

**LAOPU GOLD CO., LTD.**  
**ARTICLES OF ASSOCIATION**

May 2026

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**Chapter 1 General Provisions**

**Article 1** The Articles of Association is formulated in accordance with the Company Law of the PRC (the “**Company Law**”), the Securities Law of the PRC (hereafter known as the “**Securities Law**”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereafter known as the “**Hong Kong Listing Rules**”) and other relevant provisions, and with reference to the Guidelines for Articles of Association of Listed Companies (the “**Guidelines for Articles of Association**”), for the purpose of safeguarding the legitimate rights and interests of the Company, its shareholders and creditors, and regulating the organization and activities of the Company.

**Article 2** The Company is a joint stock company with limited liability established in accordance with the Company Law and other relevant regulations (hereafter known as the “**Company**”). The Company was established by way of promotion, and registered with the Market Supervision Administration of Dongcheng District of Beijing Municipality and obtained a corporate business license. The business license number: 91110101MA00A32R3N.

**Article 3** Pursuant to the approval by CSRC dated 25 March 2024, the Company initially issued 25,724,200 overseas listed foreign shares in Hong Kong, and our shareholders converted all or part of their total 69,050,660 domestic unlisted shares into overseas listed shares. The aforesaid Shares were listed on the main board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) on 28 June 2024 and 30 July 2024, respectively.

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

Chinese name           老鋪黃金股份有限公司

English name           Laopu Gold Co., Ltd.

**Article 5** Company Address: Room 3, 4, 5, 6, 6/F, No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang’an Avenue, Dongcheng District, Beijing; Postal code: 100005.

**Article 6** The registered capital of the Company is RMB176,744,500.

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

**Article 8** The legal representative of the Company is the Chairman.

**Article 9** The Company’s total assets are divided into shares of equal par value and shareholders shall assume liability towards the Company to the extent of their respective shareholdings, and the Company shall be liable for its debts to the extent of all of its assets.

**Article 10** As of the effective date of the Articles of Association, the Articles of Association shall be a legally binding document which regulates the Company’s organization and acts, governs the rights and obligations between the Company and the shareholders, and amongst the shareholders themselves, and shall be legally binding on the Company, its shareholders, directors, supervisors, senior management members. Pursuant to the Articles of Association, a shareholder may take legal action against the other shareholders, and the shareholders may take legal action against the Company’s directors, supervisors, general manager and other senior management members. The shareholders may take legal action against the Company. The Company may take legal action against its shareholders, directors, supervisors and other senior management members.

**Article 11** Other senior management referred to in the Articles of Association means the deputy general manager and the chief financial officer.

**Article 12** The Company shall set up its Communist Party of China (hereinafter referred to as “CPC”) organization and carry out CPC activities in accordance with the Constitution of the CPC. The Company shall provide the CPC organization with necessary conditions for its activities.

## **Chapter 2 Objectives and Scope of Business**

**Article 13** Business objectives of the Company: the corporate mission to uphold “Dedicated craftsmanship embodied in timeless Chinese classics heritage, a Laopu Gold treasure to pass down by every family through generations”, constantly improving, pursuing top quality, to become the best we can be. We aim to be China’s original high-end gold jewelry brand which is competitive on an international level, and we are committed to become the Chinese gold brand enterprise with “the most competitiveness and market value in the industry”.

**Article 14** Upon legal registration, the scope of business of the Company is: general items: sales of gold and silver products; retail of jewelry; retail of arts and crafts and collectibles (except ivory and its products); sales of arts and crafts and ceremonial articles (except ivory and its products); protection of intangible cultural heritages; wholesale of jewelry; retail of stationery; retail of clothing and apparel; sales of knitwear and textile; retail of shoes and hats; retail of cosmetics; sales of daily chemical products; operation of traditional spice products; sales of daily ceramic products; organization of cultural and artistic exchange activities; professional design services; import and export of goods; import and export of technologies; import and export agent. (Except for items that are required to obtain approvals according to law, business activities can be carried out independently with a business license in accordance with the law) Licensed items: catering service. (For items that are required to obtain approvals according to law, business activities can only be carried out after the approval of relevant departments. Specific business items shall be subject to the approval documents or licenses of relevant departments.)

## Chapter 3 Shares

### Section 1 Issuance of Shares

**Article 15** The shares of the Company shall take the form of share certificates.

**Article 16** The shares of the Company shall be issued in a transparent, fair and equal manner, and shall rank *pari passu* with the shares of the same class.

The terms and price of each share of the same class in the same issue shall be the same, and every share subscribed by any entity or individual in the same issue shall have the same price.

**Article 17** All the shares issued by the Company are denominated in RMB, with a nominal value of RMB1 per share.

**Article 18** The Company's overseas shares that are listed on the Hong Kong Stock Exchange shall be referred to as H Shares. Shares issued by the Company that are not listed on domestic or overseas stock exchanges shall be referred to as unlisted shares. After the overseas issuance and listing of shares by the Company, shareholders holding unlisted shares of the Company may convert their unlisted shares into overseas listed shares and list and trade such shares on the overseas stock exchanges if permitted by relevant laws, administrative regulations and departmental rules. The aforesaid shares shall also comply with the regulatory procedures, rules and requirements of the domestic and overseas securities markets when listed and traded on the overseas stock exchanges. The conversion of the aforesaid unlisted shares into overseas listed shares and listing and trading of such shares on the overseas stock exchanges are not subject to the approval of a shareholders' meeting.

The H Shares issued by the Company may be held by the Hong Kong Securities Clearing and Settlement System in accordance with the laws of the place where the shares are listed and the requirements of the securities registration and depository system, or may be held by the shareholders in their own names.

**Article 19** The promoter established the Company by means of promotion, and the registered capital was fully paid up when the Company was established. The number of shares subscribed by each promoter at the time of establishment, the method of investment, the time of investment, and the percentage of shareholding are as follows:

No.	Name of promoter	Number of shares subscribed (0'000 shares)	Percentage of shareholding	Method of investment
1	Beijing Hongqiao Jinji Consulting Co., Ltd.	5,610.13	41.100%	Net assets converted into shares
2	XU Gaoming	3,193.44	23.395%	Net assets converted into shares
3	CHEN Guodong	1,507.29	11.043%	Net assets converted into shares
4	XU Dongbo	1,431.92	10.490%	Net assets converted into shares
5	Tianjin Jincheng Enterprise Management Consulting L.P. (Limited Partnership)	928.49	6.802%	Net assets converted into shares
6	Tianjin Jinji Enterprise Management Consulting L.P. (Limited Partnership)	435.10	3.188%	Net assets converted into shares

No.	Name of promoter	Number of shares subscribed (0'000 shares)	Percentage of shareholding	Method of investment
7	Tianjin Jindi Enterprise Management Consulting L.P. (Limited Partnership)	259.25	1.899%	Net assets converted into shares
8	Tianjin Jinyong Enterprise Management Consulting L.P. (Limited Partnership)	158.77	1.163%	Net assets converted into shares
9	Tianjin Jinli Enterprise Management Consulting L.P. (Limited Partnership)	125.61	0.920%	Net assets converted into shares
<b>Total</b>		<b>13,650.00</b>	<b>100.000%</b>	

Time of investment: The Company was established based on the change of Beijing LAOPU GOLD Culture Development Co., Ltd as a whole. Each of the promoters is a shareholder of Beijing LAOPU GOLD Culture Development Co., Ltd., and each has made capital contributions via shares converted from net book value of assets of Beijing LAOPU GOLD Culture Development Co., Ltd. as at August 31, 2019 based on the capital contributions to Beijing LAOPU GOLD Culture Development Co., Ltd. held by each of them.

**Article 20** The Company has issued a total of 176,744,500 shares, all of which are ordinary shares.

**Article 21** Except for the implementation of the employee stock ownership plan, the Company or subsidiaries of the Company shall not provide gifts, advances, loans, guarantees and other financial assistance for others to obtain shares of the Company or its parent company.

The Company may, for the benefit of the Company, provide financial assistance for others to obtain shares of the Company or its parent company, upon a resolution of the shareholders' meeting or a resolution of the board of directors in accordance with the Articles of Association or the authorization of the shareholders' meeting, provided that the aggregate amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the board of directors shall be passed by more than two-thirds of all directors.

In case of a violation of the preceding two paragraphs that results in losses to the Company, any directors, supervisors and senior management members responsible for the violation shall be liable for compensation.

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

**Article 22** The Company may, upon resolution by the shareholders' meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) distribution of bonus shares to existing shareholders;
- (4) conversion of the reserve fund to additional share capital;
- (5) other means as permitted by laws, administrative regulations and approved by the securities regulatory authorities of the place where the Company's shares are listed, Hong Kong Stock Exchange and CSRC.

Subject to the provisions of the securities regulatory authorities of the place where the Company's shares are listed, the Hong Kong Stock Exchange and the CSRC, the board of directors of the Company is entitled to decide to issue shares, which are no more than 50% of the issued shares within three years, but if the capital contribution is made at the price of non-monetary property, it shall be resolved by the shareholders' meeting. Where the board of directors decides to issue new shares, the resolution of the board of directors shall be passed by more than two-thirds of all directors.

If the board of directors decides to issue shares in accordance with the provisions of the preceding paragraph, resulting in changes in the registered capital and the number of issued shares of the Company, the amendment to the items recorded in the Articles of Association of the Company does not need to be voted on by the shareholders' meeting anymore.

The Company's issuance of new shares to increase capital shall, upon approval according to the Articles of Association and the listing rules of the place where the Company's shares are listed, be carried out in accordance with the procedures stipulated by relevant national laws, administrative regulations, departmental rules and the listing rules of the place where the Company's shares are listed.

**Article 23** The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be made in accordance with the procedures stipulated in the Company Law, Hong Kong Listing Rules, the regulatory rules of the securities regulatory authorities of the place where the Company's shares are listed and other related regulations and the Articles of Association.

**Article 24** The Company shall not repurchase its own shares except in the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merger with another company that holds its shares;

- (3) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;
- (4) request from shareholders who object to a resolution of a shareholders' general meeting on merger or division of the Company to acquire their shares by the Company;
- (5) use of shares for conversion of convertible corporate bonds issued by the listed company;
- (6) it is necessary for a listed company to maintain its company value and protect its shareholders' equity;
- (7) other circumstances under which the Company's shares can be acquired in accordance with laws, administrative regulations, departmental rules, normative documents and relevant regulations of the place where the Company's shares are listed.

**Article 25** The Company's acquisition of the shares of the Company can be made by public and centralized transaction, or other methods recognized by laws, administrative regulations and China Securities Regulatory Commission.

Where the Company acquires its own shares due to the circumstances stipulated in item (3), (5) or (6) of Paragraph 1 of Article 24 of the Articles of Association, it should be made by public and centralized transaction.

As far as the Company is entitled to repurchase redeemable shares, the price shall not exceed a certain maximum price limit if it is not redeemed through the market or by tender; if the repurchase is conducted through tender, the tender shall be available to all shareholders.

**Article 26** The Company's acquisition of the shares of the Company due to the circumstances stipulated in items (1) and (2) of Paragraph 1 of Article 24 of the Articles of Association shall be subject to a resolution of the general meeting. The Company's acquisition of the shares of the Company due to the circumstances stipulated in items (3), (5) and (6) of Paragraph 1 of Article 24 of the Articles of Association may, pursuant to the Articles of Association or the authorization of the general meeting, be subject to a resolution of a Board meeting at which more than two-thirds of directors are present.

Under the circumstance stipulated in item (1) of Paragraph 1 of Article 24, the shares of the Company so acquired shall be canceled within ten days from the date of acquisition; under the circumstances stipulated in either item (2) or item (4) above, the shares of the Company so acquired shall be transferred or canceled within six months; under the circumstances stipulated in item (3), (5) or (6), the total shares of the Company held by the Company shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or canceled within 3 years.

Where laws, administrative regulations, and relevant provisions of the securities regulatory authority of the place where the Company's shares are listed have otherwise provided for the relevant matters involved in the aforementioned share repurchase, such provisions shall prevail.

### Section 3 Share Transfer

**Article 27** Shares of the Company are legally transferable.

Fully paid up shares are not subject to any restriction in the right of transfer (except where permitted by the Hong Kong Stock Exchange), nor do they carry any lien.

