 days after receiving the proposal. If the Board of Directors agrees to hold the extraordinary general meeting, a notice of shareholders' meeting shall be issued within 5 days after the Board of Directors has made such resolution; if the Board of Directors disagrees to hold the extraordinary general meeting, the reasons shall be explained and announced.

**Article 54** The shareholders' meeting shall be convened by the Board of Directors in accordance with the laws except provided otherwise by the laws or the Articles of Association. The Board of Directors shall convene a shareholders' meeting within the period prescribed by the Articles of Association. When convening an extraordinary general meeting is deemed necessary by the Board of Directors, a notice of general meeting shall be issued within 5 days after the relevant Board resolution is passed in accordance with the provisions of laws, administrative regulations and the Articles of Association.

**Article 55** The Audit Committee has the right to make proposal to the Board of Directors to convene an extraordinary general meeting, and the proposal shall be made in writing to the Board of Directors. The Board of Directors shall reply in writing within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and these Articles of Association to indicate whether it agrees or disagrees to convene an extraordinary general meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice convening such meeting shall be issued within 5 days from the date of such resolution made by the Board of Directors, any change made to the original proposal in the notice shall have approval from the Audit Committee.

If the Board of Directors disagrees to convene an extraordinary general meeting or fails to give a response within 10 days after receiving the proposal, the Board of Directors shall be deemed unable or failing to perform the duty of convening a shareholders' meeting, as such the Audit Committee may convene and preside over the meeting.

**Article 56** Any of the shareholders individually or jointly holding more than 10% of the Company's shares (excluding treasury shares) have the right to propose to the Board of Directors to request for convening an extraordinary general meeting, and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall reply in writing in response to such proposal within 10 days upon receipt of the proposal in accordance with laws and administrative regulations and these Articles of Association to indicate whether it agrees or disagrees to convene the extraordinary general meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice convening such meeting shall be issued within 5 days from the date of such resolution passed by the Board of Directors, any change made to the original proposal in the notice shall be approved of the relevant shareholders.



If the Board of Directors disagrees to convene an extraordinary meeting, or fails to give a response within 10 days after receiving the request, any shareholders individually or jointly holding more than 10% of the shares of the Company have the right to make proposal to the Audit Committee to request for convening an extraordinary general meeting, and such request shall be made in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days upon receipt of the proposal, any change made to the original proposal in the notice shall be approved by the relevant shareholder(s).

If the Audit Committee has not issued any notice convening such shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and preside over the shareholders' meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares (excluding treasury shares) for more than 90 consecutive days may convene and preside over the meeting.

When shareholders who individually or jointly hold more than 10% of the Company's shares (excluding treasury shares) request for convening an extraordinary general meeting, the Board of Directors or the Audit Committee shall give a reply in writing to the shareholders within 10 days upon receipt of the request to notify its decision on whether to convene an extraordinary general meeting.

**Article 57** If the Audit Committee or the shareholders have decided to convene a shareholders' meeting on their own initiatives, notification shall be given in writing to the Board of Directors, and the Board of Directors of the Company and the person-in-charge of information disclosure shall cooperate and fulfill the obligation of information disclosure in a timely manner. If the shareholders have decided to convene a shareholders' meeting on their own initiative, before resolutions of the shareholders' meeting are passed, the shareholding ratio of the shareholders who convene the meeting shall not be less than 10%.

**Article 58** For shareholders' meeting convened by the Audit Committee or by the shareholders on their own initiative, the Board of Directors and the secretary to the Board shall cooperate and fulfill the obligation of information disclosure in a timely manner. The Board of Directors shall provide the register of members of the Company as at the record date of shareholdings.

**Article 59** For shareholders' meeting convened by the Audit Committee or by the shareholders on their own initiative, the necessary expenses of the meeting shall be borne by the Company.

#### **Section 4 Proposals and Notices of Shareholders' Meeting**

**Article 60** The content of proposals of the shareholders' meeting shall fall within the terms of reference of the shareholders' meeting, have clear topics and specific matters to be resolved, and comply with laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 61** When the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee and the shareholders who individually or jointly hold more than 1% of the Company's shares shall have the right to submit proposals to the Company.



Shareholders who individually or jointly hold more than 1% of the Company's shares may put forward an interim proposal and submit it in writing to the convener at least 10 days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting to announce the content of the interim proposal within 2 days upon receipt of the proposal, and submit such interim proposal to the shareholders' meeting for consideration, except the interim proposal has violated the requirements of laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, or unless it is not within the terms of reference of the shareholders' meeting.

Except for circumstances prescribed in the preceding paragraph, after the convener has issued the notice of shareholders' meeting, the proposals set out in the notice of the shareholders' meeting shall not be revised and no new proposal may be added.

Proposals which are not specified in the notice of shareholders' meeting or do not comply with the requirements of laws and regulations, Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall not be voted on or passed by resolution at the shareholders' meeting.

**Article 62** The convener shall notify all shareholders 21 days before holding the annual general meeting and notify all shareholders 15 days before holding the extraordinary general meeting.

When calculating the aforesaid notice period of "21 days" or "15 days", the date of holding the meeting is excluded but the date on which the notice was issued is included by the Company. With consent from more than two-thirds of the voting rights held by shareholders (including proxies of shareholders) of the Company attending the extraordinary general meeting, the notice period in advance may be exempted and will be recorded in the minutes of meeting, such that the shareholders' meeting is legal and valid.

**Article 63** The notice of shareholders' meeting shall include the following information:

- (1) the time, place and duration of meeting;
- (2) matters and proposals to be considered at the meeting;
- (3) a conspicuous statement that all shareholders are entitled to attend the shareholders' meeting and may appoint proxies in writing to attend and vote on their behalf, and such proxies need not be a shareholder of the Company;
- (4) the record date for shareholders entitled to attend the shareholders' meeting;
- (5) the names and telephone numbers of the designated contact persons for affairs of meetings;
- (6) the time and procedures for voting online or by other means;
- (7) other contents as required by laws, regulations, regulatory documents, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

The interval between the record date and the date of meeting shall not be more than 7 trading days, and the record date shall be later than the time of disclosing an announcement. Once confirmed, the record date shall not be changed.

If the shareholders' meeting will be conducted by communication or by other means, the voting time and voting procedures by communication or by other means shall be explicitly stated in the notice of the shareholders' meeting.

The notice and supplementary notice of the shareholders' meeting shall sufficiently and fully disclose the specific contents of all proposals, the issues proposed for discussion that require expression of opinions by independent directors, and the opinions of independent directors and reasons shall be disclosed simultaneously at the time of issuing the notice or supplementary notice of the shareholders' meeting.

**Article 64** If the shareholders' meeting is to discuss the election of directors, and the notice of the shareholders' meeting shall fully disclose detailed information about each candidate, including at least the following:

- (1) personal information such as education background, work experience, part-time jobs;
- (2) whether there is any related and/or connected relationship with the Company or the Company's controlling shareholders and de facto controllers;
- (3) the number of shares held in the Company;
- (4) whether any of the circumstances stipulated in Article 178 of the Company Law exists;
- (5) whether they have been subject to any penalties by the CSRC and other authorities and any punishments imposed by any stock exchange and the Securities Association of China;
- (6) other particulars as required by laws, regulations, regulatory legal documents, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

Except in the case of cumulative voting for directors, each candidate for a director shall be proposed as an individual resolution.

**Article 65** Once the notice of the shareholders' meeting is issued, the meeting shall not be postponed or cancelled, and the proposals listed in the notice of shareholders' meeting shall not be cancelled. In the event of postponement or cancellation, the Company shall issue an announcement at least 2 working days before the original date of meeting to explain the reasons in detail.

## **Section 5 Holding of Shareholders' Meeting**

**Article 66** The Company's Board of Directors and other conveners shall take necessary measures to ensure the orderly conduct of the shareholders' meeting. Any acts that disrupt the meeting, provoke disturbances, or infringe upon shareholders' lawful rights and interests shall be stopped by taking measures, and promptly reported to relevant authorities for investigation.

**Article 67** All shareholders registered on the register of members on the record date or their proxies have the right to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. Regardless of attending the meeting by whatever means, the shareholders shall have the right to speak and vote at the shareholders' meeting, unless certain shareholders are required by the Hong Kong Listing Rules to abstain from voting on specific matters.

**Article 68** Shareholders may attend a shareholders' meeting in person or appoint proxies to attend and vote on their behalf. Any shareholder who is entitled to attend and vote at the general meeting may appoint one or more proxies (who need not be a shareholder of the Company) to attend and vote on his behalf.

**Article 69** Individual shareholders attending the meeting in person shall produce their identity cards or other valid document or proof evidencing their identity. Where a proxy is appointed to attend the meeting, the proxy shall produce his own valid identity document and the power of attorney of the shareholder.

Corporate shareholders shall be represented by their legal representative or a proxy appointed by the legal representative to attend the meeting. Where the legal representative attends the meeting, he shall produce his own identity card and valid proof that he is the legal representative. Where a proxy is appointed to attend the meeting, the proxy shall produce his own identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder.

**Article 70** The power of attorney issued by a shareholder for appointing another person to attend the shareholders' meeting shall contain the following details:

- (1) the name of the appointer, the class and number of the Company's shares held;
- (2) the name of the proxy;
- (3) the specific instructions of the shareholder, including the instructions to vote for, against or abstain from voting on each item to be considered on the agenda of the shareholders' meeting;
- (4) the date of issuance and the validity period of the power of attorney;
- (5) the signature (or seal) of the appointer, if the appointer is a corporate shareholder, it shall be affixed with the seal of the legal entity or corporate shareholder entity;
- (6) other particulars as required by laws, regulations, regulatory legal documents, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

**Article 71** The power of attorney shall indicate that in the absence of specific instructions from the shareholder, whether the proxy may vote as he thinks fit.

