

**ImmuneOnco Biopharmaceuticals (Shanghai) Inc.**

**Articles of Association**

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (hereinafter referred to as the “**Company**”), the shareholders and creditors thereof and regulate the organization and activities of the Company, the Articles of Association are formulated based on the actual conditions of the Company and in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (hereinafter referred to as the “**Company Law**”), the Securities Law of the PRC (中華人民共和國證券法) (hereinafter referred to as the “**Securities Law**”), the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (hereinafter referred to as the “**Trial Administrative Measures**”), the Guidelines on the Articles of Association of Listed Companies, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other laws, regulations, departmental rules, regulatory documents and relevant regulations of the securities regulatory authority of the place where the Company’s shares are listed.

**Article 2** The Company is a joint stock limited liability company incorporated under the Company Law and other relevant regulations. The Company is a joint stock limited liability company legally converted from ImmuneOnco Biopharmaceuticals (Shanghai) Co., Ltd. (宜明昂科生物醫藥技術(上海)有限公司) by means of promotion and was registered with the Administration for Market Regulation of Shanghai on June 14, 2022 and obtained a business license with a unified social credit code of 91310000342209349R.

**Article 3** The Company was approved by the China Securities Regulatory Commission (“**CSRC**”) on January 31, 2023, and listed on the Main Board of the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) on September 5, 2023.

**Article 4** The registered Company name (in Chinese): 宜明昂科生物醫藥技術(上海)股份有限公司, name in English: ImmuneOnco Biopharmaceuticals (Shanghai) Inc.

**Article 5** Domicile of the Company: Unit 15, 1000 Zhangheng Road, China (Shanghai) Pilot Free Trade Zone, postal code: 201204

**Article 6** The registered capital of the Company is RMB407,307,695.

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

**Article 8** The Chairman of the Company shall be its legal representative.

**Article 9** The assets of the Company are divided into equal shares. Shareholders shall bear liability for the Company to the extent of the shares they subscribe, and the Company shall bear liability for the debts of the Company with all its assets.

**Article 10** From the date upon which the Articles of Association come into effect, the Articles of Association shall become a legally binding document regulating the Company's organization and activities, as well as the rights and obligations between the Company and each shareholder and between the shareholders. It is a document with legally binding effect on the Company and its shareholders, Directors, Supervisors and senior management members. Pursuant to the Articles of Association, shareholders may pursue action against other shareholders, shareholders may pursue action against directors, supervisors, the general manager and other senior management members, the shareholders may pursue action against the Company, and the Company may pursue action against its shareholders, directors, supervisors, the general manager and other senior management members.

**Article 11** The other senior management members referred to in the Articles of Association represent the deputy general manager, chief financial officer, senior research and development director and secretary to the Board.

**Article 12** The Company shall establish an organization of the Communist Party of China to carry out the activities of the Communist Party of China in accordance with the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the organization of the Communist Party of China.

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

**Article 13** The business objectives of the Company are: to enhance operational and management standards, maximize economic benefits and create satisfactory economic returns for all shareholders by operating in the organizational form of joint stock limited liability company.

**Article 14** The Company's business scope registered according to law is: general items: technology development, technology transfer, technology services, technology consulting in the field of bio-pharmaceutical technologies (except for the development and application of human stem cells, gene diagnosis and therapeutic technologies) and chemical science and technology; sales of laboratory equipment, reagents and consumables, and chemical raw materials and products (excluding hazardous chemicals, controlled chemicals, civil explosives and precursor chemicals); import and export of goods; and import and export of technologies. (Business activities may be freely carried out by the Company according to law based on the business license except for items requiring approval according to law) (Subject to the contents registered with the Market Supervision and Regulation Department).

## CHAPTER 3 SHARES

### Section 1 Issue of Shares

**Article 15** The shares of the Company shall be in the form of share certificates. The share certificates shall be in registered form. In addition to those provided in the Company Law, the share certificates of the Company shall also contain any other items required to be specified by the stock exchange where the Company's shares are listed.

Overseas listed shares issued by the Company may take the form of overseas depositary receipts or other derivative forms of share certificates in accordance with the law of the place where the Company's shares are listed and the practice of the registration and depositary of securities. Where the share capital of the Company includes shares that do not carry voting rights, the words "non-voting" must appear on the name of such shares. Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

**Article 16** The issuance of shares by the Company shall adhere to the principles of openness, fairness and justice. Shares of the same class shall rank *pari passu* with each other.

Share certificates of the same class issued at the same time shall have the same terms and the same price; any entity or person shall pay the same amount for each of the shares they subscribe.