The transfer of H Shares shall be registered with the local Hong Kong stock registrar entrusted by the Company. The number of shareholders of the Company after the transfer shall meet the relevant requirements of laws and regulations.

Where the relevant laws and regulations of the place where the Company's shares are listed provide for the period of suspension of the share transfer registration procedures before the general meeting is convened or the Company decides to distribute dividends, such provisions shall prevail.

**Article 28** All H Shares with paid-up capital may be freely transferred in accordance with the Articles of Association, provided that the Board may refuse to recognize any instrument of transfer without statement of any reason therefor unless the following conditions are met:

- (1) the fees stipulated by the Hong Kong Stock Exchange in the Hong Kong Listing Rules have been paid to the Company, and the transfer documents of the shares and other documents related to the ownership of the shares or which may affect the ownership of the shares have been registered;
- (2) the instrument of transfer involves solely H Shares;
- (3) the stamp duty payable under the laws of Hong Kong on the instrument of transfer has been paid;
- (4) the share certificate(s) concerned shall be provided, together with such evidence as the Board may reasonably require to prove the right of the transferor to transfer the shares;
- (5) if the shares are to be transferred to joint holders, the number of jointly registered shareholders shall not exceed four;
- (6) there is no lien of any company attached to the relevant shares.

**Article 29** All transfers of H Shares shall be effected by an instrument of transfer in writing in the usual or common form or in any other form acceptable to the Board (including the standard form of transfer or transfer form prescribed by the Hong Kong Stock Exchange from time to time); the instrument of transfer may be executed by hand only if the transferor or transferee is a natural person, or under its effective seal if the transferor or transferee is a corporation. If the transferor or transferee is a recognized clearing agency (henceforth, "**recognized clearing agency**" in short) as defined in the relevant regulations in force from time to time under the laws of Hong Kong or its nominee and comply with applicable rules, the transfer form may be executed by hand or by machine imprint.

All instruments of transfer shall be placed at the legal address of the Company or at such address as the Board may designate from time to time.

**Article 30** The Company refuses its own stocks as the subject matter of pledge right.

**Article 31** The shares which have already been issued prior to the Company's public offering shall not be transferred within one year after the Company's stocks are listed on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company the shares held by them in the Company and any alterations to the shares so held, and the shares transferred each year by them during their terms of office determined at the time of his/her assumption of office shall not exceed 25% of their total shares of the same type in the Company; the shares of the Company held by them shall not be transferred within one year after the Company's stocks are listed. The aforesaid persons shall not transfer the shares of the Company held by them for the period of six months after they leave the Company.

Where the shares are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

Where relevant provisions of the securities regulatory authority of the place where the Company's shares are listed have otherwise provided for the restrictions on the transfer of overseas listed shares, such provisions shall prevail.

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

### **Section 1 Shareholders**

**Article 32** The Company shall maintain a register of shareholders with the evidence provided by the securities registration institution, and the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. A shareholder shall enjoy rights and assume obligations according to the class of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

All certificates for capital must be under seal, which may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.

The original part of the shareholders' register of overseas listed foreign shares related to the holders of shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

**Article 33** When the Company holds a general meeting, distributes dividends, commences liquidation or participates in other activities which require the confirmation of shareholder identities, the Board or the convener of the general meeting shall fix a date as the date for the registration of shareholdings. Shareholders whose names appear on the register of shareholders at the closing of the registration of shareholdings will be the shareholders of the Company who are entitled to relevant benefits.

Where the Hong Kong Listing Rules stipulate on the period of closure of the register of shareholders prior to a general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 34** Any shareholder whose name has been registered in the register of shareholders or any person who requires to have his/her name (or description) entered into the register of shareholders has lost his/her share certificate(s) may apply to the Company for the issue of (a) replacement certificate(s) in respect of such shares.

The application for the issue of replacement certificates by holders of overseas listed foreign shares who lost their share certificates shall be made in accordance with the laws, stock exchange regulations and other relevant regulations of the place where the original of the register of members of such overseas listed foreign shares is kept.

**Article 35** The shareholders of the Company shall have the following rights:

- (1) to receive dividends and profit distributions in any other form in proportion to the shares they hold;
- (2) to lawfully require, convene, preside over or attend shareholders' meetings either in person or by proxy, speak at the shareholders' meetings and exercise the corresponding voting right;
- (3) to supervise, make recommendations or make inquiries about the operations of the Company;
- (4) to transfer, bestow or pledge shares held by them in accordance with laws, administrative regulations, requirements of the securities regulatory authorities of the place where the Company's shares are listed and provisions of the Articles of Association;
- (5) to inspect and duplicate the Articles of Association, register of members, counterfoil of company debentures, minutes of shareholders' meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports; the shareholders individually or jointly holding more than 3% of the shares in the Company for more than 180 consecutive days may inspect the Company's accounting books and accounting vouchers;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;
- (7) to require the Company to buy their shares in the event of their objection to resolutions of the shareholders' meeting concerning merger or division of the Company;
- (8) to check the Hong Kong branch of the Company's shareholder register;
- (9) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed or the Articles of Association.

The Company shall not exercise any power to freeze or infringe in any other way any rights carried by any share held by any person who enjoys interests directly or indirectly merely for the reason that they have not disclosed their interests to the Company.

**Article 36** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company will provide the information as required by the said shareholder upon verification of the said shareholder's identity. Where a shareholder requests to inspect the Company's accounting books and accounting vouchers, such shareholder shall submit a written request to the Company and state the purpose thereof.

**Article 37** If any resolution of the general meeting or the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the People's Court to invalidate the resolution.

If the convening procedure or voting method of the general meetings or board of directors meetings violates the laws, administrative regulations or the Articles of Association or the contents of a resolution run counter to the Articles of Association, the shareholders shall have the right to request the People's Court to cancel such resolution within sixty days after passing the resolution, unless there is only a minor defect in the procedures for convening general meetings or board of directors meetings or in the manner of voting thereat, which does not materially affect the resolution.

Where there is a dispute among the board of directors, shareholders, or other relevant parties regarding the validity of a general meeting resolution, they shall promptly initiate proceedings in the People's Court. Before the People's Court renders a judgment or ruling to revoke the resolution, the relevant parties shall implement the resolution of the general meeting. The Company, directors, and senior management shall earnestly perform their duties to ensure the normal operation of the Company.

Upon the People's Court rendering a judgment or ruling on relevant matters, the Company shall fulfil its information disclosure obligations in accordance with the laws, administrative regulations, the rules of the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the enforcement after the judgment or ruling takes effect. Where it involves correcting prior matters, the Company shall promptly process and fulfil the corresponding information disclosure obligations.

**Article 38** A resolution of the general meeting or board of directors of the Company shall be deemed invalid under any of the following circumstances:

- (1) the resolution is adopted without convening a general meeting or a board of directors meeting;
- (2) the resolution is not voted on at a general meeting or a board of directors meeting;
- (3) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as stipulated in the Company Law or the Articles of Association;
- (4) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as stipulated in the Company Law or the Articles of Association.

**Article 39** Where the Company incurs losses as a result of violation by directors and members of the senior management of laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, the shareholders individually or in aggregate holding 1% or more of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the supervisory committee to initiate proceedings in the People's Court; where the Company incurs losses as a result of violation by the supervisory committee of any provisions of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, such shareholders may make a request in writing to the board of directors to initiate proceedings in the People's Court.

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

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

Where the directors, supervisors or senior management of a wholly-owned subsidiary of the Company violate the provisions of laws, administrative regulations or the Articles of Association during the performance of their duties and cause losses to the Company, or if any third parties infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, the shareholders severally or jointly holding 1% or more of the Company's shares for a period of 180 consecutive days or longer, in accordance with the provisions of the Company Law, are entitled to request the supervisory committee or board of directors of the wholly-owned subsidiary to initiate proceedings in the People's Court in writing or directly initiate proceedings in the People's Court in its own name.

**Article 40** Shareholders may initiate proceedings in the People's Court in the event that a director or a senior management officer has violated laws, administrative regulations or the Articles of Association, damaging the interests of shareholders.

**Article 41** The shareholders of the Company shall have the following obligations:

- (1) to observe laws, administrative regulations and the Articles of Association;
- (2) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (3) not to withdraw shares unless in the circumstances stipulated by laws and regulations;
- (4) not to abuse shareholder's right to harm the interests of the Company or other shareholders; not to abuse the Company's position as an independent legal person or shareholder's limited liability protection to harm the interests of the creditors of the Company;
- (5) to fulfil other obligations stipulated by laws, administrative regulations and the Articles of Association.

If any shareholder of the Company abuses his/her shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company abuses the Company's position as an independent legal person or shareholder's limited liability protection for the purpose of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint and several liabilities for the Company's debts.

**Article 42** The controlling shareholder(s) or the de facto controller(s) of the Company shall exercise rights and perform obligations and safeguard the interests of the Company in accordance with the laws, administrative regulations and provision of the CSRC and the stock exchange.

The controlling shareholder(s) or the de facto controller(s) of the Company shall comply with the following provisions:

- (1) they shall exercise shareholders' rights in accordance with the law and shall not abuse their controlling rights or take advantage of their connected relationship to undermine the lawful rights and interests of the Company or other shareholders;
- (2) they shall stringently fulfill the public declarations and undertakings they made and shall not alter or waive such declarations or undertakings in a unilateral manner;
- (3) they shall strictly perform the obligation of information disclosure in accordance with pertinent provisions and shall actively cooperate with the Company to procure proper information disclosure, notifying the Company in a timely manner of material matters that have occurred or will likely incur;
- (4) they shall not appropriate the funds of the Company in any manner;
- (5) they shall not coerce, instruct, or demand the Company and relevant staff to provide guarantee in violation of laws or regulations;
- (6) they shall not take advantage of the possession of unannounced material information of the Company for their gain, or divulge unannounced material information relating to the Company in any manner, or be engaged in illegal or illicit acts such as inside dealing, short-term dealing or market manipulation;
- (7) they shall not compromise the lawful rights and interests of the Company and other shareholders through any means, such as unfair connected transaction, profit allocation, asset reorganisation, and investment in third parties;
- (8) they shall guarantee the integrity of the Company's assets and the Company's independence in terms of staffing, finance, organisation and business, and shall not affect the independence of the Company in any manner;
- (9) other provisions of laws, administrative regulations, rules prescribed by the CSRC, the business rules of the stock exchange, and the Articles of Association.

If the controlling shareholder(s) or the de facto controller(s) of the Company do not hold a directorship but effectively manage the Company's affairs, the provisions of the Articles of Association regarding the fiduciary and diligence duties of directors shall apply.

Should the controlling shareholder(s) or the de facto controller(s) of the Company instruct directors and senior management officers 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 senior management officers.

Where the Hong Kong Listing Rules and other applicable laws and regulations provide for the protection of minority investors, the Company shall implement such provisions.

**Article 43** Where a controlling shareholder or de facto controller of the Company pledges the shares of the Company that he/she holds or actually controls, he/she shall maintain the stability of the Company's control and production operations.

**Article 44** Where a controlling shareholder or de facto controller of the Company transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, the regulations of the CSRC and the stock exchange, as well as his/her undertakings in respect of the restriction on the transfer of shares.

## **Section 2 General Provisions for the General Meeting**

**Article 45** The shareholders' meeting is the body by which the Company exercises its powers, and shall exercise the following powers in accordance with the law:

- (1) to elect and replace directors and supervisors, and to decide on matters regarding the remuneration of directors and supervisors;
- (2) to consider and approve reports of the board of directors;
- (3) to consider and approve reports of the supervisory committee;
- (4) to consider and approve plans for the distribution of company profits and plans to cover losses;
- (5) to adopt resolutions on any increase or reduction in the registered capital of the Company;
- (6) to pass resolutions on the issuance of bonds of the Company;
- (7) to adopt resolutions on matters such as any merger, breakup, dissolution or liquidation of the Company or any change in the legal form of the Company;
- (8) to amend the Company's Articles of Association;
- (9) to adopt resolutions on the Company's appointment or dismissal of accounting firms engaging in the audit work of the Company;
- (10) to consider and approve the transactions and guarantee matters to be decided by the shareholders' meeting as prescribed in the Articles of Association and the rules of procedure for the shareholders' meeting;

- (11) to consider the purchase or sale in any one year of material assets valued in excess of 30% of the Company's total assets as audited in the latest period;
- (12) to consider and approve changes in the use of funds raised;
- (13) to consider equity incentive plans and employees' stock ownership plans;
- (14) to consider other matters to be decided by the shareholders' meeting as prescribed in laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association.