**Article 72** Where the power of attorney for proxy of voting is signed by another person authorized by the appointor, the power of attorney or other authorizing document authorizing the signing shall be notarized. The notarized power of attorney or other authorizing document and the form of proxy for voting shall be kept at the domicile address of the Company or such other place as may be specified in the notice of convening the meeting.

Where a shareholder is a recognized clearing house (or its nominee), such shareholder may authorize one or more persons as it thinks fit to act as its representative at any shareholders' meeting or creditors' meeting; however, if more than one persons are authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The power of attorney shall be signed by a person authorized by the recognized clearing house. The persons so authorized may represent the recognized clearing house (or its nominee) to exercise rights (without the need to produce evidence of shareholding, notarized power of attorney and/or further evidence of due authorization) and shall enjoy the same statutory rights as other shareholders, including the rights to speak and vote, as if such person were an individual shareholder of the Company.

The proxy of voting shall be deposited at the domicile address of the Company or at such other place as specified in the notice of the meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the time appointed for voting. Where the power of attorney is signed by another person authorized by the appointor, the power of attorney or other authorizing document shall be notarized. The notarized power of attorney or other authorizing document and the form of proxy for voting shall be kept at the domicile address of the Company or such other place as may be specified in the notice of convening the meeting.

Where the appointor is a corporate legal person, its legal representative or board of directors, or a person authorized by resolution of other decision-making body shall attend the shareholders' meeting of the Company as its representative.

**Article 73** The register of attendees of the meetings shall be compiled by the Company. The register of meetings shall record the names of the persons (or names of entities) attending the meetings, their identity card numbers, address of residence, the number of shares with voting rights held or represented, and the names of their principals (or the names of their entities), etc.

**Article 74** The convener and the lawyers (if any) appointed by the Company shall jointly verify the legitimacy of the eligibility of shareholders according to the register of members provided by the securities depository and clearing institution, and register the names of shareholders and the number of voting shares held by them. Registration for the meeting shall be closed before the chairman of the meeting announces the number of shareholders and proxies present at the meeting and the total number of shares with voting rights held by them.

**Article 75** When a shareholders' meeting is held, all directors of the Company and the secretary to the Board shall attend the meeting, the general manager and other members of the senior management shall attend the meeting as non-voting attendees.

If the shareholders' meeting requires any director or member of the senior management to attend the meeting, such director or member of the senior management shall be present as non-voting attendees and accept questions from the shareholders.

**Article 76** Shareholders' meetings are chaired by the Chairman of the Board of Directors. When the Chairman of the Board of Directors is unable or fails to perform his duties, a director jointly elected by a majority of the directors shall preside over the meeting.

Where a shareholders' meeting is convened by the Audit Committee, it shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his duties, a member of the Audit Committee jointly elected by a majority of the members of the Audit Committee shall preside over the meeting.

Where a shareholders' meeting is convened by the shareholders on their own initiative shall be presided over by a representative recommended by the convener.

When holding a shareholders' meeting, if the chairman of the meeting violates the rules of procedure such that the shareholders' meeting is impossible to proceed, with the consent of a majority of the shareholders with voting rights present at the shareholders' meeting, the shareholders' meeting may elect a person to act as the chairman of the meeting and continue the meeting.

**Article 77** The Company shall formulate the rules of procedure for shareholders' meeting, which stipulate in detail the procedures for holding and voting of the shareholders' meetings, including notification, registration, consideration of proposals, voting, vote counting, announcement of voting results, formation of resolutions, minutes of meetings and the signing thereof, and announcements, as well as the principles of authorizing the Board of Directors by the shareholders' meeting, the authorization content shall be clear and specific. The rules of procedure of the shareholders' meeting shall be attached to the Articles of Association in the form of an appendix, which shall be formulated by the Board of Directors and approved by the shareholders' meeting.

**Article 78** At the annual general meeting, the Board of Directors and the Audit Committee shall report their work for the past year to the shareholders' meeting. The independent directors shall also present an annual work report in compliance with the requirements of the relevant laws and regulations to the annual general meeting of the Company.

**Article 79** The directors and senior management shall provide explanations and clarifications to the questions and suggestions raised by the shareholders at the shareholders' meetings.

**Article 80** The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them before voting takes place. The number of shareholders and proxies present at the meeting and the total number of voting shares held by them are subject to the record of registration at the meeting.

**Article 81** The shareholders' meetings shall have minutes of meetings which shall be kept by the secretary to the Board. The minutes of meetings record the following details:

- (1) the time, place, agenda and name of the convener of the meeting;
- (2) the chairman of the meeting and the names of the directors, general manager and other members of the senior management present at the meeting;

- (3) the number of shareholders and their proxies attending the meeting, the total number of shares with voting rights held by them and their proportion to the total number of shares of the Company;
- (4) the deliberation process, key points of speech and voting results of each proposal;
- (5) the queries, opinions or suggestions from shareholders and the corresponding replies or explanations;
- (6) the names of lawyers, vote counters and scrutineers;
- (7) other matters which should be recorded in the minutes of meeting as required by the Articles of Association and the laws, regulations, regulatory legal documents, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

**Article 82** The convener shall ensure the truthfulness, accuracy and completeness of the minutes of meetings. The directors, the secretary to the Board, the convener or his representative, and the chairman of the meeting who are present at the meeting shall sign on the minutes of the meeting. The minutes of the meeting shall be kept together with the signature register of the shareholders present in person, the proxy forms of the proxies attending the meeting, and the valid materials of communication and other voting methods, for a period of not less than 10 years.

**Article 83** The convener shall ensure that the shareholders' meeting shall be held continuously until a final resolution is reached. If the shareholders' meeting is suspended or unable to pass a resolution due to special reasons such as force majeure, necessary measures shall be taken to resume convening the shareholders' meeting as soon as possible or terminate the current shareholders' meeting directly, and inform all shareholders in a timely manner.

**Article 84** If online voting is provided when convening the annual general meeting and the shareholders' meetings, a lawyer shall be engaged to issue legal opinions on the meeting affairs such as convening of shareholders' meeting, procedure of holding the meeting, eligibility of persons attending the meeting, qualification of the convener, voting procedure and poll results.

## **Section 6 Voting and Resolutions of Shareholders' Meeting**

**Article 85** Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies of shareholders) present at the meeting.

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

**Article 86** The following matters shall be passed by ordinary resolutions at the shareholders' meeting:



- (1) The work report of the Board of Directors;
- (2) The profit distribution plan and loss recovery plan proposed by the Board of Directors;
- (3) The appointment and dismissal of members of the Board of Directors and their remuneration and payment methods;
- (4) Appointment or dismissal of accounting firms or approving resolution on the remuneration arrangement for accounting firms;
- (5) Annual report of the Company;
- (6) Other matters except for those required to be passed by a special resolution as stipulated by the laws, administrative regulations, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 87** The following matters shall be passed by special resolutions at the shareholders' meeting:

- (1) The increase or decrease of the Company's registered capital;
- (2) The division, merger, dissolution, change of corporate form and liquidation of the Company;
- (3) Amendments to the Articles of Association;
- (4) Matters of guarantees stipulated in Article 48;
- (5) The amount of major assets sold, purchased or replaced or the amount of guarantee provided within one year by the Company exceeds 30% of the Company's latest audited total assets;
- (6) Equity incentive schemes;
- (7) Other matters stipulated by laws, administrative regulations, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, as well as matters resolved at the shareholders' meeting by ordinary resolution to have significant impact on the Company and are required to be passed by special resolution.

**Article 88** Shareholders (including proxies of shareholders) exercise their voting rights according to the number of voting shares they represent, with each share carrying one vote, except under the circumstances where the cumulative voting system is adopted. When a poll is taken, the shareholders (including their proxies) who have the right to two or more votes need not cast all his/her votes in the same way.

No voting rights is attached to the Company's shares held by the Company, and such shares shall not be counted in the total number of voting shares present at the shareholders' meeting.



The resolutions pursuant to Rules 2.2 and 2.10 of the Code on Takeovers and Mergers and Rule 3.3 of the Code on Share Buy-back issued by the Securities and Futures Commission of Hong Kong and other resolutions pursuant to the relevant requirements of the Hong Kong Listing Rules, the Code on Takeovers and Mergers and the Code on Share Buy-back as amended from time to time, which shall be approved only by resolutions passed by shareholders of H Shares, shall be passed only at the shareholders' meeting of H Shares.

The controlled subsidiaries of the Company shall not acquire the shares of the Company. If shares are held due to special reasons, such circumstances should be removed within one year. Prior to the removal of such circumstances, the relevant subsidiaries shall not exercise the corresponding voting rights of the shares held, and such shares will not be included in the total number of shares with voting rights present at the shareholders' meeting.

The same voting right may select only one voting method, either on-site, online or other voting method.

The Board of Directors and shareholders eligible under the relevant requirements may solicit voting rights from shareholders of the Company at the shareholders' meeting.

The Company's Board of Directors, independent directors, shareholders holding more than 1% of voting shares, or the investor protection institution established pursuant to the requirements of the laws, administrative regulations or CSRC, may openly solicit voting rights of shareholders. Soliciting the voting rights of shareholders shall fully disclose information, such as the specific voting intention, to those being solicited. Soliciting voting rights from shareholders for a consideration or a modified form of consideration is forbidden. Apart from statutory conditions, the Company shall not impose a minimum limit of shareholding ratio in soliciting voting rights.

**Article 89** When shareholders are related and/or connected to the matters being considered by the shareholders' meeting, they shall proactively declare the related/connected relationship to the shareholders' meeting and abstain from voting, the shares with voting rights held by them will not be counted in the total number of shares with voting rights present at the shareholders' meeting. If such shareholders fail to declare proactively about the related/connected relationship and recuse from deliberation, other shareholders may request them to explain the situation and recuse from deliberation. The Board of Directors shall examine whether the shareholders are related/connected shareholders and whether such shareholders should recuse from deliberation before issuing the notice of shareholders' meeting in accordance with the laws, regulations, the National Equities Exchange and Quotations Co., Ltd., Hong Kong Listing Rules and other provisions and/or guidelines of the Hong Kong Stock Exchange, and make disclosure on the related/connected parties involved in the proposal intended for deliberation in the notice of shareholders' meeting.