**Article 17** All share certificates issued by the Company are denominated in Renminbi.

**Article 18** As for the shares issued by the Company, the registration and settlement for overseas listed shares are governed by the regulatory rules of the overseas place where the Company's shares are listed; the domestic unlisted shares are centrally deposited with China Securities Depository and Clearing Corporation Limited.

**Article 19** The shareholders holding the domestic unlisted shares of the Company who apply for the conversion of the domestic unlisted shares into overseas listed shares for listing and circulation on the Hong Kong Stock Exchange shall comply with the relevant provisions of the CSRC and entrust the Company to file with the CSRC. It is not required to convene a shareholders' general meeting to vote on the shareholders' application for the conversion of their domestic unlisted shares into overseas listed shares for listing and circulation on the Hong Kong Stock Exchange.

Overseas listed shares referred to in the preceding paragraph are shares issued by the Company to overseas investors, to be subscribed in a foreign currency and to be listed overseas (hereinafter referred to as "**H Shares**" or "**overseas listed shares**"). Domestic unlisted shares referred to in the preceding paragraph are shares issued by the Company, but are not listed on domestic or foreign trading venues for trading.

**Article 20** The share capital of the Company at its establishment was RMB356,092,695 and the total number of shares was 356,092,695, all of which were ordinary shares. All the promoters of the Company subscribed for the Company's shares with their net assets corresponding to their capital contributions of ImmuneOnco Biopharmaceuticals (Shanghai) Co., Ltd., which were paid in full on May 23, 2022. The equity structure of the Company at its establishment was as follows:

<b>No.</b>	<b>Names of Promoters</b>	<b>Number of shares held (share)</b>	<b>Shareholding Percentage (%)</b>	<b>Method of capital contribution</b>
1	Tian Wenzhi	70,182,990	19.7092	By conversion of net assets into shares
2	Shanghai Zhangjiang Leading Initiating Venture Capital (Limited Partnership)	36,780,390	10.3289	By conversion of net assets into shares
3	Shanghai Zhangjiang Science & Technology Venture Capital Co., Ltd.	10,862,055	3.0503	By conversion of net assets into shares
4	Jiaxing Changxian Enterprise Management L.P (Limited Partnership)	15,517,260	4.3577	By conversion of net assets into shares
5	Jiaxing Changyu Enterprise Management L.P (Limited Partnership)	14,839,695	4.1673	By conversion of net assets into shares
6	Halo Biomedical Investment II Limited	18,000,000	5.0549	By conversion of net assets into shares
7	Shihezi Yaluo Equity Investment Partnership (Limited Partnership)	7,823,835	2.1971	By conversion of net assets into shares
8	Beijing Lapam Healthcare Investment Centre (Limited Partnership)	19,263,240	5.4096	By conversion of net assets into shares

<b>No.</b>	<b>Names of Promoters</b>	<b>Number of shares held (share)</b>	<b>Shareholding Percentage (%)</b>	<b>Method of capital contribution</b>
9	Beijing Chongde Yingsheng Venture Capital Co., Ltd	2,407,905	0.6762	By conversion of net assets into shares
10	Beijing Yuanchuangke Equity Investment Fund Management Centre (Limited Partnership)	2,407,905	0.6762	By conversion of net assets into shares
11	Ningbo Langsheng Qianhui Investment Partnership (Limited Partnership)	9,631,620	2.7048	By conversion of net assets into shares
12	Shanghai Licheng Yijing Equity Investment Management Centre (Limited Partnership)	9,631,620	2.7048	By conversion of net assets into shares
13	Shijiazhuang Hi-Tech Zone Puen Guoxin Equity Investment Centre (Limited Partnership)	2,474,055	0.6948	By conversion of net assets into shares
14	Shengzhou Minglang Industrial Development Equity Investment Fund Partnership (Limited Partnership)	5,266,665	1.4790	By conversion of net assets into shares
15	Gongqing City Ruiji Fund III Investment Partnership (Limited Partnership)	6,927,345	1.9454	By conversion of net assets into shares
16	Suzhou Likang Equity Investment Centre (Limited Partnership)	14,428,170	4.0518	By conversion of net assets into shares
17	LAV ImmuneOnco Hong Kong Limited	15,178,770	4.2626	By conversion of net assets into shares