The general meeting may authorize the board of directors to adopt resolutions on the issuance of bonds of the Company.

**Article 46** The following external guarantees to be provided by the Company shall be considered and approved at the general meeting:

- (1) any provision of guarantee, where the total amount of external guarantees provided by the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets;
- (2) any provision of guarantee, where the total amount of external guarantees provided by the Company reaches or exceeds 30% of the latest audited net assets;
- (3) guarantees in which the amount guaranteed by the Company within one year exceeds 30% of the Company's latest audited total assets;
- (4) provision of guarantee to a party whose liability-asset ratio exceeds 70%;
- (5) provision of a single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (6) provision of guarantee to shareholders, beneficial controllers and their connected parties;
- (7) other guarantees as required by laws, administrative regulations, rules, other normative documents and relevant laws and regulations and regulatory rules of the place where the Company's shares are listed.

For external guarantees that violate the relevant laws and regulations and the approved authority and review procedures as stipulated in the Articles of Association, the Company shall take reasonable and effective measures to release or rectify the illegal guarantees, reduce the losses of the Company, safeguard the interests of the Company and minority shareholders, and hold relevant personnel accountable.

**Article 47** The general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within 6 months after the end of the previous accounting year.

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

- (1) where the number of directors falls below the number prescribed in the Company Law or below two-thirds of the number prescribed in the Articles of Association;
- (2) where the Company's unfunded losses reach one-third of total share capital;
- (3) where shareholders who individually or jointly hold no less than 10% of the Company's stock request holding of such a meeting;
- (4) where the board of directors deems it necessary;
- (5) where the supervisory committee proposes such a meeting;
- (6) in any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 49** The Company shall convene a general meeting at the place where the Company domiciled or the location as specified in the notice convening the general meeting.

The general meeting shall have a venue and be held on-site in principle. In addition to being held on-site at a designated venue, the general meeting may also be convened by means of electronic communication. Where the meeting is conducted via electronic communication, the Company shall provide conveniences for shareholders by offering video conferencing, telephone conferencing, online voting and other appropriate means. Shareholders who participate in the meeting in the aforesaid manner shall be deemed to be present.

After the notice of the general meeting is issued, the venue of the on-site meeting of the general meeting shall not be changed without justification. If a change in venue is necessary, the convener shall announce and explain the reasons at least 2 working days before the on-site meeting.

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

**Article 50** A general meeting shall be convened by the board of directors unless otherwise specified in the Articles of Association. Subject to the consent of more than half of all the independent non-executive directors, any independent non-executive director may propose to the board of directors that an interim general meeting be held. Where an independent non-executive director proposes that an interim general meeting be held, the board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an interim general meeting should be held within ten days of receiving the proposal. Where the board of directors agrees to hold an interim general meeting, it shall send out a general meeting notice within five days of making its resolution; where the board of directors declines to hold an interim general meeting, its reasons shall be given and announced.

**Article 51** The supervisory committee may propose to the board of directors that an interim general meeting be held and shall make any such proposal to the board of directors in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an interim general meeting should be held within ten days of receiving the proposal.

Where the board of directors agrees to hold an interim general meeting, it shall send out a general meeting notice within five days of making its resolution. Changes to the original proposal(s) in the notice shall be subject to the consent of the supervisory committee.

Where the board of directors declines to hold an interim general meeting nor does it respond within 10 days upon receipt of the proposal, the Board shall be deemed to be unable or to have failed to perform the duty of convening a general meeting, in which case the supervisory committee may convene and preside over such meeting by itself.

**Article 52** Shareholder(s) who individually or jointly hold 10% or more of the Company shares shall have the right to propose that the board of directors hold an interim general meeting; any such request to the board of directors shall be made in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an interim general meeting should be held within ten days of receiving any such request.

Where the board of directors agrees to hold an interim general meeting, it shall send out a general meeting notice within five days of making its resolution. Changes to the original request(s) in the notice shall be subject to the consent of the shareholders concerned.

Where the board of directors declines to hold an interim general meeting nor does it respond within 10 days upon receipt of such request, shareholder(s) who individually or jointly hold 10% or more of the Company's shares shall have the right to propose to the supervisory committee to convene an interim general meeting; any such request to the supervisory committee shall be made in writing.

Where the supervisory committee agrees to hold an interim general meeting, it shall send out a general meeting notice within five days upon receipt of such request. Changes to the original proposal(s) in the notice shall be subject to the consent of the shareholders concerned.

Failure of the supervisory committee to issue the notice of general meeting within the stipulated period shall be deemed as the failure of the supervisory committee to convene and preside over a general meeting, and shareholders severally or jointly holding 10% or more of the Company's shares for 90 or more consecutive days shall be entitled to convene and preside over the general meeting on an unilateral basis.

**Article 53** Where the supervisory committee or shareholders decide(s) to convene a general meeting on their own, they shall notify the Board in writing, and in accordance with relevant laws and regulations and Hong Kong Listing Rules, file the same with the stock exchange (if needed).

Before announcing the resolutions of the general meeting, the convening shareholders should not hold less than 10% (inclusive) of the shares.

The supervisory committee or the convening shareholders shall submit relevant supporting materials (if necessary) to the stock exchange in accordance with the requirements of relevant laws and regulations and the Hong Kong Listing Rules when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting.

**Article 54** When a shareholders' meeting is convened by the supervisory committee or by the shareholders, the board of directors and the company secretary shall assist. The board of directors shall provide the register of shareholders on the date of registration of shareholding. The register of shareholders the convener acquired shall not be used for any other purposes other than convening of a shareholders' meeting.

**Article 55** If the supervisory committee or the shareholders convene a general meeting, the expenses necessary for the meeting shall be borne by the Company.

#### **Section 4 Proposal and Notification of General Meeting**

**Article 56** The contents of the proposal shall fall within the terms of reference of the shareholders' general meeting, and the proposal shall provide clear agenda and specific matters on which resolutions are to be made, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 57** When the Company holds a general meeting, the board of directors, the supervisory committee and shareholders independently or jointly holding no less than 1% of the Company stock shall have the right to put proposals to the Company.

Shareholders independently or jointly holding no less than 1% of the Company shares may, ten days before the general meeting is held, put forward interim proposals and submit such proposals in writing to the conveners. The conveners shall, within two days of receiving any such proposal, send out a supplementary general meeting notice announcing the details of the interim proposal.

If the general meeting is postponed due to the issuance of a supplementary notice of the general meeting in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the convening of the general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except the circumstances prescribed in the preceding paragraph 2, the conveners shall not modify or add any new proposal to the proposals listed in the general meeting notice after sending it out.

The general meeting shall not vote or make resolutions on proposals not listed in the general meeting notice or proposals that do not satisfy the criteria prescribed in Article 56 of the Articles of Association.

**Article 58** The convener shall inform each shareholder of the annual general meeting in form of written notice 20 days before the convening the meeting and shall inform each shareholder of the extraordinary general meeting in form of written notice 15 days before convening the meeting. If the laws, regulations, and the securities regulatory authority of the place where shares of the Company are listed have regulations otherwise, such regulations shall prevail.

When calculating the starting date, the date of the meeting shall be excluded, but the date of the announcement of the meeting shall be included.

**Article 59** The notice of shareholders' meeting shall include the following contents:

- (1) the time, venue and duration of the meeting;
- (2) matters and proposals to be considered at the meeting;
- (3) a prominent written statement as follows: all shareholders have the right to attend the shareholders' meeting, and may authorize in written form a proxy, who need not necessarily be a company shareholder, to attend and vote at the meeting;
- (4) the equity registration date for determining those shareholders who have the right to attend the shareholders' meeting.

The specific details of all proposals shall be adequately and fully disclosed in all shareholders' meeting notices and supplementary notices. Where matters to be discussed require independent non-executive directors' opinions, the opinions and reasons given by the independent non-executive directors shall be disclosed when the shareholders' meeting notice or supplementary notice is issued.

The interval between the equity registration date and the meeting date shall be no more than 7 working days. Once the equity registration date is confirmed, it shall not be changed.

**Article 60** If the election matters of directors or supervisors is proposed to be discussed at a general meeting, the notice of the meeting shall adequately specify the detailed information on the director or supervisor candidates, which shall at least include:

- (1) personal particulars, including academic qualifications, work experience and concurrent positions;
- (2) whether or not such candidate has any connected relationship with the Company, its controlling shareholders and beneficial controller;
- (3) disclosure of the number of shares of the Company held by such candidate;
- (4) whether they have been punished by the CSRC and other relevant authorities and disciplined by the stock exchange.

Save for the election of directors and supervisors by cumulative voting, each candidate for a director or a supervisor shall be proposed via a single proposal.

**Article 61** After giving the notice of general meeting, the meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without justifiable reasons. In case of a delay or cancellation, the convener shall make announcement at least 2 working days prior to the original date of convening the meeting and explain the reasons.

If there are special provisions on the procedures for postponing or canceling the general meeting under the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail, provided that the Company Law, the Securities Law, the Guidelines on the Bylaws of Listed Companies and other applicable provisions are not violated.

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

**Article 62** The Board of the Company and any other conveners shall take necessary measures to guarantee the good order of the general meeting. Measures shall be taken to deter any act disturbing the general meeting, picking quarrels and provoking troubles and infringing the legal rights and interests of any shareholder, and such act shall be reported in a timely manner to the relevant departments for investigation and punishment.

**Article 63** All shareholders registered in the list on the equity registration date and their proxies shall be entitled to attend the general meeting and exercise their voting rights in accordance with laws, regulations and the Articles of Association, unless individual shareholders are required by the Hong Kong Listing Rules to waive their voting rights on certain matters.

Shareholders may attend the general meeting in person or authorize proxies to attend and vote on their behalf. Any shareholder who has the right to attend and vote at a shareholder meeting has the right to appoint one or more persons (who may not be a shareholder) as their proxy to attend and vote on their behalf.

**Article 64** Individual shareholders who attend the meeting in person shall present their identity cards or other valid certificates that prove their identities; proxies who attend the meeting on behalf of others shall present their valid identity certificates and shareholder proxy statements.

For legal person shareholders, their legal representatives or authorized proxies shall attend the meeting on their behalf. Legal representatives who attend the meeting shall present their identity cards and valid certificates proving their qualifications as legal representatives; proxies who attend the meeting on behalf of shareholders shall present their proxy identity cards and written proxy statements lawfully issued by the legal representatives of the legal person shareholders in question.

Shareholders are organized by non-legal person, the person in charge of the organization or a proxy authorized by the person in charge shall attend the meeting. Such person in charge of the organization attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the person in charge. Proxies authorized to attend the meeting shall present their personal identity cards or the written authorization letter legally issued by the person in charge of the organization.

**Article 65** The power of attorney issued by the shareholder authorizing his or her proxy to attend the general meeting should contain the following:

- (1) the name of the proxy;
- (2) whether the proxy has any voting right;
- (3) instruction to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;
- (4) the date of issue and validity period of the power of attorney;
- (5) signature (or seal) of the appointer. If the appointer is a corporate shareholder, the seal of the corporate unit shall be affixed or it shall be signed by its authorized person. If the appointer is an unincorporated organization, the seal of the unincorporated organization shall be affixed or it shall be signed by its authorized person.

**Article 66** Such proxy form shall contain a statement that in default of such instructions, whether or not the proxy may vote as he/she thinks fit.

**Article 67** The instrument appointing a proxy shall be deposited at the Company's domicile or such other place as specified in the notice of the meeting at least 24 hours before the time appointed for holding the meeting at which the power of attorney proposes to vote, or 24 hours before the time appointed for taking of the poll. Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, that power of attorney or other authority is required to be notarized. A notarized copy of that power of attorney or other authority together with the instrument appointing a proxy is required to be deposited at the Company's domicile or such other place as specified in the notice of the meeting.

If the appointer is a legal person, the legal representative or such person authorized by the Board or other decision-making body to act as its representative may attend the general meeting of the Company.

If the appointer is an unincorporated organization, the person in charge or such person authorized by the decision-making body to act as its representative may attend the general meeting of the Company.