When the shareholders' meeting deliberates on the relevant related/connected transaction, the related/connected shareholders shall attend the meeting. The related/connected shareholders shall not participate in voting, all the shares with voting rights represented by such shareholders are not counted in the total number of valid votes. The resolution of the shareholders' meeting shall fully disclose the voting result of non-related/non-connected shareholders. The related/connected shareholders who should recuse from deliberation may participate in the discussion on the related/connected transaction involving themselves, and to give explanation and description on matters such as the reasons for the occurrence of such related/connected transaction, the basic information about the transaction, whether it is fair and lawful.

If all shareholders of the Company have related/connected relationship with the matter under deliberation, all shareholders are not required to recuse, the shareholders' meeting will be conducted as usual, but the matter under deliberation shall be approved by the voting rights held by all shareholders.

**Article 90** When the shareholders' meeting deliberates on a matter with related/connected relationship, the recusal and voting procedures of the related/connected shareholders are as follows:

- (1) if the matter considered by the shareholders' meeting is related/connected to a shareholder, the shareholder shall disclose his related/connected relationship to the Company's Board of Directors before convening the shareholders' meeting;
- (2) when the shareholders' meeting is considering the relevant related/connected transaction, the chairman of the meeting shall announce the list of shareholders with related/connected relationship, explain and clarify the related/connected relationship between the related/connected shareholders and the related/connected transaction;
- (3) the chairman shall announce the recusal of related/connected shareholders, and the total number of shares with voting rights held by non-related/non-connected parties present at the meeting and the percentage in the total shares of the Company, then the non-related/non-connected shareholders shall deliberate and vote on the related/connected transactions;
- (4) the resolution on a related/connected transaction shall be approved by a majority of voting shares held by the non-related/non-connected shareholders present at the meeting. If the matter is within the scope of a special resolution, it shall be approved by more than two-thirds of the shares with voting rights held by the non-related/non-connected shareholders present at the meeting;
- (5) if the related/connected shareholders fail to disclose the related/connected relationship or recuse from the related/connected issue in accordance with the above procedures, the resolution on the related/connected issue shall be invalid.

**Article 91** Except in special circumstances such as in a crisis of the Company, the Company will not, without a special resolution of the shareholders' meeting, enter into any contract with persons other than directors, general manager and members of the senior management that entrusts the management of all or significant parts of the Company's business.

**Article 92** Subject to ensuring a lawful and valid shareholders' meeting, the Company shall provide convenience to shareholders attending the shareholders' meeting through various methods and channels, including the provision of modern information technology means including the provision of a communication platform.

**Article 93** The list of candidates for directors shall be submitted in a form of a proposal to the shareholders' meeting for voting.

The nomination method and procedure for directors are as follows:

The Board of Directors or the shareholders who individually or jointly hold more than 3% of the shares of the Company for more than 90 days consecutively have the right to nominate candidates for directors, except independent directors, to the Board of Directors, the Board of Directors or the shareholders who individually or jointly hold more than 1% of the voting shares of the Company have the right to nominate candidates for independent directors. The Board of Directors shall, after seeking the views of the nominated person and his qualifications for appointment, submit a proposal to the shareholders' meeting.

The candidate of director shall make undertakings before convening the shareholders' meeting that he has agreed to accept the nomination, the disclosed information of the candidate of director is true and complete, and has promised to perform the duties of director practicably after being elected.

The Board of Director shall inform the shareholders about the brief biographical details and basic information of the candidate of director.

When the shareholders' meeting conduct voting on the election of directors, the cumulative voting system may be adopted according to the provisions of the Articles of Association. When the shareholders' meeting elects more than two independent directors, the cumulative voting system shall be implemented. The cumulative voting system means that when electing directors at a shareholders' meeting, each share shall have the same number of votes as the number of directors being elected, and shareholders may use their voting rights in a centralized manner.

The appointment qualifications for candidates of directors shall comply with the requirements of, among others, laws and regulations, departmental rules, business rules and the Articles of Association.

**Article 94** Except for those resolutions subject to the cumulative voting system, all resolutions shall be voted on one by one at the shareholders' meetings. If there are different resolutions on the same matter, such resolutions shall be voted on in the chronological order in which they were proposed. The shareholders shall not vote in favour of different proposals on the same matter at the same time at the shareholders' meeting. Unless a shareholders' meeting is suspended or no resolution can be passed at the meeting due to special reasons such as force majeure, the voting on resolutions shall not be postponed or cancelled at the shareholders' meeting.

**Article 95** A resolution shall not be revised when it is considered at a shareholders' meeting. If there is any amendment, it shall be regarded as a new resolution and shall not be voted on at the current shareholders' meeting.

**Article 96** Each voting right may only be exercised by either on-site or online or by any one other voting method. In the event of repeated exercise of the same voting right, the first vote cast shall prevail.

**Article 97** Voting at a shareholders' meeting shall be conducted by way of registered poll.

**Article 98** Before voting on a resolution at a shareholders' meeting, two shareholders' representatives shall be elected to participate in vote-taking and scrutinizing. If the matters being considered is related (connected) to a shareholder, the relevant shareholder and its proxy shall not participate in vote-taking and scrutinizing.

When voting on a resolution at the shareholders' meeting, vote-taking and scrutinizing shall be jointly responsible by lawyers (if any) and shareholders' representatives, the poll result shall be announced immediately on-site, and the poll result of the resolution shall be recorded in the minutes of meeting.

The shareholders of the Company or their proxies who vote through communication or other means shall have the right to inspect their own voting results.

**Article 99** After conclusion of the shareholders' meeting, the chairman of the meeting shall announce the voting status and poll result of each resolution and declare whether the resolution has been passed according to the poll result.

Prior to the formal announcement of the poll result, all relevant parties at the shareholders' meeting, whether voting on-site, by communication and other means, including the Company, the vote-taking persons, scrutineers, substantial shareholders, shall comply with the obligation of confidentiality.

**Article 100** Shareholders attending the shareholders' meeting shall vote either "For," "Against," or "Abstain" on each proposal submitted for voting, except for the securities registry and clearing institution which acts as the nominal holder of stocks under the Inter-connected Mechanism for Trading on Stock Markets in the Mainland and Hong Kong shall report on the voting intentions of the de facto holders.

Ballots that are blank, incorrectly filled, illegible, or not submitted shall be deemed as an abstention, and the shares represented shall be counted as "Abstain."

**Article 101** If the chairman of the meeting has any doubt about the result of a resolution submitted for voting, he may organize a recount of the votes cast. If the chairman of the meeting does not conduct a recount, and a shareholder or proxy attending the meeting objects to the result announced by the chairman, he shall have the right to demand a recount immediately after the announcement of the voting result, and the chairman shall immediately organize a recount.

**Article 102** The resolutions of a shareholders' meeting shall be announced in a timely manner, the resolutions shall specify the shareholders present at the meeting and the number of proxies, the total number of shares with voting rights held by them and their proportion to the Company's total number of shares with voting rights, the voting methods, the poll result of each resolution and details of each of the resolutions passed.

**Article 103** If a resolution is not passed, or if a resolution of the previous shareholders' meeting is revised at the current shareholders' meeting, a special reminder shall be given in the announcement of the resolutions of the shareholders' meeting.

**Article 104** If resolutions on the election of directors are passed at the shareholders' meetings, the new directors shall take office on the date of passing the resolutions at the shareholders' meetings.

**Article 105** If resolutions on the distribution of cash dividends, bonus issue, or capitalization of capital reserves are passed at a shareholders' meeting, the Company shall implement the specific plans within 2 months after the conclusion of the shareholders' meeting.

## Chapter 5 Board of Directors

### Section 1 Directors

**Article 106** A director of the Company is a natural person and may not act as a director of the Company under any of the following circumstances:

- (1) if he/she is incapable or has limited capacity to perform civil conducts;
- (2) if he/she is sentenced for corruption, bribery, misappropriation of property, embezzlement, or disruption of the socialist market economy order, or if his/her political rights are deprived due to criminal activity, and the period of execution has not exceeded five years, or if one is granted probation, and the probationary period has not exceeded two years from the date of its expiry;
- (3) if he/she was a director of a company or an enterprise or a manager of a factory that declared bankrupt and liquidated, and he/she was personally liable for the bankruptcy of such company or enterprise, less than three years have elapsed since the completion of the bankruptcy and liquidation of such company or enterprise;
- (4) if he/she was the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to violation of the laws, and he/she was personally liable, less than 3 years have elapsed since the date of revocation of the business license or the date of closure order of such company or enterprise;
- (5) if he/she is listed as dishonest person subject to execution by the People's Court for a relatively large amount of personal debts that are due and remain outstanding;
- (6) if he/she is banned from entering the securities market by the CSRC or is recognized as an improper person, and the prohibition period has not yet expired;
- (7) if he/she has been subject to a disciplinary action as determined by the NEEQ Company or a stock exchange that he or she is unsuitable to serve as a director or senior management officer of a company, and the sanction period has not yet expired;
- (8) under other circumstances as stipulated by the CSRC, the NEEQ Company, laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the securities regulatory rules of the places where the Company's shares are listed.

Any election or appointment of directors in violation of the provisions of this Article shall be invalid.

If a director falls under any of the circumstances described in this Article during his/her term of office, the general meeting shall remove him/her from office.

**Article 107** Directors shall be elected or replaced by the shareholders' meeting. Each director shall hold office for a term of three years, and upon expiry of such term may be re-elected for consecutive terms. However, any independent non-executive director who has served as such for nine years or more shall not be retained by the Company upon conclusion of the annual general meeting held after the expiry of that nine-year term.