<b>No.</b>	<b>Names of Promoters</b>	<b>Number of shares held (share)</b>	<b>Shareholding Percentage (%)</b>	<b>Method of capital contribution</b>
18	Borah Peak Limited	6,927,345	1.9454	By conversion of net assets into shares
19	Jiaxing Qiyue Equity Investment Partnership (Limited Partnership)	5,195,520	1.4590	By conversion of net assets into shares
20	GBA Fund Investment Limited	13,854,690	3.8908	By conversion of net assets into shares
21	Shanghai Sci-Tech Innovation Centre Capital Fund I (Limited Partnership)	4,267,260	1.1984	By conversion of net assets into shares
22	LAV ImmOn Hong Kong Limited	12,542,805	3.5223	By conversion of net assets into shares
23	GRANITE PEAK LIMITED	9,084,330	2.5511	By conversion of net assets into shares
24	Jiaxing Zhangke Lingyi Siqu Equity Investment Partnership (Limited Partnership)	5,554,305	1.5598	By conversion of net assets into shares
25	Sunshine Life Insurance Corporation Limited	6,701,310	1.8819	By conversion of net assets into shares
26	Suzhou Lirun Equity Investment Centre (Limited Partnership)	1,507,680	0.4234	By conversion of net assets into shares



No.	Names of Promoters	Number of shares held (share)	Shareholding Percentage (%)	Method of capital contribution
27	Nanjing Xingjian Ruiying Equity Investment Partnership (Limited Partnership)	3,394,890	0.9534	By conversion of net assets into shares
28	Suzhou Guofeng Dingjia Venture Capital Partnership (Limited Partnership)	3,394,890	0.9534	By conversion of net assets into shares
29	MILESTONE ASSET MANAGEMENT (CAYMAN) CO., LTD.	2,185,020	0.6136	By conversion of net assets into shares
30	Jiaxing Liyou Equity Investment Partnership (Limited Partnership)	4,743,630	1.3321	By conversion of net assets into shares
31	Beijing Yuanpei Technology Innovation Investment Centre (Limited Partnership)	2,185,020	0.6136	By conversion of net assets into shares
32	Huanghe Delta Rongchang (Yantai) Entrepreneurship Investment Partnership (Limited Partnership)	2,046,240	0.5746	By conversion of net assets into shares
33	Zibo Juancheng No.2 Equity Investment Fund Partnership (Limited Partnership)	2,092,455	0.5876	By conversion of net assets into shares
34	Gongqing City Chuangdongfang Huaying Equity Investment Partnership (Limited Partnership)	2,046,195	0.5746	By conversion of net assets into shares
35	Jiaxing Kuanyu Zeyou Equity Investment Partnership (Limited Partnership)	2,046,195	0.5746	By conversion of net assets into shares

No.	Names of Promoters	Number of shares held (share)	Shareholding Percentage (%)	Method of capital contribution
36	Wuhu Bloomage Langya Healthcare Industry Investment Partnership (Limited Partnership)	1,348,740	0.3788	By conversion of net assets into shares
37	Jiaxing Chenyue Equity Investment Partnership (Limited Partnership)	3,350,655	0.9410	By conversion of net assets into shares
<b>Total</b>		<b>356,092,695</b>	<b>100%</b>	<b>/</b>

**Article 21** The total number of the Company's shares is 407,307,695. All of the Company's shares are ordinary shares.

**Article 22** The Company or its subsidiaries (including affiliated entities of the Company) shall not, by way of a gift, advance, guarantee, compensation, loans or otherwise, provide any financial assistance to a person who purchases or intends to purchase its own shares.

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

**Article 23** Based on its operating and development needs, the Company may, pursuant to the laws and regulations and resolutions made at shareholders' general meetings, increase its capital in the following ways:

- (I) public offering of shares;
- (II) private placement of shares;
- (III) distribution of bonus shares to existing shareholders;
- (IV) conversion of funds in the capital reserve to share capital;
- (V) any other means stipulated in the laws and administrative regulations and approved by relevant regulatory authorities.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the Articles of Association, it shall be made in accordance with the procedures set out in the relevant national laws and administrative regulations and Hong Kong Listing Rules.

**Article 24** The Company may reduce its registered capital. The Company shall reduce its registered capital pursuant to the Company Law, other relevant provisions and procedures specified in the Articles of Association.

**Article 25** The Company may, in accordance with the provisions set out in the laws, administrative regulations, departmental rules and the Articles of Association, purchase its shares under the following circumstances:

- (I) reduction of the registered capital of the Company;
- (II) merger with another company holding shares of the Company;
- (III) use of shares for employee stock ownership plans or equity incentives;
- (IV) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company;
- (V) use of shares for conversion of corporate bonds convertible into shares issued by the Company;
- (VI) necessity for maintaining company value and protect shareholders' equity;
- (VII) any other circumstances stipulated in the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed.

**Article 26** The Company may purchase its shares in the manner of open and centralized trading or other methods approved by laws, administrative regulations and the relevant regulatory authorities.

The Company's purchase of its own shares under the circumstance as stipulated in (III), (V) or (VI) of the first paragraph of the Article 25 shall be conducted by an open and centralized transaction method.