If the shareholder is a recognized clearing house (or its agent) as defined in the relevant regulations enacted by Hong Kong from time to time, the shareholder may authorize one or more persons as he/she thinks fit to act as his/her representative at any general meeting or creditors meeting. However, if more than one person is authorized, the power of attorney shall state the number and class of shares to which each of such person is authorized, and the power of attorney shall be signed by an authorized officer of the recognized clearing house. The authorized person may attend the meeting on behalf of the recognized clearing house (or its agent) (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming that it is duly authorized) and exercise the rights as if the person is the Company's natural person shareholders have the same statutory rights as other shareholders, including the right to speak and vote.

**Article 68** The register of attendees of the general meeting shall be prepared by the Company. Such register shall specify information such as the name of the persons (or units) attending the general meeting, identity card number, residential address, number of shares or voting shares held, name of the persons (or units) the proxy represents.

**Article 69** The convener shall jointly verify the validity of the shareholders' qualification according to the register of shareholders provided by the Securities Depository and Clearing Institutions and register the name (or title) of shareholders and the voting shares held by them. The meeting registration shall be stopped before the chairman of the meeting declares the number of shareholders and proxies present at the on-site meeting and the total voting shares.

**Article 70** When a shareholders' meeting is held, all directors, supervisors and the company secretary of the Company shall attend the meeting, and the general manager and other senior management members shall also be present at the meeting.

**Article 71** The general meeting shall be presided over by the chairman of the board of directors. Where the chairman of the board is unable or fails to fulfill his duties, the meeting shall be presided over by a director jointly elected by a majority of directors.

Any general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable or fails to fulfill his duties, the meeting shall be presided over by a supervisor jointly elected by a majority of supervisors.

Any general meeting convened by shareholders shall be presided over by a representative elected by the conveners.

When the general meeting is being held, if the meeting cannot continue due to the meeting chair's violation of any procedural rule, the general meeting may, subject to the consent of shareholders who hold an absolute majority of the voting rights represented at the on-site general meeting, elect someone to act as meeting chair, following which the meeting may continue.

**Article 72** The Company shall establish rules of procedure for the general meeting, specifying the procedures for convening and voting at the general meeting, including, among others, notice, registration, deliberation of proposals, casting of votes, counting of votes, declaration of voting results, adoption of resolutions, meeting minutes and execution thereof, announcement, and principle of delegating powers to the Board by the general meeting, of which powers shall be clear and specific. The rules of procedure for the general meeting shall be prepared by the board of directors and approved by the general meeting, and constitute an exhibit to the Articles of Association.

**Article 73** At an annual general meeting, the Board and the supervisory committee shall report their respective work in the preceding year to the general meeting, and each independent non-executive director shall deliver a work report.

**Article 74** Except for matters involving company trade secrets which cannot be disclosed at general meetings, the directors, supervisors and senior management shall provide explanations in respect of the inquiries and suggestions made by the shareholders at any general meeting.

**Article 75** The presider shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 76** Minutes of a shareholders' meeting shall be kept by the company secretary. The minutes of the meeting shall specify:

- (1) time, venue and agenda of the meeting, and the name of the convener;
- (2) the names of the presider, and the directors, supervisors, general manager and other senior management officers attending or present at the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and their respective proportions of these shares to the total number of shares of the Company, including the number of domestic shareholders (including proxies) and H Shareholders (including proxies) attending the shareholders' meeting, the total number of voting shares held by them and their respective proportions of these shares to the total number of shares of the Company;

- (4) the consideration process, summaries of speeches and voting results for each proposal;
- (5) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (6) the names of the counting officer and monitoring officer;
- (7) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 77** The convener shall ensure the meeting minutes are true, accurate and complete. Directors, supervisors and the company secretary attending or presenting the meeting, the convener or representative thereof and the presider shall sign the meeting minutes. The meeting minutes and the signed attendance record of the shareholders who attended in person, the proxy forms for the proxies present at the meeting and the valid information relating to other methods of voting shall be kept together for no less than 10 years.

**Article 78** The convener shall ensure that the continuity of the general meeting until the final resolution is formed. Where the general meeting is discontinued or fails to adopt any resolution due to any force majeure or other special reasons, necessary measures shall be taken to resume or directly terminate the general meeting, and an announcement shall be made promptly.

## **Section 6 Voting and Resolutions at Shareholders' General Meeting**

**Article 79** Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by an absolute majority of the voting rights represented by shareholders (including shareholder proxies) in attendance at the general meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights represented by shareholders (including shareholder proxies) in attendance at the general meeting.

**Article 80** The following matters shall be passed by an ordinary resolution of the shareholders' meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) plans for the distribution of company profits and plans to cover losses as drafted by the board of directors;
- (3) the appointment and dismissal of members of the board of directors and the supervisory committee, along with the remuneration of and payments to such members;
- (4) the Company's annual report;
- (5) appointment and dismissal of accounting firms, determining the remuneration of accounting firms;

- (6) change the investment project with raised funds;
- (7) any other matter other than those required by laws, administrative regulations or the Articles of Association to be passed by special resolution.

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

- (1) any increase or reduction in the registered capital of the Company;
- (2) any proposed split, breakup, merger, dissolution or liquidation of the Company (including voluntary liquidation);
- (3) amendments to the Company's Articles of Association;
- (4) any purchase or sale of major assets or the provision of guarantees within any one year in an amount in excess of 30% of the Company's total assets as audited in the latest period;
- (5) any equity incentive plan;
- (6) other matters that are required by laws, administrative regulations or the Articles of Association or that are determined by an ordinary resolution of the general meeting to have a substantial impact on the Company shall be passed by special resolutions;
- (7) other matters that are required by the Hong Kong Stock Exchange to be passed by special resolutions.

**Article 82** Shareholders (including shareholder proxies) shall exercise their voting rights according to the number of voting shares they represent. Each shareholder should have one vote for each share. When voting on a poll, shareholders (including shareholder proxies) who have two or more voting rights do not need to cast all voting rights in favor or against.

Shares held by the Company itself shall have no voting rights and shall not be included in the total number of voting shares held by shareholders in attendance at the general meeting.

If, pursuant to the applicable laws and regulations and listing rules of the place where the Company's shares are listed, any shareholder is abstained to vote or is restricted to vote only "For" or only "Against" on any resolution, the vote will not be counted if this shareholder or its proxy violates the referred requirements or restriction.

The board of directors, independent non-executive directors, shareholders of 1% or more of the shares in the Company with voting right, or any investor protection agency established pursuant to the relevant laws, administrative regulations and provisions of the Securities Regulatory Authority of the State Council may publicly solicit voting rights from shareholders, provided that solicitation of the shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited persons.

Where shareholders' rights are collected in accordance with the provisions of the preceding paragraph, the collector shall disclose the collection documents and the Company shall cooperate.

Consideration or de facto consideration for collecting the shareholders' voting rights publicly is prohibited. The Company and the convener of general meetings shall not impose any restriction on the minimum shareholding ratio for the solicitation of voting rights, except for statutory conditions.

**Article 83** The connected shareholders shall not participate in voting, with its number of shares with voting rights represented by them not to be counted in the total number of valid votes, when the shareholders' general meeting is reviewing the relevant connected transaction if required by applicable laws, regulations, normative documents or the Hong Kong Listing Rules; the announcement of the resolution of the shareholders' general meeting shall fully disclose the votes of the non-connected shareholders.

The connected shareholder shall take the initiative to abstain from voting; and if he/she fails to do so, other shareholders may request him/her to abstain from voting.

When a connected transaction is considered at a general meeting, the presiding officer of the meeting shall announce the name list of the related shareholders, state whether they will participate in the voting. The voting shall be carried out after announcing the total number of shares of the non-connected parties attending the meeting with voting rights and the proportion of the total shares of the Company.

Pursuant to the applicable laws, regulations, normative documents and the Hong Kong Listing Rules, any shareholder is required to abstain from voting on certain resolution, or any shareholder is restricted to only vote for (or against) a certain resolution, in case of any violation of the relevant provision or restriction, the vote cast by the shareholder or his proxies shall not be counted.

**Article 84** Unless the Company faces a crisis or falls into other special situations, without the approval of a special resolution by the general meeting, the Company shall not enter into any contract with any person other than the directors, the general manager and other senior management of the Company, pursuant to which, the Company will delegate the management of all or important business of the Company to such person.

**Article 85** The list of director and supervisor candidates shall be submitted to the shareholders' meeting for voting in the form of a proposal.

When voting on the election of directors and supervisors at a shareholders' meeting, the cumulative voting system may be adopted.

Under the aforementioned cumulative voting system, in the election of directors or supervisors at a shareholders' meeting, each share shall be entitled to such number of votes that is equal to the number of directors or supervisors to be elected, and a shareholder may allocate all of his/her votes to a single candidate. The Board shall publicly disclose the respective resumes and particulars of director and supervisor candidates to the shareholders.

Method and procedure of nomination of directors and supervisors: to be submitted by shareholder(s) individually or collectively holding 3% or more of the shares in the Company, to the board of directors and the supervisory committee separately; after review and approval by the board of directors and the supervisory committee, the board of directors and the supervisory committee will propose at the shareholders' meeting for review and approval.

The board of directors and the supervisory committee may propose candidates for directors and supervisors.

**Article 86** Except for the cumulative voting system, votes on proposals shall be taken one by one at a general meeting, and if there are different proposals regarding the same matter, vote on such proposals shall be taken in order of time of submission thereof. Unless the general meeting is discontinued or fails to adopt any resolution due to any force majeure or other special reasons, the general meeting shall not put on hold or refrain from voting on any proposal.

**Article 87** No proposal deliberated at a general meeting shall be amended; otherwise, the relevant amendment shall be deemed a new proposal, which shall not be voted on at the same meeting.

**Article 88** The same vote may only be cast once on site or by other means, provided that if the same vote is cast more than once, only the first vote will be deemed valid.

**Article 89** Votes at a general meeting shall be through registration.

**Article 90** Before voting on any proposal, a shareholders' meeting shall choose two shareholders' representatives to participate in the votes counting or scrutinizing, provided that no such shareholders' representative shall be a shareholder who is interested in the subject matter of such proposal or his/her proxy.

The shareholders' representatives and supervisors' representatives shall jointly count and scrutinize the votes cast on such proposal at a shareholders' meeting. The voting results shall be declared at the meeting and recorded in the minutes of the meeting.

The shareholders, who cast votes by other means, whether in person or by proxy, shall have the right to check their voting results through the relevant voting system.

**Article 91** The chairperson of a shareholders' meeting shall declare the result of voting on each proposal, and whether such proposal has been adopted accordingly.

Before the formal declaration of the result of any voting, the Company, teller(s), scrutineer(s), shareholders and other persons involved in voting on site or by other means shall have the obligation to keep confidential the information related to the voting.

**Article 92** A shareholder attending any general meeting shall vote for or against or abstain from voting on each proposal submitted to the meeting for voting. If such shareholder is a recognized clearing house (or its proxy) within the meaning of the Securities and Futures Ordinance of Hong Kong or the relevant Ordinance in force from time to time of Hong Kong law, the shareholder may authorize one or more persons as he/she thinks fit to be present at any general meeting or to act as its representative at any class of shareholders' meetings (if applicable). A person so authorized may represent a recognized clearing house (or its agent) (without the production of shareholding certificates, notarized authority and/or further evidence substantiating its duly authorization) as if such person is a natural person shareholder of the Company, holding equivalent statutory rights of other shareholders, including the right to speak and vote. The securities registrar and clearing institution, as the nominal holder of the stocks under the trading interconnection mechanism of mainland China and Hong Kong stock markets, making declarations in accordance with the intention of the actual shareholders are excluded.

In the event of any vote that is uncompleted, erroneously completed or illegible, or fails to be cast, the shareholder casting or failing to cast the same shall be deemed to have waived his/her voting right, and the voting results of the shares held by him/her shall be counted as “abstaining from voting”.

**Article 93** If the chairperson of a general meeting has any doubt about the result of voting on any resolution, the chairperson may request the votes cast to be counted. If the chairperson does not request the votes to be counted, any shareholder attending the meeting in person or by proxy shall have the right to request the votes to be counted immediately after the result of voting is declared by the chairperson if such shareholder objects to the result of voting, in which case, the chairperson shall immediately have the votes counted.