The term of office of a director shall commence on the date of appointment and shall continue until the expiry of the current term of the Board of Directors. Should a director's term expire without timely re-election, the incumbent director shall continue to perform their duties in accordance with the provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or other securities regulatory rules applicable to the Company's listing location, and the Articles of Association, until the newly elected director assumes office.

A director may concurrently hold the position of manager or other senior management personnel; however, the aggregate number of directors concurrently holding such managerial or senior management positions, together with directors serving as employee representatives, shall not exceed one-half of the total number of directors of the Company.

**Article 108** Directors shall abide by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed and the Articles of Association and have a duty of loyalty to the Company. Directors shall take measures to avoid conflict between their own interests and those of the Company and shall not use their positions and powers to benefit from improper gains. Directors owe the following fiduciary duties to the Company:

- (1) Not to accept bribery or other illegal income, or misappropriate property of the Company, by taking advantage of his/her position and power;
- (2) Not to misappropriate funds of the Company;
- (3) Not to allow Company's assets or funds to be deposited in accounts opened in his/her own name or in the names of other individuals;
- (4) Not to violate the provisions of the Articles of Association by lending the Company's funds to others or using the Company's property to provide security for others without consent of the shareholders' meeting or the Board of Directors;
- (5) Not to enter into contracts or conduct transactions with the Company in violation of the provisions of the Articles of Association or without consent of the shareholders' meeting;
- (6) Without consent of the shareholders' meeting, not to take advantage of his/her position to seek for himself/herself or others any business opportunities that should belong to the Company, except under circumstances where the matter has been reported to the Board of Directors or the shareholders' meeting and has been resolved and approved by the shareholders' meeting, or the Company is forbidden to make use of such business opportunities pursuant to the laws, administrative regulations or the Articles of Association;
- (7) Not to operate the same kind of business as the Company for himself/herself or others without consent of the shareholders' meeting in violation of the provisions of the Articles of Association;
- (8) Not to accept the commission of transactions with the Company as its own;
- (9) Not to disclose the Company's secrets without authorization;



- (10) Not to take advantage of his/her related and/or connected relationship to harm the interests of the Company;
- (11) Other obligations of fiduciary duties as required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

A director and an associate of a director (as defined under the Hong Kong Listing Rules) entering into a contract or a transaction with the Company shall be conducted in accordance with the connected transaction requirements under the Hong Kong Listing Rules.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company. If a director violates any laws, administrative regulations or the Articles of Association in the performance of his duties and causes losses to the Company, he/she shall be liable for compensation.

When close family members of the directors and senior management officers, the enterprises controlled directly or indirectly by the directors, senior management officers or their close family members, and associates with other related and/or connected relationship with the directors and senior management officers, enter into contracts or transactions with the Company, the provisions of item (5) in the first paragraph of this Article are applicable.

**Article 109** Directors shall abide by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed and these Articles of Association, owe a duty of diligence to the Company, shall perform duties in the best interest of the Company with reasonable attention and care as normally expected from managing personnel. Directors owe the following duty of diligence to the Company:

- (1) to exercise the rights conferred by the Company prudently, conscientiously and diligently and ensure that the Company's business conducts comply with the requirements of national laws, administrative regulations and various national economic policies, and the business activities do not exceed the business scope as stipulated in the business license;
- (2) to treat all shareholders fairly;
- (3) to keep informed of the business operation and management of the Company in a timely manner;
- (4) to sign written confirmation of the periodic reports of the Company and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (5) other duties of diligence as required by laws, administrative regulations, departmental regulations, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed and these Articles of Association.

**Article 110** A director who fails to attend Board meetings in person on two consecutive occasions and does not appoint another director to attend on his/her behalf shall be deemed incapable of performing his/her duties, and the Board of Directors shall propose to the shareholders' meeting that he/she be removed.



**Article 111** A director may resign before the expiry of his/her term of office. A director who resigns shall submit a written resignation report to the Board of Directors and shall not evade his/her duties by way of resignation or otherwise. The Board of Directors shall disclose the relevant circumstances in accordance with applicable laws and regulations and the Hong Kong Listing Rules.

Except where a director's resignation would cause the Board to fall below the statutory minimum quorum, or where the resignation of an independent non-executive director would result in the proportion of independent non-executive directors on the Board or its specialized committees failing to meet statutory or Articles of Association requirements, or where the Board would lack an independent non-executive director with accounting expertise, a director's resignation shall take effect upon delivery of the resignation notice to the Board of Directors. In the aforesaid circumstances, the resignation report shall become effective only after the succeeding director fills the vacancy caused by the resignation.

Before the resignation report becomes effective, the director intending to resign shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association. In the event of the aforesaid circumstances, the Company shall complete the replacement of the director within 2 months.

Subject to compliance with laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed, where the Board of Directors appoints a director to fill a temporary vacancy, the term of office of such appointed director shall last until the first annual shareholders' meeting of the Company after his/her appointment, at which time he/she shall be eligible for re-election.

**Article 112** The Company shall establish a management system for directors' departure, specifying safeguards for pursuing accountability and compensation regarding unfulfilled public commitments and other outstanding matters. Upon resignation taking effect or term expiry, directors shall complete all handover procedures with the Board of Directors. Their fiduciary duties to the Company and shareholders shall not automatically cease upon term conclusion but shall remain valid for two years thereafter. Liabilities incurred by directors during their tenure arising from the performance of their duties shall not be exempted or terminated upon their departure.

**Article 113** The shareholders' meeting may remove a director by ordinary resolution, and such removal shall become effective on the date the resolution is passed. A director who is removed before the expiry of his/her term without justifiable reasons may demand compensation from the Company.

**Article 114** No director shall act in his/her personal capacity on behalf of the Company or the Board of Directors unless so provided for in the Articles of Association or with the lawful authorization of the Board of Directors. Where a director acts in his/her personal capacity, and a third party would reasonably assume that the director is acting on behalf of the Company or the Board of Directors, the director shall declare his/her position and identity beforehand.

**Article 115** Where a director violates laws, administrative regulations, departmental rules or the Articles of Association in the execution of his/her duties with the Company, thereby causing losses to the Company, he/she shall be liable for compensation.

**Article 116** Independent directors shall perform their duties in accordance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed, the relevant provisions of the CSRC and the National Equities Exchange and Quotations.

## **Section 2 Board of Directors**

**Article 117** The Company shall establish a Board of Directors which shall be accountable to the shareholders' meeting.

**Article 118** The Board of Directors consists of 5-9 directors, who are elected by the shareholders' meeting of the Company. The Company shall have a Chairman of the Board.

**Article 119** The Board of Directors shall exercise the following functions and powers:

- (1) To convene shareholders' meetings and reporting its work to the shareholders' meeting;
- (2) To implement resolutions of the shareholders' meetings;
- (3) To decide on the business plans and investment proposals of the Company;
- (4) To formulate the profit distribution plans and loss make-up plans of the Company;
- (5) To prepare periodic reports or summaries of such periodic reports of the Company;
- (6) To formulate plans on the increase or decrease of registered capital, repurchase of the Company's shares, issuance of bonds, convertible bonds or other securities, and equity incentive plans;
- (7) To formulate plans for material acquisitions, purchase of the Company's shares, merger, division, dissolution and change of corporate form;
- (8) To make decisions on the Company's external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted financial management, related and/or connected transactions, external donations, etc. within the scope authorized by the shareholders' meeting;
- (9) To decide on the establishment of the internal management institutions of the Company;
- (10) To decide on the appointment or dismissal of the Company's general manager, deputy general manager and the secretary to the Board of Directors; to appoint or remove the senior management personnel such as the chief financial officer and the secretary to the Board of Directors of the Company according to the nominations of the general manager, and to decide on their remuneration, rewards and punishments;
- (11) To formulate the basic management system of the Company;
- (12) To formulate the proposal for amendment to the Articles of Association;
- (13) To manage information disclosure by the Company;

- (14) To propose to the shareholders' meeting the appointment or dismissal of the accounting firm to be the auditor of the Company;
- (15) To hear work report of the general manager of the Company and inspect the work of the general manager;
- (16) To discuss and evaluate whether the corporate governance mechanism provides all shareholders with appropriate protection and equal rights, and whether the corporate governance structure is reasonable and effective;
- (17) To perform other functions and powers conferred by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the shares of the Company are listed or the Articles of Association.

Any matters in respect of which the powers exercised by the Board of Directors are beyond the scope authorized by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

The Board of Directors of the Company shall establish the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee. These special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals shall be submitted to the Board of Directors for consideration and decision. The Board of Directors is responsible for formulating the working procedures of the special committees and standardizing the operation of the special committees.

Transactions (other than provision of guarantees) of the Company that meet any of the following criteria shall be submitted to the Board of Directors for consideration:

- (1) The total amount of assets involved in transactions (if both book value and appraised value are available, whichever is higher) accounts for more than 10% of the total assets of the Company for the latest period;
- (2) The trading amount of transaction accounts for more than 10% of the market capitalization of the Company;
- (3) The net asset value of the subject matter of transaction (such as equity) for the latest accounting year accounts for more than 10% of the market capitalization of the Company;
- (4) The relevant operating income of the subject matter of transaction (such as equity) for the latest accounting year accounts for more than 10% of the operating income of the Company for the latest accounting year, and exceeds RMB10 million;
- (5) The profit generated from transaction accounts for more than 10% of the net profit of the Company for the latest accounting year, and exceeds RMB1.5 million;
- (6) The relevant net profit of the subject matter (such as equity) of transaction for the latest accounting year accounts for more than 10% of the net profit of the Company for the latest accounting year, and exceeds RMB1.5 million.

**Article 120** The Board of Directors of the Company shall make explanations to the shareholders' meeting in respect of any non-standard audit opinion issued by the certified public accountants on the Company's financial reports.

**Article 121** The Board of Directors of the Company shall regularly evaluate the corporate governance mechanism, form an evaluation report before the annual shareholders' meeting on whether the corporate governance mechanism provides all shareholders with appropriate protection and equal rights and whether the corporate governance structure is reasonable and effective, and make a special report to the shareholders' meeting on the corporate governance mechanism. Such evaluation report shall be disclosed in the Company's annual report.

**Article 122** The Board of Directors shall formulate rules of procedure for Board meetings as an appendix to the Articles of Association, specifying the duties of the Board of Directors as well as the procedures for convening, holding and voting at Board meetings, and regulating the operating mechanism of the Board of Directors, which shall be submitted to the shareholders' meeting for approval to ensure that the Board of Directors implements the resolutions of the shareholders' meeting, improves work efficiency and guarantees scientific decision-making.

The Board of Directors shall determine the authority for external investments, acquisitions and disposals of assets, asset pledges, external guarantees, entrusted asset management, related-party and/or connected transactions, and external donations, establishing rigorous review and decision-making procedures. Significant investment projects shall be subject to evaluation by relevant experts and professionals, and submitted to the shareholders' meeting for approval.

**Article 123** The Chairman of the Board shall be elected by more than half of all directors of the Board of Directors.

**Article 124** The Chairman of the Board of Directors shall exercise the following powers:

- (1) To preside over the shareholders' meetings and to convene and preside over meetings of the Board of Directors;
- (2) To supervise and inspect the implementation of the resolutions of the Board of Directors;
- (3) To sign important documents of the Board of Directors;
- (4) To perform other functions and powers as delegated by the Board of Directors;
- (5) To exercise the functions and powers of legal representative;
- (6) In the event of emergency conditions under force majeure such as extraordinary natural disasters, exercise the special right to dispose of the Company's affairs in compliance with legal requirements and in the interest of the Company, and report to the Board of Directors and the shareholders' meeting of the Company afterwards;
- (7) To perform other functions and powers as delegated by the Articles of Association and the Board of Directors.

Significant matters shall be collectively decided by the Board of Directors, the Board of Directors shall not delegate statutory functions and powers to individual directors or other persons to be exercised by them.

**Article 125** Where the Chairman of the Board is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.

**Article 126** Board meetings are divided into regular meetings and extraordinary meetings.

The Board of Directors shall hold at least four meetings per year, approximately one meeting per quarter, and shall be convened by the Chairman of the Board. All directors and the general manager shall be served with a notice in writing 14 days before the meeting.

**Article 127** Shareholders representing more than one-tenth of the voting rights, more than one-third of the members of the Board of Directors or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman of the Board of Directors shall convene and preside over the meeting of the Board of Directors within 10 days after receiving the proposal.

**Article 128** Notices of extraordinary Board meetings shall be given by fax or telephone, with a notice period of 3 days.

In case of emergency requiring an extraordinary Board meeting to be convened as soon as possible, meeting notices may be given by telephone or other verbal means at any time, but the convener shall provide an explanation at the meeting.

**Article 129** Notices of Board meetings shall include the following:

- (1) Date and place of the meeting;
- (2) Duration of the meeting;
- (3) Matters and topics to be discussed;
- (4) Date of issuance of the notice;
- (5) Other contents required by laws, administrative regulations, departmental rules or normative legal documents, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed.

Agenda for Board meetings shall be prepared in advance and sufficient decision-making materials shall be provided.

**Article 130** Meetings of the Board of Directors should be held only with the presence of more than one-half of the directors. Unless otherwise provided by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed and the Articles of Association, resolutions of the Board of Directors must be passed by more than one-half of all the directors. Where there are special provisions in laws or administrative regulations, such special provisions shall prevail.

Voting on resolutions in the Board of Directors shall be conducted by one person, one vote.

**Article 131** Where a director is related and/or connected with the enterprise involved in the matters to be resolved at a Board meeting, he/she shall abstain from voting, shall not exercise voting rights on such resolution, and shall not vote on behalf of other directors. Such Board meeting may be held with the presence of more than half of the unrelated and/or unconnected directors, and resolutions made at the Board meeting must be passed by more than half of the unrelated and/or unconnected directors. If the number of unrelated and/or unconnected directors present at the Board meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.

**Article 132** The method of voting on resolutions of the Board of Directors shall be by a show of hands or by written ballot (including voting by facsimile).

Resolutions of regular Board meetings shall be signed in person by the attending directors on the meeting resolution.

Extraordinary Board meetings may, on the premise of ensuring full expression of opinions by directors, be conducted and resolved by fax, circulation of written resolutions or other methods recognized by the Board of Directors.

**Article 133** Board meetings shall be attended by directors in person. If a director is unable to attend for any reason, he/she may appoint another director in writing to attend on his/her behalf, and the proxy shall specify the name of the proxy, matters entrusted, scope of authorization and validity period, and be signed or sealed by the principal. The director attending on behalf of another shall exercise the rights of a director within the scope of authorization. A director who fails to attend a Board meeting and does not appoint a representative to attend shall be deemed to have waived his/her voting rights at that meeting.

**Article 134** Directors shall sign the Board resolutions and be responsible for such resolutions.

Where a Board resolution violates laws, administrative regulations or the Articles of Association, resulting in material losses to the Company, the directors who participated in the resolution shall be liable for compensation to the Company. However, a director who is proven to have expressed dissent during voting and such dissent is recorded in the minutes may be exempted from liability.

**Article 135** The Board of Directors shall keep minutes of its decisions on matters discussed at meetings, and such minutes shall be true, accurate and complete. The directors, secretary to the Board and minute-taker attending the meeting shall sign the minutes. Minutes of Board meetings shall be properly kept as company archives for a period of not less than 10 years.

Minutes of Board meetings shall include the following:

- (1) Date and place of the meeting and name of the convener;
- (2) Names of directors present and names of directors (proxies) attending on behalf of others;



- (3) Agenda of the meeting;
- (4) Key points of directors' speeches;
- (5) Voting method and result of each resolution (specifying the number of votes in favor, against or abstained);
- (6) Other matters that attending directors consider should be recorded;
- (7) Other contents required by laws, administrative regulations, departmental rules or normative legal documents, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed.

### **Section 3 Special Committees under the Board of Directors**

**Article 136** The Company's Board of Directors establishes the Audit Committee to exercise the functions and powers of the Board of Supervisors as stipulated in the Company Law. The Audit Committee is accountable to the Board of Directors and performs its duties in accordance with this Articles of Association and the authorization of the Board of Directors. Proposals of the Audit Committee shall be submitted to the Board of Directors for review and decision. The Board of Directors is responsible for formulating working procedures for special committees to standardize their operations.

**Article 137** The Audit Committee shall consist of three members, all of whom shall be directors not serving as senior management of the Company. Among them, there shall be three independent directors, and the convener shall be an accounting professional from among the independent directors.

**Article 138** The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all members of the Audit Committee:

- (1) Disclose financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;
- (2) Engagement or dismissal of the accounting firm responsible for the audit of the listed company;
- (3) Appointment or dismissal of the Company's chief financial officer;
- (4) Changes in accounting policies, accounting estimates or major accounting error corrections for reasons other than changes in accounting standards;
- (5) Other matters required by laws, administrative regulations, the CSRC and the Articles of Association.

**Article 139** The Audit Committee shall hold meetings at least once each quarter. Interim meetings may be convened upon the proposal of two or more members or when the convener deems it necessary. A meeting of the audit committee shall be held only if at least two-thirds of its members are present.

Resolutions of the Audit Committee shall be adopted by an affirmative vote of more than half of its members.

Voting on resolutions of the Audit Committee shall be one person, one vote.

Resolutions of the Audit Committee shall be recorded in meeting minutes as required, and the members of the Audit Committee present at the meeting shall sign the minutes.

## **Chapter 6 General Manager and Other Senior Management Members**

**Article 140** The Company has one general manager, to be appointed or dismissed by the Board of Directors.

The Company shall have a chief financial officer, deputy general manager and secretary to the Board of Directors. The chief financial officer and deputy general manager shall be nominated by the general manager and to be appointed or dismissed by the Board of Directors; the secretary to the Board shall be nominated by the Chairman of the Board and to be appointed or dismissed by the Board of Directors.

The qualifications of candidates for senior management officers shall comply with laws and regulations, department rules, business rules and the Articles of Association of the Company. As senior management personnel, the person in charge of finance shall, in addition to the qualifications prescribed in the Articles of Association, hold the professional and technical qualifications for accountants or above, or have the professional knowledge background in accounting and have been engaged in accounting for more than three years.

**Article 141** The circumstances under the Articles of Association in which a person may not serve as a director shall also apply to senior management officers.

**Article 142** The provisions of the Articles of Association regarding the fiduciary duties of directors and the diligence duties in items (4), (5) of Article 109 shall also apply to senior management officers.

Persons who hold administrative positions other than director in the entities of the controlling shareholder or de facto controller of the Company shall not serve as senior management officers of the Company.

Senior management officers of the Company shall receive remuneration only from the Company and shall not have their salaries paid by the controlling shareholder on behalf of the Company.

**Article 143** Each term of office for the general manager is 3 years, and the general manager may be reappointed for consecutive appointments.

**Article 144** The general manager shall be accountable to the Board of Directors and exercises the following functions and powers:

- (1) To be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report to the Board of Directors;

- (2) To organize the implementation of the annual business plan and investment plan of the Company;
- (3) To formulate the plan for the establishment of the internal management structure of the Company;
- (4) To formulate the basic management system of the Company;
- (5) To formulate the specific rules of the Company;
- (6) To make proposal to the Board of Directors on the appointment or dismissal of other senior management officers of the Company;
- (7) To decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board of Directors;
- (8) To submit the annual business report of the previous year to the Board of Directors within three months after the end of each accounting year, and to submit the annual business plan of the following year to the Board of Directors within three months before the end of each accounting year and at least one month before the end of each accounting year;
- (9) Other functions and powers as conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors as non-voting attendees.