**Article 94** The resolutions of a general meeting shall be announced in a timely manner pursuant to the regulations of the listing rules of the place in which the Company’s shares are listed, and the announcement shall specify the number of shareholders and proxies attending the meeting, the number of voting shares held by them and the percentage of such shares to the total number of voting shares of the Company, voting methods, the voting result of each proposal and the details of the resolutions passed. In the announcement, the attendance and voting of the domestic shareholders and H Shareholders shall be counted and announced separately.

**Article 95** The resolutions of a general meeting shall specifically indicate any proposal that fails to be adopted at the meeting or any amendment to any resolution of the previous general meeting in the corresponding announcement.

**Article 96** If a general meeting adopts any resolution on the election of directors and supervisors, the term of office of the newly appointed directors and supervisors shall commence from the date of adoption of the relevant resolution at the general meeting.

**Article 97** Any resolution on the distribution of cash or stock dividends or capitalization of capital reserve adopted at a general meeting shall be implemented by the Company within 2 months after the end of the meeting.

If the specific plan cannot be implemented within 2 months according to the provisions of laws and regulations and the securities regulatory rules where the Company’s shares are listed, the implementation date of the specific plan can be adjusted according to such provisions and the actual situation.

## **Chapter 5 The Board of Directors**

### **Section 1 Directors**

**Article 98** Directors of the Company shall be natural persons, who are not required to hold shares in the Company. A person may not serve as a director of the Company if any of the following circumstances applies:

- (1) without capacity or with restricted capacity for civil acts;

- (2) for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving a sentence, or is given a suspended sentence and within two years from the date of expiry of probation, being deprived of political rights for crime;
- (3) within three years after insolvency and liquidation of such company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;
- (4) within three years after the company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating the law on which the person is held accountable;
- (5) liable to large amounts of unliquidated mature debts, resulting in being named a dishonest person subject to enforcement by the People's Court;
- (6) currently being prohibited from participating in the securities market by the China Securities Regulatory Commission and such barring period has not elapsed;
- (7) other circumstances as stipulated by the laws, administrative regulations, departmental rules or relevant laws and regulations and regulatory rules of the place where the Company's shares are listed.

If the election or appointment of directors has violated the requirements herein, such election or appointment or employment shall be void and invalid. If such circumstances arise during the period of employment of a director, the Company shall dismiss the duties of such director and suspend him/her from performing his/her duties.

**Article 99** Directors shall be elected or replaced by the general meeting. The directors serve a term of office of 3 years and may be reelected and reappointed after the expiration of the term of office. However, the independent non-executive directors shall not hold office for more than 9 consecutive years. The general meeting may, on the premise of complying with relevant laws, administrative regulations, departmental rules, normative documents, and the listing rules of the stock exchange where the Company's shares are listed, remove any director whose term of office has not expired by ordinary resolution (provided that any claims that may be made under any contract shall not be affected by this).

The term of office of a director shall start from the date on which he takes office and end on the expiration of the current term for the board of directors. Where reelection procedures are not carried out in a timely manner on the expiration of the directors' term of office, before the newly elected directors take office, the original directors shall perform their directors' duties in accordance with laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association.

A director may serve concurrently as general manager or other senior management, but the directors serving concurrently as such and as director who is an employee representative shall not exceed half of the total number of directors of the Company.

**Article 100** Directors shall observe the provisions of laws, administrative regulations and Articles of Association, and fulfill the following fiduciary duties to the Company. They shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not use their positions to seek improper benefits.

Directors fulfill the following fiduciary duties to the Company:

- (1) to not misappropriate the properties of the Company or misappropriate the Company's funds;
- (2) to not deposit the Company's funds into accounts under their own names or the names of other individuals;
- (3) to not use power to provide bribes or receive other illegal incomes;
- (4) to not directly or indirectly enter into contract or transactions with the Company without reporting to the board of directors or the general meeting or by resolution and approval of the board of directors or the general meeting according to the Articles of Association;
- (5) to not take advantage of their position to procure business opportunities for themselves or others that should have otherwise been available to the Company; except the business opportunities that cannot be utilized by the Company after they have been reported to the board of directors or the general meeting and then resolved by the general meeting, or the Company cannot take advantage of the business opportunity in accordance with the laws, administrative regulations or the Articles of Association;
- (6) to not operate businesses similar to that of the Company for their own benefits or on behalf of others without reporting to the board of directors or the general meeting and being approved by the general meeting;
- (7) to not accept commissions from transactions between others and the Company for their own benefits;
- (8) to not disclose any secret of the Company without authorization;
- (9) to not use their connected relations to damage the interests of the Company;
- (10) laws, administrative regulations, departmental rules, relevant laws, regulations and regulatory rules of the place where the Company's shares are listed and other fiduciary obligations stipulated in the Articles of Association.

Any income obtained by directors in violation of any of the provisions herein shall belong to the Company. The director shall be liable to indemnify the Company against any losses incurred.

The close relatives of directors and senior management personnel, enterprises directly or indirectly controlled by directors, senior management personnel or their close relatives, and the connected persons with other connected relationships with the directors and senior management personnel, shall comply with item (4) of the paragraph 2 of this Article when entering into contracts or transactions with the Company.

**Article 101** Directors shall abide by the provisions of laws, administrative regulations and the Articles of Association, and shall have due diligence duties to the Company. When performing duties, he/she shall exercise reasonable care as a manager for the best interest of the Company. A director shall have the following due diligence duties to the Company:

- (1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure that the business activities of the Company comply with the laws, administrative regulations and various economic policies of the PRC and are not beyond the business scope specified in the business license of the Company;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the business operations and management of the Company;
- (4) to sign written opinions on the regular reports of the Company, and to ensure the Company gives a timely and fair disclosure of information and the veracity, accuracy and completeness of information disclosed therein. Where the directors are unable to ensure the veracity, accuracy and completeness of the content of the securities offering documents and regular reports or differing views are held, their opinions and reasons shall be stated in the written confirmation and disclosed by the Company. Directors could directly apply for disclosure if the Company fails to disclose;
- (5) to honestly provide the supervisory committee with relevant information, and to not prevent the supervisory committee or supervisors from exercising their functions and powers;
- (6) to fulfill duties prudently according to the business decision-making principles during the business activities and defend interests of the Company and all shareholders with all efforts;
- (7) to fulfill other duties of diligence specified by the laws, administrative regulations, departmental rules and the Articles of Association.

**Article 102** If any director fails to attend board meetings in person or by proxy two consecutive times, the said director shall be deemed incapable of performing his/her duties and the board of directors shall suggest that the general meeting dismiss the said director.

**Article 103** A director may resign before expiry of his/her term of office, subject to submission of a written resignation report to the board of directors. The board of directors shall make disclosure of relevant information within 2 trading days.

Where the number of members of the board of directors falls below the quorum due to the resignation of any director, or the number of independent non-executive directors falls below one-third of the number of members of the board of directors or absence of accounting professionals in the independent non-executive directors due to the resignation of independent non-executive directors, the resignation report of such director shall not take effect until the successor fills the vacancy arising from his/her resignation. In the above circumstances, the original director shall, before the newly-elected director assumes his post, carry out duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Except for the circumstances specified in the preceding paragraph, the resignation of a director shall become effective when the resignation report is delivered to the board of directors.

**Article 104** The Company shall set up a management system for the resignation of directors, clearly specifying measures to ensure accountability and compensation concerning public commitments which have not been completed and other uncovered matters. A director shall duly carry out all handover procedures with the Board on resignation or expiration of term. His fiduciary obligations to the Company and the shareholders shall not, as a matter of course, terminate at the end of his term of office, and shall remain valid within 12 months after his resignation or expiration of term. The responsibility of a director due to performance of his/her duties during the term of office will not terminate or be discharged due to leave of office. Duration of other obligations shall be determined based on the fair principle, taking into account factors such as the nature, importance, time of impact of the relevant matters and the relationship with such director.

The general meeting may resolve to remove a director. The removal takes effect on the date of the resolution made. If, without proper reason, a director is removed before expiry of term of office, he/she may request compensation from the Company.

**Article 105** Any director shall not act as an individual on behalf of the Company or the board of directors unless as provided by the Articles of Association or legally authorized by the Board. In circumstances where a director is acting as an individual and a third party may reasonably believe that the director is acting on behalf of the Company or the board of directors, the director shall make a prior statement specifying his position and capacity.

**Article 106** Directors shall be liable for compensation if the Company incurred any losses due to violations of applicable provisions of laws, administrative regulations, departmental rules or the Articles of Association on the part of the directors in performing their duties. The Company shall be liable for compensation for any damage caused to other persons by the directors when carrying out their duties in the Company; the directors shall also be liable for compensation if they have engaged in intentional misconduct or gross negligence.

## **Section 2 Board of Directors**

**Article 107** The Company shall set up a board of directors which shall be accountable to the general meeting.

The board of directors shall consist of seven directors, of which at least one-third and no less than three of them shall be independent non-executive directors. The board of directors shall have a chairman.

**Article 108** The board of directors shall exercise the following powers:

- (1) to convene the shareholders' meeting and present reports thereto;
- (2) to implement resolutions adopted by the shareholders' meeting;
- (3) to determine the Company's operating plans and investment programs;
- (4) to draft plans for the distribution of company profits and plans to cover losses;

- (5) to draft plans relating to any increase or reduction in registered capital, the issuance of bonds or other securities, or listing;
- (6) to draft plans for the Company's major acquisitions, the acquisition of the Company's shares, merger, demerger, dissolution and change of corporate formation of the Company;
- (7) to determine, within the scope of the powers granted by the shareholders' meeting, matters including the Company's external investments, the sale and purchase of assets, asset mortgages, external guarantees, third party financial management, connected transactions, donations to other organizations, among other matters;
- (8) to apply for bank credit, asset mortgages and borrowed funds;
- (9) to approve the plan on converting the Company's domestic unlisted shares into overseas listed foreign shares (H Shares) for the purpose of listing on the main board of The Stock Exchange of Hong Kong Limited;
- (10) to determine the establishment of the Company's internal management structure;
- (11) to decide on matters such as the appointment or dismissal of the Company's general manager, and company secretary and on their compensation and incentives/disincentives; to decide on the appointment or dismissal of the Company's deputy managers, chief financial officer and other senior officers as nominated by the general manager and on their remuneration and incentives/disincentives;
- (12) to formulate the Company's basic management systems;
- (13) to formulate plans to amend the Articles of Association;
- (14) to manage the disclosure of information by the Company;
- (15) to make proposals to the shareholders' meeting on the appointment or replacement of the accounting firm that audits the Company;
- (16) to listen to the work reports given by the general manager of the Company and oversee the general manager's work;
- (17) any other power granted by laws, administrative regulations, departmental rules, relevant laws, regulations and regulatory rules of the stock exchange where the Company's shares are listed, or the Articles of Association.

The board of directors of the Company shall establish special committees, including the audit, strategy, nomination, remuneration and evaluation committees. The 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. The proposals of the committees shall be submitted to the board of directors for consideration and approval. All members of the special committees shall be directors, among which the audit committee shall only comprise non-executive directors and consist of at least three members. The majority of its members shall be

independent non-executive directors, at least one of whom shall be an independent non-executive director with the appropriate professional qualifications as provided for in the Hong Kong Listing Rules or the appropriate accounting or relevant financial management expertise, and its convener, or chairman, shall be an independent non-executive director. The majority of the members of the remuneration and evaluation committee must be independent non-executive directors and its convener, or chairman, must be an independent non-executive director. The convener, or chairman, of the nomination committee must be the chairman of the board of directors or an independent non-executive director, and the majority of the members also must be independent non-executive directors. In accordance with its requirements, the board of directors may also set up other committees and reshuffle existing committees. The board of directors is responsible for formulating the rules of the special committees to regulate their operation.

Matters exceeding the scope of the authority granted by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

**Article 109** The board of directors of the Company shall ensure the timely disclosure of periodic reports. If the resolution of the board of directors for review of the periodic report cannot be formed for any reason, the Company shall disclose the relevant information in the form of an announcement of the board of directors to explain the reasons for the failure to form the board of directors' resolution and the existing risks. The board of directors of the Company shall make a statement to the general meeting regarding the non-standard audit opinion issued by the certified public accountant on the Company's financial report.