**Article 145** The general manager shall formulate detailed working rules for the general manager, which shall be implemented after approval by the Board of Directors.

**Article 146** The detailed working rules for the general manager shall include the following:

- (1) Conditions, procedures and participants for convening general manager meetings;
- (2) Specific duties and division of work of the general manager and other senior management officers;
- (3) Authority for use of Company funds and assets, signing of major contracts, and reporting system to the Board of Directors;
- (4) Other matters deemed necessary by the Board of Directors.

**Article 147** The Company has a secretary to the Board of Directors, who is responsible for the preparation of shareholders' meetings and meetings of the Board of Directors, keeping documents in safe custody, managing information of shareholders of the Company and handling information disclosure affairs.

The secretary to the Board of Directors shall comply with the relevant requirements of the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

**Article 148** Senior management officers may resign before the expiry of their term of office. A senior management officer who resigns shall submit a written resignation report and shall not evade his/her duties by way of resignation or otherwise.

Unless the transfer of duties has not completed and the relevant announcement has not been disclosed in respect of the resignation of the secretary of the board of directors, the resignation of senior management officers shall take effect from the time the resignation report reaches the Board of Directors. In the aforesaid case, the resignation report shall become effective only after the secretary to the Board of Directors completes the work handover and relevant announcements are disclosed.

Before the resignation report becomes effective, the secretary to the Board of Directors intending to resign shall continue to perform his/her duties. In the event of the aforesaid circumstances, the Company shall complete the replacement of the secretary to the Board of Directors within 2 months.

**Article 149** The Company shall be liable for compensation if the senior management officers cause damage to others in the performance of their duties; the senior management officers shall also be liable for compensation if they are intentional or grossly negligent.

Senior management officers who violate laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association in the performance of their duties and cause losses to the Company shall be liable for compensation.

Senior management officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

Where a senior management officer of the Company fails to faithfully perform his/her duties or breaches the obligation of integrity, thereby causing damage to the interests of the Company and public shareholders, he/she shall be liable for compensation in accordance with the law.

## **Chapter 7 Financial Accounting System, Profit Distribution and Audit**

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

**Article 150** The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations and provisions of relevant state authorities. Where the securities regulatory authority of the place where the Company's shares are listed has other provisions, such provisions shall prevail.

**Article 151** The Company shall prepare a financial accounting report after the end of each accounting year. The Company shall prepare its annual financial accounting report within 4 months after the end of each accounting year and prepare an interim financial accounting report within 2 months after the end of the first 6 months of each accounting year.

The above financial accounting reports shall be prepared in accordance with the relevant laws, administrative regulations, departmental regulations, the Hong Kong Listing Rules and the securities regulatory rules of the places where the shares of the Company are listed.

**Article 152** The Company shall not maintain any accounting books other than the statutory accounting books.

The Company's assets shall not be deposited in any account opened in the name of any individual.

## **Section 2 Profit Distribution**

**Article 153** When distributing the after-tax profit of current year, the Company shall appropriate 10% of the profit for transfer to the statutory reserve of the Company. If the accumulated amount of the Company's statutory reserve is more than 50% of the Company's registered capital, further appropriation is not necessary.

If the statutory reserve of the Company is insufficient to cover for the losses of the previous years, the profit for the current year shall be used to cover the losses before making appropriation to the statutory reserve in accordance with the preceding paragraph.

After making appropriation from the after-tax profit to the statutory reserve, the Company may also make further appropriation to the discretionary reserve from the after-tax profit upon approval by a resolution passed at the shareholders' meeting.

The remaining after-tax profit of the Company after making up losses and making appropriations to reserves shall be distributed in accordance with the proportion of shares held by shareholders.

If the shareholders' meeting violates the provisions of the preceding paragraph by distributing profits to shareholders before the Company makes up losses and makes appropriation to the statutory reserve, the shareholders must return the profit distributed in violation of the provisions to the Company; if any losses are caused to the Company, the shareholders and the responsible directors and senior management personnel shall be liable for compensation.

Shares of the Company held by the Company do not participate in the distribution of profit.

**Article 154** The reserves of the Company are used to cover the losses of the Company, expand the production and operation of the Company or increase the capital of the Company. In making up losses incurred by the Company with the reserves, discretionary reserve and statutory reserve shall be used first; if the losses cannot be offset, the capital reserve may be used in accordance with the relevant provisions.

When the statutory reserve is converted into capital, the balance of such reserve shall not be less than 25% of the registered capital of the Company before the capitalization.

**Article 155** After the shareholders' meeting of the Company resolves on the profit distribution plan, the Board of Directors of the Company must complete the distribution of dividends (or shares) within 2 months after the shareholders' meeting is held.

**Article 156** The profit distribution policy of the Company is that, after paying taxes in accordance with the law and appropriating statutory reserve and discretionary reserve, distribution shall be made in proportion to each party's share in the registered capital of the Company.

**Article 157** The profit distribution policy of the Company is as follows:

- (1) Principles of profit distribution: The Company shall pay attention to the reasonable investment returns for investors as well as the sustainable development of the Company in profit distribution. The Board of Directors and the shareholders' meeting of the Company shall give full consideration to the opinions of directors and public investors in the decision-making and discussion process of the profit distribution policy.
- (2) Form of profit distribution: The Company may distribute profits in cash, shares or a combination of cash and shares or in other forms permitted by laws and regulations.
- (3) Interim dividends may be distributed to the extent permitted by the Company's size of profit for the current period, cash flow position and capital demand.
- (4) Conditions and proportion of cash dividend distribution by the Company: The Company may distribute dividends in cash when the Company's profit for the current year and the accumulated undistributed profit are positive, and there is no significant investment plan or material cash expenditure event that affects the profit distribution. Whether the Company will distribute profits in cash and the proportion of such profit distribution to the distributable profits of the parent company in the audited financial statements shall be considered and approved by the shareholders' meeting of the Company.
- (5) Conditions for distribution of share dividends: When the Company is in good operating condition and the Board of Directors considers that the distribution of share dividends is beneficial to the interest of all the shareholders of the Company as a whole, it may propose a distribution plan of share dividends and submit to the shareholders' meeting for consideration and approval.
- (6) Principles of use of undistributed profits: The Board of Directors shall explain the plan for the use of retained undistributed profits in the profit distribution plan submitted to the shareholders' meeting. The undistributed profits, in principle, may be converted into capital or distributed as dividends according to the resolutions of the shareholders' meeting. The undistributed profits retained by the Company are mainly used for significant investments such as external investment, acquisition of assets, purchase of equipment and investment in research and development, as well as liquidity for daily operations.

**Article 158** Decision-making mechanism and procedures for profit distribution plans:

The Board of Directors shall propose and formulate a profit distribution plan based on profitability, capital supply and demand, and shall conduct thorough discussions on its reasonableness. Independent directors shall express their views on the profit distribution proposal. The proposed profit distribution plan shall be submitted to the shareholders' meeting for deliberation after approval by the Board of Directors. When the shareholders' meeting deliberates on the profit distribution plan, the Company shall proactively communicate and engage with shareholders, particularly minority shareholders, through multiple channels. It shall fully listen to the opinions and demands of minority shareholders and promptly respond to matters of concern to them. Where the Company distributes dividends in the form of shares or a combination of cash and shares, such distribution shall require approval by shareholders (or their proxies) holding more than two-thirds of the voting rights present at the shareholders' meeting.



**Article 159** Adjustment of profit distribution policy:

Should the Company require adjustments or amendments to the profit distribution policy stipulated in the Articles of Association due to significant changes in the external operating environment or its own operational circumstances, such changes shall be submitted to the shareholders' meeting for deliberation after being reviewed and approved by the Board of Directors. Furthermore, they shall be approved by shareholders (or their proxies) holding more than two-thirds of the voting rights present at the shareholders' meeting. The adjusted profit distribution policy shall not contravene the relevant regulations of the CSRC and the NEEQ Company.

**Section 3 Internal Audit**

**Article 160** The Company may formulate an internal audit system in a timely manner and appoint full-time auditors to conduct internal audit and supervision over the Company's financial income and expenditures and economic activities.

**Article 161** The internal audit system of the Company and the responsibilities of its auditors shall be implemented after being approved by the Board of Directors. The person in charge of auditing shall be accountable to and report to the Board of Directors.

**Section 4 Appointment of Accounting Firms**

**Article 162** The Company engages accounting firms that are qualified to engage in securities-related business in compliance with the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed to conduct, among other things, auditing of accounting statements, verification of net assets and other related consulting services. The appointment period is 1 year and renewable.

**Article 163** The appointment and dismissal of an accounting firm by the Company shall be considered by the Board of Directors and then at the shareholders' meeting. The Board of Directors shall not appoint or dismiss the accounting firm before a decision is made at the shareholders' meeting.

**Article 164** The Company shall ensure to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false reports.

**Article 165** The audit fees of the accounting firm shall be determined by the shareholders' meeting.

**Article 166** When dismissing or not renewing the engagement of an accounting firm, the Company shall notify the accounting firm in advance 30 days, and when the shareholders' meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to state its opinions.

Where an accounting firm proposes to resign, it shall explain to the Board of Directors whether there are any improper circumstances in the Company.

## **Chapter 8 Notices and Announcements**

### **Section 1 Notices**

**Article 167** Notices of the Company shall be issued in the following forms:

- (1) Delivery by hand;
- (2) By way of a letter (including email) or fax;
- (3) Notification by telephone;
- (4) Notification by text message;
- (5) By way of announcement;
- (6) Other forms as provided in the Articles of Association.
- (7) Other forms as stipulated in laws, administrative regulations or other normative documents, approval by the securities regulatory authority of the place where the Company's shares are listed, or other forms as stipulated in the Articles of Association.

With respect to the manner in which the Company provides or sends corporate communications to the holders of H shares in accordance with the requirements of the Hong Kong Listing Rules, provided in compliance with laws, administrative regulations, departmental rules and the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association, the corporate communications may be provided or sent to the holders of H shares through the website designated by the Company and/or the website of the Hong Kong Stock Exchange or through electronic means.

The term "corporate communications" mentioned in the preceding paragraph refers to any document issued or to be issued by the Company to any holder of H shares of the Company or any other person required by the Hong Kong Listing Rules for information or for action.

When a notice is given in the form of an announcement by exercising the powers/rights as set out in the Articles of Association, such announcement shall be published in accordance with the methods stipulated in the Hong Kong Listing Rules.

If the listing rules of the stock exchange in the place where the shares of the Company are listed require the Company to send, post, distribute, issue, publish or otherwise provide the relevant documents of the Company in both English and Chinese versions, and if the Company has made appropriate arrangements to determine whether its shareholders wish to receive the English version or the Chinese version only, and to the extent permitted by applicable laws and regulations and subject to applicable laws and regulations, the Company may (according to the preference specified by the shareholders) send the English version or the Chinese version only to the relevant shareholders.

**Article 168** Where a notice of the Company is given by way of announcement, once the announcement is made, all relevant persons shall be deemed to have received the notice.

**Article 169** Notices of shareholders' meetings of the Company shall be given by personal delivery, post (including email), fax or announcement, telephone or text message.

**Article 170** Notices of Board meetings of the Company shall be given by personal delivery, post (including email) or fax, telephone or text message.

**Article 171** Where a notice of the Company is delivered by personal service, the recipient shall sign (or affix a seal) on the service receipt, and the date of signature by the recipient shall be the date of service; where a notice is sent by post, the fifth working day after delivery to the post office shall be the date of service; where a notice is sent by fax, the date of transmission shall be the date of service; where a notice is given by announcement, the date of first publication of the announcement shall be the date of service.

**Article 172** If, due to accidental omission, a meeting notice is not sent to a person entitled to receive it or such person does not receive the meeting notice, the meeting and resolutions made thereat shall not thereby be invalid.

## **Section 2 Announcements**

**Article 173** After listing, information required to be disclosed by law shall be first published on the designated information disclosure platform of the National Equities Exchange and Quotations. After listing, the Company shall prepare and disclose periodic reports and interim reports in accordance with the relevant provisions of the NEEQ Company.

With respect to announcements to holders of H shares or announcements required to be issued in Hong Kong in accordance with relevant provisions and the Articles of Association, such announcements must be published on the Company's website, the website of the Hong Kong Stock Exchange and other websites prescribed from time to time by the Hong Kong Listing Rules in accordance with the requirements of the Hong Kong Listing Rules.

With respect to the manner in which the Company provides and/or distributes corporate communications to holders of H shares in accordance with the listing rules of the place where the shares are listed, subject to compliance with the relevant listing rules of the place where the Company's shares are listed, the Company may also send or provide corporate communications to holders of H shares by electronic means or by publishing information on the Company's website or the website of the stock exchange where the Company's shares are listed, instead of sending corporate communications to holders of H shares by personal delivery or prepaid mail.

**Article 174** The information disclosed by the Company is categorized as either periodic reports or extraordinary reports. Annual reports and interim reports constitute periodic reports, while other reports are classified as extraordinary reports. Extraordinary reports shall bear the official seal of the Board of Directors and be issued by the Company's Board of Directors.

**Article 175** The Board of Directors is the department responsible for information disclosure of the Company. The secretary to the Board is responsible for specific information disclosure affairs.

**Article 176** The information disclosure system shall be formulated by the Board of Directors and be responsible for its interpretation.

## **Chapter 9 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

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

**Article 177** The merger of companies may be through merger by absorption or merger by new establishment.

A company absorbs another company in a merger by absorption, and the absorbed company is dissolved. Where two or more companies merge to establish a new company, it is a merger by new establishment, and both merging parties will be dissolved.

**Article 178** Where the consideration paid by the Company in a merger does not exceed 10% of its net assets, it is not necessary to obtain a resolution at the shareholders' meeting, unless it is otherwise provided for in the Articles of Association.

Where a merger is effected pursuant to the preceding paragraph without a resolution of the shareholders' meeting, it shall be subject to a resolution of the Board of Directors.

**Article 179** In the event of a company merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days, and make an announcement in a newspaper or on the national enterprise credit information publicity system within 30 days, from the date when the resolution on the decision of merger is passed. The creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the creditor fails to receive the notice, require the Company to settle the debts or provide corresponding guarantee.

**Article 180** In the event of a merger of companies, the claims and debts of the merging parties shall be inherited by the surviving company or the newly established company after the merger.

**Article 181** In the event of a company division, its assets shall be divided accordingly.

In the event of a company division, a balance sheet and a list of assets shall be prepared. The Company shall notify creditors within 10 days, and make an announcement in a newspaper or on the national enterprise credit information publicity system within 30 days, from the date when the resolution on the division is passed.

**Article 182** Debts prior to the division of the Company shall be jointly and severally borne by the companies after the division, unless it is otherwise stipulated in the written agreement on settlement of debts reached between the Company and the creditors before the division.

**Article 183** When reducing registered capital, the Company must prepare a balance sheet and asset list.

The Company shall notify its creditors within 10 days, and make an announcement in a newspaper or on the national enterprise credit information publicity system within 30 days, from the date it adopts the resolution to reduce the registered capital. The creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the creditor fails to receive the notice, require the Company to settle the debts or provide corresponding guarantee.

The registered capital after reduction shall not be below the statutory minimum. When reducing registered capital, the Company shall reduce contributions or shares proportionally to shareholders' contributions or shareholdings, except as otherwise provided by law, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

**Article 184** Where the Company makes up losses in accordance with Article 154 of the Articles of Association and remains in deficit, it may reduce its registered capital to cover such losses. Where registered capital is reduced to make up losses, the Company shall not distribute dividends to shareholders nor exempt shareholders from their obligations to contribute capital or pay share subscriptions.

Where registered capital is reduced pursuant to the preceding paragraph, the provisions of Article 183(2) of the Articles of Association shall not apply; however, an announcement shall be published in newspapers or on the national enterprise credit information public disclosure system within 30 days of the shareholders' meeting passing the resolution to reduce registered capital.

Following a reduction in registered capital under the preceding two paragraphs, the Company shall not distribute profits until the aggregate amount of statutory reserves and discretionary reserves reaches 50% of the Company's registered capital.

**Article 185** Where the registered capital is reduced in contravention of the Companies Law or other relevant provisions, shareholders shall return the funds received, and any reduction in shareholder contributions shall be restored to its original state; if losses are caused to the Company, shareholders and responsible directors and senior management shall bear liability for compensation.

**Article 186** When the Company issues new shares to increase its registered capital, shareholders shall not have preferential subscription rights, unless a resolution of the shareholders' meeting determines otherwise.

**Article 187** Where mergers or divisions involve changes in registration matters, changes shall be registered with the company registration authority in accordance with law; where the Company is dissolved, deregistration shall be handled in accordance with law; where a new company is established, establishment registration shall be handled in accordance with law.

Increases or decreases in registered capital shall be registered with the company registration authority in accordance with law.

## **Section 2 Dissolution and Liquidation**

**Article 188** The Company shall be dissolved for the following reasons:

- (1) The operation period stipulated in the Articles of Association expires or other causes for dissolution stipulated in the Articles of Association have arisen;
- (2) The resolution on a dissolution is passed by the shareholders' meeting;
- (3) Dissolution is necessary due to a company merger or division;

- (4) Revocation of business license, order on the closure of business or deregistration of the business in accordance with the law;
- (5) Where the Company encounters serious difficulties in its operation and management, and its continued existence will cause significant losses to the interests of shareholders and the situation cannot be resolved through other means, the shareholders who are holding more than 10% of the voting rights of all the shareholders of the Company may petition to the People's Court for a ruling to dissolve the Company.

If the reasons for dissolution prescribed in the preceding paragraph have arisen, the Company shall publicize the reason for dissolution through the national enterprise credit information publicity system within 10 days.

**Article 189** Where the Company is in the circumstances of items (1) or (2) of Article 188 of the Articles of Association and has not yet distributed property to shareholders, it may continue by amending the Articles of Association.

Amendments to the Articles of Association in accordance with the preceding paragraph or resolutions of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by shareholders present at the shareholders' meeting.

**Article 190** If the Company is dissolved pursuant to the provisions of items (1), (2), (4) and (5) of Article 188 of the Articles of Association, it shall be liquidated. The directors shall be the obligors of liquidation of the Company and shall, within 15 days from the occurrence of the cause of dissolution, set up a liquidation group to carry out liquidation. The liquidation group shall consist of directors, unless it is otherwise provided in the Articles of Association or any other person is elected by a resolution of the shareholders' meeting. If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, the obligor shall be liable for compensation. If a liquidation group is not established to carry out liquidation within the time limit, or the liquidation group is established but does not carry out liquidation, the interested parties may apply to the People's Court for a ruling to designate relevant personnel to form a liquidation group to implement liquidation.

**Article 191** The liquidation group shall exercise the following functions and powers during the liquidation period:

- (1) To liquidate the properties of the Company, and to prepare a balance sheet and a list of assets respectively;
- (2) To issue notice and public announcement to the creditors;
- (3) To handling the outstanding business of the Company relating to the liquidation;
- (4) To pay off the taxes in arrears and taxes arising in the course of liquidation;
- (5) To liquidate claims and debts;
- (6) To dispose of the remaining assets of the Company after the debts are settled;
- (7) To participate in civil litigation actions on behalf of the Company.