**Article 110** The board of directors shall formulate the rules of procedure of the board of directors to ensure that the board of directors implements the resolutions of the general meeting, so as to improve work efficiency and to ensure scientific decision making. The rules of procedure of the board of directors shall be annexed to the Articles of Association and shall be drafted by the board of directors and approved by the general meeting.

**Article 111** The board of directors shall have the authority to review and approve major matters such as external investments, acquisition and disposal of assets, pledging of assets, external guarantee matters, entrusted financial management, connected transactions and external donations, and establish strict review and decision-making procedures; material investment projects shall be reviewed by relevant experts and professionals and reported to the general meeting for approval.

In accordance with the relevant laws, administrative regulations and normative documents, and in accordance with the principle of prudent authorization, the board of directors is authorized to exercise the following investment and decision-making rights:

- (1) the total asset value involved in the transaction (the higher of the book value and the assessed value as the case may be) accounts for more than 10% and less than 50% of the latest audited total assets of the Company;
- (2) the concluded transaction amount (including debts and expenses undertaken) accounts for more than 10% and less than 50% of the latest audited net assets of the Company, with the absolute amount of more than RMB10 million;
- (3) the transaction profit accounts for more than 10% and less than 50% of the latest audited net profit of the Company, with the absolute amount of more than RMB1 million;

- (4) the related operating income of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 10% and less than 50% of the audited operating income of the Company in such fiscal year, with the absolute amount of more than RMB10 million;
- (5) the related net profit of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 10% and less than 50% of the audited net profit of the Company in such fiscal year, with the absolute amount of more than RMB1 million;

The amounts in absolute terms will be used when negative amounts are subject to the above bases.

Where laws, administrative regulations, departmental rules, normative documents or stock exchanges have other restrictive provisions on the specific licensing rights of the above-mentioned authorized matters, such provisions shall prevail.

**Article 112** The board of directors shall appoint a chairman, who shall be elected by a majority of all directors.

**Article 113** The chairman of the board of directors shall exercise the following powers:

- (1) to preside over the general meeting, and to convene and preside over the meetings of the board of directors;
- (2) to urge and check the implementation of the board of directors' resolutions;
- (3) other functions and powers conferred by the board of directors.

**Article 114** If the chairman of the board of directors cannot or does not perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.

**Article 115** The board of directors meets regularly at least four times every year (roughly on a quarterly basis) and such meetings shall be convened by the chairman. All directors and supervisors shall be informed in writing 14 days before the meeting.

**Article 116** Shareholders representing more than 10% of the voting right, one third or more of the directors or the supervisory committee may propose to convene an interim Board meeting. A meeting of the board of directors shall be convened and presided by the chairman of the board of directors within 10 days upon receipt of the proposal.

**Article 117** Notice of interim Board meetings convened by the board of directors shall be sent in written form by hand, facsimile, express delivery or other electronic communication means to all directors and supervisors. If the notice is not delivered by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made. In case of emergency where an interim Board meeting is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, for a minimum of 3 days before the convening of the interim Board meeting.

**Article 118** The notices of meetings of the board of directors shall contain the following:

- (1) the date and place of the meeting;
- (2) the duration of the meeting;
- (3) the matters to be considered and the agenda of the meeting;
- (4) the date of the notice.

**Article 119** No meeting of the board of directors shall be held unless attended by a majority of directors. Any resolution adopted by the board of directors shall require affirmative votes by an absolute majority of directors.

When voting on board of directors' resolutions, one director shall have one vote.

**Article 120** Where a director has a connected relationship with any enterprise involved in a resolution to be voted on at a meeting of the board of directors, the director concerned shall not exercise her/his voting rights for that resolution, nor shall she/he exercise voting rights on behalf of any other director. The relevant meeting of the board of directors shall not be held unless attended by an absolute majority of directors without a connected relationship with any such enterprise, and any resolution made at the meeting must be voted for by a majority of directors without any such relationship to be passed. Where the number of directors without any such connected relationship attending the meeting is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 121** The way of voting for the board of directors' resolution shall be by a show of hands or by open ballot.

The Board meeting may be convened by means of written materials, video conference, telephone conference, fax or through the communication devices with which all the directors can communicate, provided that the director's opinions are fully expressed, and shall be signed by the attending directors.

**Article 122** Directors shall attend the meetings of the Board in person. Where a director is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which will be signed or sealed with the chop by the appointing director. A director who attends the meeting on behalf of appointed director shall exercise the rights of a director to the extent authorized. Where a director is unable to attend a meeting of the board of directors and has not appointed a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

One director shall not be appointed as the proxy to attend the same Board meeting by more than two directors. Independent non-executive directors may only appoint another independent non-executive director as the proxy to attend a Board meeting.

**Article 123** The board of directors shall prepare minutes of the meetings of the Board and such minutes shall be signed by the directors present at the meeting. The attending directors are entitled to request that an explanatory record of their comments made at the meeting be noted in the minutes.

The minutes of the Board meeting shall be properly kept as corporate documents for a period of not less than ten years.

**Article 124** The minutes of the Board meeting shall include:

- (1) the convening date, place and the convener's name of the meeting;
- (2) names of directors present and such directors appointed as proxies to attend the meeting;
- (3) agenda of the meeting;
- (4) key points of speeches of the directors;
- (5) the voting method and the results of each resolution (the number of votes in favor, against or abstain shall all be clearly indicated).

### **Section 3 Independent Non-executive Directors**

**Article 125** The independent non-executive directors of the Company shall diligently perform their duties in accordance with laws, administrative regulations, the provisions of CSRC and the stock exchange, and the Articles of Association, and shall play roles in decision-making participation, oversight and balance, and professional consultation in the board of directors, maintain overall interest of the Company, and protect legitimate rights of minority shareholders.

**Article 126** Independent non-executive directors shall, as members of the board of directors, bear the obligations of loyalty and diligence towards the Company and all its shareholders and perform the following duties prudently:

- (1) participating in decision-making by the board of directors and issuing specific opinions on the deliberated matters;
- (2) supervising the potential significant conflict of interests between the Company and its controlling shareholders, de facto controllers, directors, senior management members, and protecting the legitimate rights and interests of minority shareholders;
- (3) providing professional and objective suggestions on the Company's business development, and promoting the improvement of the decision-making level of the board of directors;
- (4) other duties stipulated by laws and regulations, the relevant provisions of the stock exchange, and the Articles of Association.

**Article 127** Independent non-executive directors shall exercise the following special powers:

- (1) to independently engage intermediary agencies to audit, consult or inspect specific matters of the Company;
- (2) to propose to the board of directors to convene an extraordinary general meeting;
- (3) to propose the convening of a board meeting;

- (4) other powers stipulated by laws and regulations, the relevant provisions of the stock exchange, and the Articles of Association.

An independent non-executive director exercising the powers stipulated in item (1) to (3) of the preceding paragraph shall obtain the consent of more than half of all the independent non-executive directors.

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

**Article 128** The Company shall appoint one general manager, who shall be appointed or dismissed by the board of directors.

The Company shall appoint several deputy managers and one chief financial officer, who shall be appointed or dismissed by the board of directors.

The general manager, the deputy managers and the chief financial officer shall be deemed to be the senior officers of the Company.

**Article 129** Provisions of Article 98 of the Articles of Association with respect to the circumstances where a person may not serve as director of the Company are applicable to senior management personnel.

Provisions of Article 100 of the Articles of Association with respect to the fiduciary duties of the directors, and provisions of Article 101 (4) to (6) of the Articles of Association with respect to the duties of diligence are applicable to senior management personnel.

**Article 130** Any person holding an administrative position other than directors and supervisors in the Company's controlling shareholders unit shall not serve as the senior management personnel of the Company.

The senior management personnel of the Company shall only receive remuneration in the Company and shall not be paid by the controlling shareholders on behalf of the Company.

**Article 131** The general manager has a term of office of three years and may serve consecutive terms if re-appointed.

**Article 132** The general manager shall report to the board of directors and shall exercise the following functions and powers:

- (1) to manage the Company's production and operations, and organize the implementation of Board resolutions and report his/her work to the Board;
- (2) to draft the plan for the Company's internal management structure;
- (3) to formulate the Company's basic management systems;
- (4) to formulate detailed company rules;
- (5) to make recommendations to the board of directors on the appointment or removal of any deputy manager or the chief financial officer of the Company;

- (6) to appoint or remove officers of the Company other than those to be appointed or removed by the board of directors;
- (7) any other functions and power granted by the Articles of Association or the board of directors.

The general manager shall be present at Board meetings.

**Article 133** The general manager shall lay down his/her terms of reference which may be implemented upon approval by the board of directors.

**Article 134** The terms of reference of the general manager cover the following:

- (1) the conditions, procedures and number of participants for holding a general manager's meetings;
- (2) their respective duties and division of responsibilities among the general manager and other senior management personnel;
- (3) the use of the capital and the assets of the Company and the extent of powers in the execution of major contracts, and the reporting system to the board of directors and the supervisory committee;
- (4) any other matters considered necessary by the board of directors.

**Article 135** The general manager may submit his/her resignation before the expiry of his/her term of service. The specific procedures and methods concerning the general manager's resignation are specified in the labor or employment contract between the general manager and the Company.

**Article 136** The deputy managers and chief financial officer shall be nominated by the general manager and shall be appointed or removed by the board of directors. The deputy managers and chief financial officer are accountable to and report to the general manager, and perform relevant duties according to the scope of their respective business.

**Article 137** The Company shall appoint a company secretary who shall be responsible for the matters relating to preparations for shareholders' meetings and Board meetings, keeping of documentation and managing shareholders' data. Where the Company has assigned a company secretary to handle the abovementioned matters pursuant to the Hong Kong Listing Rules and the Company has appointed joint company secretaries, the company secretary shall handle the above matters in accordance with the relevant rules. The company secretary shall be responsible for handling matters such as information disclosure of the Company.

The company secretary shall comply with laws, administrative regulations, departmental rules, the relevant requirements of the laws, regulations and regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 138** If a senior management member contravenes the provisions of laws, administrative regulations, departmental rules or the Articles of Association when carrying out his/her duties in the Company, he/she shall be liable to compensate the Company for the losses thereof. The Company shall be liable for compensation for any damage caused to other persons by the senior management member when carrying out his/her duties in the Company; the senior management personnel shall also be liable for compensation if they have engaged in intentional misconduct or gross negligence.

**Article 139** Senior management personnel of the Company shall perform their duties honestly, and protect the best interests of the Company and all the shareholders. Senior management personnel of the Company shall be liable for compensation in accordance with the laws for any damage caused to the interests of the Company and public shareholders as a result of their failure to perform duties honestly or violation of their fiduciary duties.

## **Chapter 7 Supervisory Committee**

### **Section 1 Supervisors**

**Article 140** Provisions of Article 98 of the Articles of Association with respect to the circumstances where a person may not serve as director of the Company are applicable to the supervisors.

Directors, the general manager and other senior management personnel may not concurrently serve as supervisors.

**Article 141** Supervisors shall comply with laws, administrative regulations and the Articles of Association, and bear fiduciary and diligent duties to the Company. Supervisors shall not abuse their powers to accept bribes or other illegal income or misappropriate the Company's property.

**Article 142** The term of office of a supervisor shall be three years. On the expiration of her/his term of office, the same supervisor may be reelected and serve another term of office.

**Article 143** Where a supervisor has not been timely re-elected at the expiry of the term of office or a supervisor has resigned during the term of office as a result of which the number of members in the supervisory committee falls below the quorum, the original supervisor shall perform his/her duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations as well as the provisions of the Articles of Association.

**Article 144** Supervisors shall ensure any information disclosed by the Company to be true, accurate and complete, and sign a written confirmation for regular reports.

**Article 145** Supervisors may attend Board meetings, and raise any inquiry or make any suggestion regarding the resolutions of the Board.

**Article 146** Supervisors shall not use their connected relationship to prejudice the interests of the Company and shall be held liable for and indemnify any loss caused to the Company.

**Article 147** Any supervisor who violates laws, administrative regulations, departmental rules or the Articles of Associations when performing his/her duties in the Company shall be held liable to the Company for any damages caused by such violation.

## Section 2 Supervisory Committee

**Article 148** The Company shall establish a supervisory committee. The supervisory committee shall consist of 3 supervisors, and a chairman. The appointment or dismissal of the chairman shall be subject to the affirmative vote of no less than two-thirds of supervisors. The chairman shall convene and preside over meetings of the supervisory committee. Where the chairman is unable to exercise his powers or fails to do so, a supervisor jointly nominated by more than half of the supervisors shall convene and preside over meetings of the supervisory committee.

The supervisory committee shall be composed of shareholder representatives, external supervisors, and an appropriate proportion of company employee representatives. The number of employee representatives shall be no less than one-third of all supervisors. The external supervisor in the supervisory board refers to a supervisor who does not hold any position other than a company supervisor, except for shareholder representative supervisors and internal supervisors. Shareholder representative supervisors are nominated by shareholders who individually or jointly hold more than 3% of the company's shares, while external supervisors are nominated by the supervisory board and elected or replaced by the shareholders' meeting. Employee representatives on the supervisory committee shall be democratically elected by employees through the employee representative congress, the employee congress, or any other means.

**Article 149** The supervisory committee shall exercise the following powers:

- (1) to examine and give written examination opinions on the Company's regular reports prepared by the board of directors;
- (2) to review the financial affairs of the Company;
- (3) to monitor the conduct of the directors or senior officers in the course of performing their duties and to propose the dismissal of any director or senior officer who violates any law or administrative regulations, the Articles of Association or resolutions of the shareholders' meeting;
- (4) to require any director or senior officer who damages the Company's interests to take remedial action;
- (5) to propose interim shareholders' meetings, and to convene and preside over a shareholders' meeting when the board of directors fails to perform its duty to convene and preside over a shareholders' meeting as prescribed in the Company Law;
- (6) to submit proposals to the shareholders' meeting;
- (7) to file a suit against any director or senior officer of the Company in accordance with the provisions of Article 189 of the Company Law; and
- (8) to undertake an investigation on discovering any irregularities in the operation of the Company and, where necessary, engage professional institutions, such as accounting firms and law firms, to assist in any such investigation at the expense of the Company.

**Article 150** The supervisory committee shall hold meetings no less than once every six months. An interim meeting may be convened at the request of the supervisors.

Resolutions of the supervisory committee shall be adopted by no less than two-thirds (inclusive) of the supervisors.

When voting on resolutions of the supervisory committee, one supervisor shall have one vote.

**Article 151** The supervisory committee shall establish the rules of procedure for the meetings of the supervisory committee specifying the procedures for discussion and voting of the supervisory committee so as to ensure the efficiency and rational decision-making of the supervisory committee. The rules of procedure of the supervisory committee are attached to the Articles of Association, shall be formulated by the supervisory committee and submitted for approval at the general meeting.

**Article 152** The supervisory committee shall record its decisions on all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation.

Supervisors are entitled to make certain written explanations for their speeches delivered at the meeting in the minutes. The meeting minutes of the supervisory committee shall be kept as corporate documents for a period of 10 years.

**Article 153** A notice of a regular meeting convened by the supervisory committee shall be served in writing to all supervisors 10 days before the meeting.

**Article 154** The notices of meetings of the supervisory committee shall contain the following:

- (1) the date, place and duration of the meeting;
- (2) the matters to be considered and the agenda of the meeting;
- (3) the date of the notice.

## **Chapter 8 Financial Accounting System, Profit Distribution and Audit**

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

**Article 155** The Company shall formulate its own financial and accounting system in accordance with laws, administrative regulations and the provisions of relevant state departments.

**Article 156** The Company shall submit and disclose its annual report to the relevant stock exchange(s) where the Company's shares are listed, within four months from the end of each accounting year, and submit and disclose its interim report to the stock exchange(s) where the Company's shares are listed, within three months from the end of the first half of each accounting year. The Company's interim financial report and annual financial report shall be formulated in accordance with applicable laws, administrative regulations and relevant rules.

**Article 157** Unless otherwise specified in the law, administrative regulations and Articles of Association, the Company shall deliver to each holder of H Shares, by hand or prepaid post, or other means permitted by the Hong Kong Stock Exchange, the abovementioned reports or the report of directors, together with the balance sheet (including every document to be attached to the balance sheet as required by laws) and profit statement or the statement of income and expenditure (if applicable) or financial summary report, according to the addresses recorded on the register of shareholders at least 21 days before such annual general meeting.

**Article 158** The Company shall not maintain any account books other than the statutory account books. The funds of the Company shall not be deposited in any personal account.

**Article 159** In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital.

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

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

After the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders in proportion to their respective shareholdings unless otherwise stipulated in the Articles of Association.

Where the shareholders' meeting, in violation of the preceding paragraph, distributes profits to the shareholders before covering company losses and making an allocation to the company statutory reserve fund, the profits so distributed must be returned to the Company. The shareholders, and responsible director(s), supervisor(s) and senior management shall be liable to indemnify the Company against any losses incurred.

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

**Article 160** The Company's common reserve fund shall be applied to cover the losses of the Company, expand its business operations or be converted to increase the registered capital of the Company. To cover the losses of the Company with the capital reserve fund, the discretionary reserve fund and statutory reserve fund shall be used first; if it cannot be covered, the capital reserve fund can be used according to regulations.

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

**Article 161** Subject to the requirements of laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, after the resolution on the profit distribution plan has been adopted at the shareholders' meeting of the Company, or after the board of directors of the Company has formulated a specific plan based on the next year's interim dividend conditions and upper limit reviewed and approved by the annual general meeting, the board of directors of the Company shall complete the distribution of dividends (or shares) within six months from the convening of the shareholders' meeting.

**Article 162** The amount paid up on any share in advance of calls shall be entitled to dividend, but a payment in advance of a call shall not entitle the shareholder to receive any dividend subsequently declared.

Subject to compliance with the laws, regulations, departmental rules and normative documents, the Company may exercise its rights to forfeit unclaimed dividends, which are exercisable only after the expiry of applicable limitation period.

**Article 163** The Company may exercise the power to cease sending dividend warrants by post to holders of H Shares, if such warrants remain uncashed on two consecutive occasions. The Company may also exercise such power if after the first occasion on which such a warrant is returned undelivered.

Subject to compliance with the laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange, the Company shall have the right to sell, in such manner as the Board thinks fit, any shares of a holder of H Shares who is untraceable, subject to compliance with the following conditions:

- (1) the Company has distributed dividends on such shares for at least three times in 12 years and no dividend has been claimed during such period;
- (2) upon expiration of the 12-year period, the Company makes an announcement of its intention to sell such shares in one or more newspapers, and notify the local securities regulatory authority at the place where the shares of the Company are listed.

**Article 164** The Company shall appoint a receiving agent for the holders of H Shares. The agent shall collect on behalf of relevant shareholders the dividends distributed and other amounts payable in respect of H Shares.

The receiving agent appointed by the Company shall meet the requirements of the laws of the place, or relevant provisions of the stock exchange, where the shares are listed. The receiving agent appointed by the Company for the holders of H Shares shall be a trust company registered under the Trustee Ordinance of Hong Kong.

**Article 165** The Company shall publish its financial report under the international accounting standards or the accounting standards of the overseas place where the Company's shares are listed twice each financial year, including the annual financial report within 4 months after the closing date of each accounting year, and the interim financial report within 3 months after the closing date of the first half in each accounting year.

## **Section 2 Internal Audit**

**Article 166** The Company shall implement an internal audit system, which shall specify the leadership structure, duties and authorities, staffing, funding, application of audit results, and accountability mechanisms for internal audit work.

The internal audit system of the Company shall come into effect upon approval by the board of directors.

**Article 167** The internal audit department of the Company shall supervise and inspect matters relating to the Company's business operations, risk management, internal control, and financial information and other matters.

**Article 168** The internal audit department shall be accountable to the board of directors.

During the process of supervising and inspecting the Company's business operations, risk management, internal control, and financial information, the internal audit department shall be subject to the supervision and guidance of the audit committee. If the internal audit department discovers any material issues or leads, it shall report them directly to the audit committee without delay.

**Article 169** The internal audit department shall be responsible for organizing and implementing the internal control evaluation of the Company. Based on the evaluation report issued by the internal audit department and reviewed by the audit committee, together with relevant materials, the Company shall issue an annual internal control evaluation report.

**Article 170** The internal audit department shall actively cooperate and provide necessary support and assistance when the audit committee communicates with external audit institutions such as accounting firms and national audit authorities.

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

**Article 171** The Company shall appoint an accounting firm that complies with the Securities Law and the rules of the place where the Company's shares are listed to provide services such as the audit of financial statements, the verification of net assets and other relevant consultancy services. The term of appointment shall be one year, starting from the end of the current annual general meeting of the company and ending at the end of the next annual general meeting, and may be renewed.

**Article 172** The appointment or dismissal of the accounting firm of the Company shall be determined by the shareholders' general meeting, and the Board shall not appoint an accounting firm before the decision of the shareholders' general meeting.

**Article 173** The Company ensures to provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

**Article 174** The auditing fee for the accounting firm shall be decided by the general meeting.

**Article 175** A 20-day prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the engagement thereof. The accounting firm is entitled to make representations at the general meeting of the Company before the voting on a resolution regarding the removal of such accounting firm is conducted thereat.

Where the accounting firm resigns, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

## **Chapter 9 Notice and Announcement**

**Article 176** Company notices shall be served by any of the following means:

- (1) by announcement;
- (2) by personal delivery;
- (3) by express delivery;
- (4) by e-mail;
- (5) by fax;
- (6) by posting on the websites designated by the Company and the Hong Kong Stock Exchange, subject to laws, administrative regulations and listing rules of the stock exchange where the Company's shares are listed;
- (7) other forms stipulated by laws, administrative regulations or other normative documents, the approval of the relevant regulatory authority of the place where the shares of the Company are listed, or the Articles of Association of the Company.

Where notices delivered to the shareholders of overseas listed foreign shares are published as announcements, they shall be on the same date submitted in electronic form to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange's electronic publication system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the requirements of the local listing rules or on newspapers (including advertisements in newspapers) in accordance with the requirements of the local listing rules. Announcements shall also be published on the Company's website at the same time. In addition, where the announcements are served by hand or post, they shall be delivered by hand or prepaid mails according to each of the address of the shareholders of overseas listed foreign shares as recorded on the register of shareholders, so that the shareholders are fully informed and have enough time to exercise his/her rights or act as required by the provisions of the notice. Where the listing rules of the stock exchange where the Company's shares are listed have other provisions, such provisions shall prevail.

Shareholders of the Company's overseas listed foreign shares may choose to receive printed copies of corporate communication from the Company, and the shareholders may also choose to receive Chinese or English version only, or both. Shareholders may give notice in advance to the Company within reasonable time to revise the method of receiving foregoing information and its language version under appropriate procedures.

Shareholders or directors who wish to prove that a notice, document, information or written statement has been served to the Company shall provide evidence showing the same has been served to the correct address by ordinary means or by prepaid mail within the designated periods.

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

**Article 177** Once a notice of the Company is delivered in the form of announcement, all related persons are deemed to have been notified.

**Article 178** The notice of general meeting of the Company shall be made by announcement or delivered by hand or express mail, or sent by facsimile, email or other means, according to the names (or names of the entities) and addresses recorded on the register of shareholders. If there are specific provisions in the relevant laws, regulations and regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

**Article 179** The notice of Board meeting of the Company shall be delivered by hand or express mail, or sent by facsimile, email, telephone call, short messaging or other means.

**Article 180** The notice of supervisory Board meeting of the Company shall be delivered by hand or express mail, or sent by facsimile, email, telephone call, short messaging or other means.

**Article 181** If the notice is served by hand, the date of service is the date of acknowledgement of receipt by the recipient via signature or affixed seal on the service return slip. If the notice is served by express mail, the date of service is the fifth working day from the date the delivery is made to the recipient. If the notice is served via email, the date of service is the next working day of the date of the email reaches the recipient's information system. If the notice is served via facsimile, the date of service is the next working day of the date of the facsimile reaches the recipient's information system. If the notice is made by announcement, the date of service is the date of the first publication of the announcement.