**Article 192** The liquidation group shall notify creditors within 10 days, and make an announcement in a newspaper or on the national enterprise credit information publicity system within 60 days, from the date of its establishment. The creditors shall declare their claims to the liquidation group within 30 days after receiving the notice, or within 45 days after the date of announcement if they fail to receive the notice.

When a creditor declares his claims, he shall explain the relevant matters in relation to his claims and provide supporting materials.

The liquidation group shall register the claims.

During the period of declaring claims by creditors, the liquidation group shall not make repayment to creditors.

**Article 193** After the liquidation group has liquidated the Company's properties, has prepared the balance sheet and the list of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the People's Court for confirmation.

After paying the liquidation expenses, salaries of employees, social insurance premiums and statutory compensations, overdue taxes and corporate debt repayment respectively from the Company's properties, the remaining assets shall be distributed by the Company in proportion to the shareholdings held by the shareholders.

During the liquidation period, the Company survives, but it cannot carry out business activities unrelated to the liquidation. Before settlement of payments in accordance with the provisions of the preceding paragraph, the assets of the Company will not be distributed to the shareholders.

**Article 194** After the liquidation group has liquidated the Company's properties and has prepared the balance sheet and the list of assets, if the liquidation group finds that the Company's properties are not sufficient to pay off the debts, it shall apply to the People's Court for a bankruptcy liquidation.

After the People's Court has accepted the bankruptcy application, the liquidation group shall transfer the liquidation matters to the bankruptcy administrator designated by the People's Court.

**Article 195** After liquidation of the Company, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the People's Court for confirmation, and also submit it to the company registration authority to apply for deregistration of the Company, and make an announcement on the termination of the Company.

**Article 196** Members of the liquidation group are under a duty of loyalty and diligence in performing their liquidation duties.

Members of the liquidation group shall not accept bribes or other illegal income by exploiting their positions, and shall not misappropriate Company property.

Where a member of the liquidation group neglects to perform liquidation duties, causing losses to the Company, he/she shall be liable for compensation; where intent or gross negligence causes losses to creditors, he/she shall be liable for compensation.

**Article 197** Where the Company is lawfully declared bankrupt, bankruptcy liquidation shall be carried out in accordance with the relevant laws governing corporate insolvency.

## **Chapter 10 Investors' Relationship Management**

**Article 198** Investor relations management refers to the Company's actions of strengthening communication with investors and potential investors through information disclosure and interaction, enhancing investors' understanding and recognition of the Company, improving corporate governance standards, maximizing the overall interests of the Company, and protecting the lawful rights and interests of investors.

**Article 199** The Company's investor relations management work shall embody the principles of fairness, impartiality, and openness, treat all investors equally, and ensure that all investors enjoy the right to information and other lawful rights and interests.

**Article 200** The basic principles of investor relations management are:

- (1) Principle of full information disclosure. In addition to mandatory information disclosure, the Company may voluntarily disclose other relevant information of concern to investors;
- (2) Principle of compliant information disclosure. The Company shall comply with national laws, regulations, and the information disclosure rules of the CSRC and the National Equities Exchange and Quotations for listed companies, ensuring that disclosed information is true, accurate, complete, and timely. When conducting investor relations activities, the Company shall keep unpublished information and other inside information confidential. In the event of any leakage, the Company shall promptly disclose it in accordance with relevant regulations;
- (3) Principle of equal opportunity for investors. The Company shall treat all shareholders and potential investors fairly and avoid selective information disclosure;
- (4) Principle of honesty and trustworthiness. The Company's investor relations work shall be objective, truthful and accurate, avoiding excessive promotion and misleading statements;
- (5) Principle of efficiency and low cost. When selecting methods for investor relations activities, the Company shall fully consider improving communication efficiency and reducing communication costs;
- (6) Principles of interactive communication. The Company shall proactively solicit opinions and suggestions from investors, establishing two-way communication between the Company and investors to foster constructive interaction.

**Article 201** The primary targets of investor relations management include:

- (1) Investors (including registered and potential investors);
- (2) Securities analysts and industry analysts;

- (3) Financial media, industry media, and other communication channels;
- (4) Investor relations consultants;
- (5) Securities regulatory authorities and other relevant government departments;
- (6) Other relevant individuals and institutions;

**Article 202** The primary content of investor relations communication between the Company and investors includes:

- (1) The Company's development strategy, including its direction, development plans, competitive strategy, and operational policies;
- (2) Statutory disclosures and related explanations, including periodic reports and ad hoc announcements;
- (3) Legally disclosable operational and management information, including production and operational status, and financial condition;
- (4) Research and development of new products or technologies, business performance, and dividend distribution;
- (5) Significant matters that the Company may disclose in accordance with the law, including major investments and their changes, asset restructuring, acquisitions and mergers, external cooperation, external guarantees, major contracts, related party and/or connected transactions, major litigation or arbitration, management changes, and changes in major shareholders;
- (6) Corporate culture building;
- (7) Other relevant information about the Company.

**Article 203** Information required to be disclosed under laws, regulations, and the rules of the CSRC and the NEEQ Company shall be published without delay in the newspapers and websites designated for the Company's information disclosure.

**Article 204** Information disclosed by the Company in other public media shall not precede that published in the designated newspapers and websites, nor shall news releases, press interviews, or other forms be used as substitutes for formal company announcements.

**Article 205** The Secretary to the Board of Directors is responsible for managing investor relations of the Company. He/she is comprehensively responsible for the Company's investor relations management, and having gained a thorough understanding of the Company's operations, management, business performance, and development strategy, is responsible for planning, arranging, and organizing various investor relations management activities.

**Article 206** The Company shall bear primary responsibility for handling investor complaints, improve the complaint handling mechanism, and publicly disclose the handling procedures and progress.

Disputes arising between the Company and investors may be resolved through mutual negotiation, submitted to a specialized securities and futures dispute mediation body for mediation, resolved by arbitration pursuant to an arbitration agreement, or any party may initiate legal proceedings before the People's Court with jurisdiction in the Company's place of business.

**Article 207** When the Company applies to terminate its listing on the National Equities Exchange and Quotations system, it shall fully consider the legitimate rights and interests of shareholders and make reasonable arrangements for dissenting shareholders. The Company shall establish investor protection mechanisms related to delisting matters. Specifically, where the Company voluntarily terminates its listing, the controlling shareholder and de facto controller shall formulate reasonable investor protection measures, such as providing buyback arrangements, to safeguard the interests of other shareholders. Where the Company is forcibly delisted, the controlling shareholder and de facto controller shall proactively and actively negotiate solutions with other shareholders.

## **Chapter 11 Amendment to the Articles of Association**

**Article 208** The Company shall amend its articles of association under any of the following circumstances:

- (1) After amendments have been made to the Company Law or relevant laws, administrative regulations, Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed, the provisions stipulated in the Articles of Association are in conflict with the provisions of the amended laws or administrative regulations;
- (2) The particulars of the Company have changed and are inconsistent with the details recorded in the Articles of Association;
- (3) The shareholders' meeting has resolved to amend the Articles of Association.

**Article 209** Amendments to the Articles of Association approved by a resolution at the shareholders' meeting shall be subject to the approval of the competent authority and must be submitted to the competent authority for approval; if the amendments involve registration details of the Company, a change in registration particulars shall be carried out in accordance with the law.

**Article 210** Amendments to the Articles of Association that constitute information required to be disclosed under laws and regulations shall be announced in accordance with the regulations.

## **Chapter 12 Dispute Resolution**

**Article 211** The Company and its shareholders, directors and senior management officers shall abide by the following dispute resolution rules:

Any disputes arising among the Company, shareholders, directors and senior management officers that involves the provisions of the Articles of Association shall be resolved through negotiation first. If negotiation fails, it may be resolved through litigation.

## Chapter 13 Supplementary Provisions

### Article 212 Definitions

- (1) Controlling shareholder refers to a shareholder whose shareholding accounts for more than 50% of the Company's total share capital, or, although holding less than 50%, whose voting rights attached to the shares are sufficient to exert a major influence on resolutions of the shareholders' meeting.
- (2) De facto controller refers to a person who, although not a shareholder of the Company, is able to actually control the Company's actions through investment relationships, agreements, or other arrangements.
- (3) Related-party relationship refers to the relationship between the Company's controlling shareholders, de facto controllers, directors, or senior management and the enterprises they directly or indirectly control, as well as other relationships that may cause the transfer of the Company's interests. However, enterprises controlled by the State shall not be deemed related-parties solely because they are under common State control. Connected relationship shall have the meaning given to it in Chapter 14A of the Hong Kong Listing Rules.
- (4) CSRC refers to the China Securities Regulatory Commission.
- (5) NEEQ Company refers to the National Equities Exchange and Quotations Co., Ltd.

**Article 213** The Board of Directors may formulate detailed rules of the Articles of Association in accordance with the provisions of the Articles of Association. Such detailed rules shall not conflict with the provisions of the Articles of Association.

**Article 214** If any provision in the Articles of Association conflicts with laws, regulations, rules, the Hong Kong Listing Rules, or other securities regulatory rules of the place where the Company's shares are listed, the latter shall prevail.

**Article 215** The Articles of Association are written in Chinese. In the event of any discrepancy between versions in other languages or different versions of the Articles of Association and the Chinese version, the latest Chinese version filed with the company registration authority shall prevail.

**Article 216** The terms "above," "within," and "below" in the Articles of Association include the stated figure; "less than," "outside," "below," and "more than" do not include the stated figure.

**Article 217** The Articles of Association shall be interpreted by the Company's Board of Directors.

**Article 218** The appendices to the Articles of Association comprise the Rules of Procedure for Shareholders' Meetings and the Rules of Procedure for Board Meetings.

**Article 219** The Articles of Association shall come into force and effect upon their approval by the shareholders' meeting and shall take effect from the date of the Company's initial public offering of H shares on the Main Board of the Hong Kong Stock Exchange. Upon the effective date of the Articles of Association, the Company's original Articles of Association shall automatically cease to have effect.