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

**Article 183** Where relevant corporate documents must be in the English language and be accompanied by a Chinese version and be served through delivery, post, distribution, sending out, announcement or other means according to the relevant requirements of the securities regulatory authority of the place where the Company's shares are listed, in respect of shareholders who under proper arrangements by the Company confirm to receive such information only in English or Chinese version as well as to the extent of the applicable laws and regulations, the Company may send such documents in English or Chinese version to relevant shareholders according to their specified wish.

**Article 184** The Company shall issue announcements and disclose information to holders of Domestic shares through newspapers and websites designated by the laws, administrative regulations or relevant domestic regulatory authorities for information disclosure. If it is required to make announcements to the holders of H Shares pursuant to the Articles of Association, the announcement shall also be published in such manner as required by the Hong Kong Listing Rules. All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange shall be in the English language, or accompanied by a certified English translation.

## **Chapter 10 Merger, Division, Increase and Reduction of Capital, Dissolution and Liquidation**

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

**Article 185** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. Absorption means that a company absorbs another company and the absorbed company will be dissolved. Where two or more companies merge into a new company, companies involved in the merger will be dissolved.

Where the consideration paid for a merger does not exceed 10% of the Company's net assets, the merger may be conducted without a resolution of the general meeting, unless otherwise provided in the Articles of Association.

A merger conducted without a resolution of the general meeting pursuant to the preceding paragraph shall be subject to a resolution of the board of directors.

**Article 186** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution and shall publish an announcement in newspapers or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. The creditors shall, within 30 days of the receipt of the notice or, for those who do not receive the notice, within 45 days from the date of the announcement, demand the Company to settle their debts or provide corresponding guarantees for such debts. The resolution of the merger or division of the Company shall be contained in a special document and uploaded to the HKEX website and the Company's website according to the requirements of Hong Kong Listing Rules for inspection by shareholders. For shareholders of overseas listed foreign shares, the aforesaid documents shall also be served by mail or in a manner permitted by the securities regulatory authority of the place where the Company's shares are listed.

**Article 187** Upon the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

**Article 188** When the Company is divided, its assets shall be split up accordingly.

In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on division, and shall publish an announcement on newspapers or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

**Article 189** The companies which exist after the division shall be jointly and severally liable for the debts of the Company prior to the division, except when the Company has reached a written agreement on debt settlement with the creditors before the division.

**Article 190** Where the Company is required to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of passing the Company's resolution on reduction of registered capital at a shareholders' meeting and shall publish an announcement on newspapers or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. The creditors shall, within 30 days of the receipt of the notice or, for those who do not receive the notice, within 45 days from the date of the announcement, demand the Company to settle their debts or provide corresponding guarantees for such debts.

When the Company reduces its registered capital, it shall reduce its shares in proportion to the shares held by its shareholders, unless otherwise provided by law.

**Article 191** Where there are still losses following covering losses pursuant to the provisions of Article 160, the Company may reduce its registered capital to cover losses. Where the Company reduces its registered capital to cover losses, it shall not make distribution to its shareholders and shall not waive the obligations of shareholders to make an investment or share capital.

The provisions of the second paragraph of Article 190 shall not apply to reduction of registered capital pursuant to the provisions of the preceding paragraph, but an announcement shall be made in newspapers or the National Enterprise Credit Information Publicity System within 30 days from passing of the resolution on reduction of registered capital by the general meeting.

After the Company has reduced its registered capital pursuant to the provisions of the preceding two paragraphs, no profit shall be distributed before the accumulated amount of the statutory reserve fund and the discretionary reserve fund accounts for 50% of the Company's registered capital.

**Article 192** Where the registered capital is reduced in violation of the Company Law or other relevant provisions, shareholders shall refund the capital received thereby; where the shareholders' capital contributions are exempted or reduced, the original status shall be resumed; the shareholders, and responsible director(s) and senior management shall be liable to indemnify the Company against any losses incurred.

**Article 193** When the Company issues new shares to increase its registered capital, its shareholders do not enjoy the pre-emptive right, unless otherwise specified in the Articles of Association or the resolution of the general meeting deciding that the shareholders enjoy the pre-emptive right.

**Article 194** Where a merger or division of the Company involves any change in the registered items, such changes shall be registered with the Company registration authority according to law. Where the Company is dissolved, cancellation of the Company's registration shall be carried out according to law. Where a new company is formed, the registration of such company's incorporation shall be carried out pursuant to law.

In the event that the Company increases or decreases its registered capital, it shall register the changes with the Company registration authority in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 195** The Company may be dissolved for any of the following reasons:

- (1) the operating term prescribed in the Articles of Association has expired, or any other grounds for dissolution prescribed in the Articles of Association have arisen;
- (2) the shareholders' meeting has adopted a resolution to dissolve the Company;
- (3) dissolution is required due to a merger involving the Company or the division of the Company;
- (4) the Company's business license has been lawfully revoked, or the Company has been ordered to close down or wound up;
- (5) where serious difficulties have arisen in the operation of the Company and the continuation of the Company would materially damage the shareholders' interests to a significant extent; however, where any such scenario cannot be resolved through other channels, shareholders representing more than 10% of all voting rights may petition the People's Court to dissolve the Company.

If the Company has any grounds for dissolution specified in the preceding paragraph, it shall publicize the grounds for dissolution through the National Enterprise Credit Information Publicity System within ten days.

**Article 196** Where the circumstances described in item (1) and (2) of Article 195 apply to the Company, and the Company has not distributed its property to its shareholders, it may amend its Articles of Association or obtain approval by resolution at the shareholders' meeting to continue its existence.

Any amendment made to the Articles of Association or obtaining approval by resolution at the shareholders' meeting pursuant to the preceding paragraph shall be adopted by no less than two-thirds of all voting shareholders in attendance at the relevant shareholders' meeting.

**Article 197** Where the Company is to be dissolved pursuant to items (1), (2), (4) or (5) in Article 195 of the Articles of Association, a liquidation committee shall be established within 15 days from the date when the event of dissolution occurs. The liquidation committee shall be composed of directors or members determined by the shareholders' meeting. Where the Company fails to form a liquidation committee to liquidate the Company within the prescribed period of time or fails to carry out liquidation after forming the liquidation committee, its stakeholders may petition the People's Court to appoint the relevant persons to establish a liquidation committee and liquidate the Company.

Where the Company is dissolved in accordance with the provisions of item (4) of Article 195 of the Articles of Association, the department or the company registration authority that made the decision to revoke the business license, order closure or revocation may apply to the People's Court for designating relevant persons to form a liquidation committee to carry out liquidation.

**Article 198** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) sorting out the property of the Company, and preparing a balance sheet and an inventory of assets separately;
- (2) serving notices or making announcements to creditors;
- (3) processing the unfinished businesses of the Company related to the liquidation;
- (4) clearing off the outstanding taxes and the taxes incurred in the course of liquidation;
- (5) clearing off credits and debts;
- (6) disposing of the residual property of the Company after settling debts;
- (7) participating in the civil litigation on behalf of the Company.

**Article 199** The liquidation committee shall notify creditors within ten days of its establishment, and shall make a public announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days of publication of the first notice if any such creditor does not receive the notice.

In filing their claims, creditors shall provide all relevant details relating thereto and provide supporting materials. The liquidation committee shall make records of such claims.

The liquidation committee shall not pay out on any creditors' claims while such claims are still being filed.

**Article 200** After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the general meeting or the People's Court for ratification.

After paying all liquidation expenses, staff wages and labor insurance expenses, statutory expenses, outstanding taxes, and company debts, the remaining assets shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company shall continue in existence, but shall not carry on any business unconnected to the liquidation.

The assets of the Company shall not be distributed to its shareholders before payments have been made in accordance with the preceding provisions.

**Article 201** Where the liquidation committee, after identifying the Company's assets and preparing the balance sheet and schedule of assets, discovers that the Company does not have sufficient assets to repay the Company's debts in full, the liquidation committee shall file a bankruptcy liquidation with the People's Court in accordance with the law.

Once the People’s Court has accepted the Company’s bankruptcy application, the liquidation group shall transfer the liquidation of the company to the bankruptcy administrator designated by the People’s Court.

**Article 202** On completion of the Company’s liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the general meeting or the People’s Court for ratification, and upon ratification, the liquidation committee shall submit the report to the Company registration authority to apply for company deregistration, and make a public announcement on the winding-up of the Company.

**Article 203** Members of the liquidation committee shall perform their liquidation duties and assume duties of loyalty and diligence.

Any member of the liquidation committee who neglects to perform the liquidation duties and causes losses to the Company, shall be liable for compensation; any member of the liquidation committee who willfully or through gross negligence causes losses to the creditors shall be liable for compensation.

**Article 204** Where the Company is declared bankrupt in accordance with the law, it shall carry out bankruptcy liquidation in accordance with relevant corporate bankruptcy laws.

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

**Article 205** The Company shall amend its Articles of Association under any of the following circumstances:

- (1) where, following any amendment to the Company Law or other applicable laws and administrative regulations, the regulatory rules of the securities regulatory authorities of the place where the Company’s shares are listed, the provisions of the Articles of Association conflict with the revised laws, administrative regulations and/or the regulatory rules of the securities regulatory authorities of the place where the Company’s shares are listed;
- (2) where the Company’s circumstances change to such an extent that they are inconsistent with what is recorded in the Articles of Association;
- (3) where the general meeting decides to amend the Articles of Association.

**Article 206** Where it is necessary to have any amendment to the Articles of Association that has been adopted by a resolution of the general meeting approved by the competent authorities, the relevant amendment shall be submitted to the competent authorities for approval; where the amendment involves a company registration item, the Company’s registration shall be amended in accordance with the law.

**Article 207** The board of directors shall amend the Articles of Association according to the resolutions of the general meeting and the review opinions of the relevant competent authority.

**Article 208** Any amendment to the Articles of Association that involves information to be disclosed as required by laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed shall be announced to the public as required.

## Chapter 12 Supplementary Provisions

### Article 209 Definitions

- (1) “Controlling shareholder” refers to a shareholder whose shareholding of ordinary shares accounts for more than 50% of the entire share capital of the Company, or a shareholder whose shareholding accounts for less than 50% but the voting rights entitled by the shares held are sufficient to exert a major impact on resolutions at the general meeting.
- (2) “Actual controller” refers to a natural person, legal person or other organization (even though not a shareholder of the Company) who can actually control the actions of the Company through investment relationships, agreements or any other arrangements.
- (3) “Connected relationships” refers to the relationship of the controlling shareholders, actual controllers, directors, supervisors and senior management officers of the Company with any other enterprise under their direct or indirect control and any other relationship that may lead to the transfer of the Company’s interest. However, the enterprises controlled by the State do not have connections with each other solely based on the fact that their shares are in each case controlled by the State.
- (4) The terms “connected”, “connected transaction(s)”, “connected party(ies)”, etc., in the Articles of Association refer to the definitions specified by the Hong Kong Listing Rules.
- (5) The meaning of the “accounting firm(s)” mentioned in the Articles of Association is the same as that of “auditor(s)” under the Hong Kong Listing Rules.

**Article 210** The board of directors may formulate by-laws in accordance with the Articles of Association, provided that such by-laws do not conflict with the provisions of the Articles of Association.

**Article 211** Matters not provided for in the Articles of Association shall be implemented in accordance with relevant national laws, regulations, normative documents and relevant regulations of the place where the Company’s shares are listed (including but not limited to the “Hong Kong Listing Rules”, “Hong Kong Securities and Futures Ordinance”, etc.). If the provisions of the Articles of Association are inconsistent with the relevant laws, regulations, normative documents and the relevant provisions of the regulatory rules of the place where the Company’s shares are listed, the relevant laws, regulations, normative documents and the provisions of the regulatory rules of the place where the Company’s shares are listed shall prevail.

**Article 212** The Articles of Association are prepared in Chinese, and any discrepancies between the Articles of Association and other languages or versions in other Articles of Association, the latest Chinese version as approved by the Market Supervision Administration of Dongcheng District of Beijing Municipality shall prevail.

**Article 213** The phrases “more than”, “within” and “below” herein for the numbers include the numbers indicated themselves, while the phrases “less than”, “over” and “exceed” exclude the numbers indicated themselves.

**Article 214** It shall be the responsibility of the board of directors to interpret the Articles of Association.

**Article 215** The rules of procedure for general meetings, meetings of the board of directors and meetings of the supervisory committee are annexed to the Articles of Association.

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**Laopu Gold Co., Ltd. (Stamp)**