**Article 27** The Company's purchase of its own shares on the grounds set out in (I) and (II) of the first paragraph of the Article 25 shall require approval by way of a resolution passed by the shareholders' general meeting. For the Company's purchase of its own shares under any of the circumstances stipulated in (III), (V) or (VI) of the first paragraph of the Article 25, a resolution of the Board of Directors shall be made at a meeting attended by two-thirds or more of the directors in accordance with the provisions set out in the Articles of Association or as authorized by the shareholders' general meeting.

After the Company has purchased its own shares in accordance with the provisions of the first paragraph of the Article 25, such shares shall be cancelled within 10 days after the purchase in the circumstance set out in (I), or shall be transferred or cancelled within six months in the circumstances set out in (II) and (IV). The shares held in total by the Company after the purchase of its own shares under any of the circumstances stipulated in (III), (V) or (VI) shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or cancelled within three years.

If there are other requirements imposed by laws, regulations, normative documents and relevant rules of the securities regulatory authorities of the place where the Company's shares are listed, such requirements shall prevail.

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

**Article 28** The Company's shares shall be legally transferable. Instrument of transfer and other documents relating to or affecting the ownership of any H Share shall be registered with the local stock registration institution entrusted by the Company.

**Article 29** All H Shares for which the share capital has been paid in full may be transferred freely in accordance with the Articles of Association. However, unless meeting the following conditions, the Board of Directors may refuse to recognize any transfer document without giving any reason:

- (I) The transfer documents only involve H Shares;
- (II) The stamp duty chargeable on the transfer documents has been paid;
- (III) The relevant share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the shares shall be provided;
- (IV) The Company does not have any lien on the relevant shares; and

(V) No shares shall be transferred to any minors or mentally defective persons or any other legally incapacitated persons.

Where the Board refuses to register the transfer of shares, the Company shall deliver a notice to the transferor and transferee, informing them of such refusal of the registration of share transfer, within two months from the date on which the application for the transfer of shares is officially filed. All transfers of H Shares of the Company shall be executed with a written transfer document in a general or ordinary format or any other format accepted by the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the said written transfer document may be signed by hand, or be stamped with the valid corporate seal (if the transferor or the transferee is a company). Where the transferor or transferee is a recognized clearing house (hereinafter referred to as the “**Recognized Clearing House**”) as defined by relevant regulations in the laws of Hong Kong effective from time to time, or any of its agents, the written transfer document may be signed by hand or machine print.

All transfer documents shall be kept at the legal address of the Company or other place designated by the Board from time to time.

**Article 30** The Company shall not accept any of its own shares as the subject of pledge right.

**Article 31** Shares of the Company held by promoters shall not be transferred for a period of one year after the Company’s establishment. Shares issued prior to the Company’s public offering of shares shall not be transferred for a period of one year from the date of listing and trading of the Company’s shares on the stock exchange.

The directors, supervisors and senior management members of the Company shall declare to the Company the shares held by them in the Company and the changes therein, and shall not transfer more than 25% of the total number of shares held by them in the Company each year during their term of office; their shares in the Company shall not be transferred within one year from the date of listing and trading of the Company’s shares. The shares of the Company held by the above-mentioned persons shall not be transferred within six months after their departure from office.

If there are other requirements for restrictions on the transfer of overseas listed shares imposed by securities regulatory authority of the place where the Company’s shares are listed, such requirements shall prevail.

**Article 32** When shareholders holding 5% or more of the shares, directors, supervisors or senior management members of the Company sell their shares or other equity securities within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the resulting gains belong to the Company and the Board of Directors of the

Company shall recover the resulting gains. However, securities companies holding 5% or more of the shares as a result of the purchase of the remaining shares under underwriting, and other circumstances stipulated by the relevant regulatory authorities are excluded.

The shares or other equity securities held by the directors, supervisors, senior management members and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouse, parents, children, and those held through the accounts of others.

Shareholders may require the Board of Directors to comply with the requirement set out in the first paragraph of this Article within 30 days if the Board of Directors fails to do so. In the event that the Board of Directors fails to rectify the situation within the said time limit, shareholders may file a legal action to the court in their own name for safeguarding the interests of the Company.

If the Board of Directors of the Company fails to comply with the first paragraph of this Article, relevant responsible Directors shall bear joint liability pursuant to the laws.

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

### **Section 1 Shareholders**

**Article 33** The Company shall establish a register of shareholders with the information provided by the securities registration authority. The register of shareholders shall be sufficient evidence of the holding of the shares of the Company by the shareholders, unless there is evidence to the contrary. A shareholder shall enjoy the rights and assume the obligations attached to the class of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume equal obligations.

The register of shareholders of the Company shall register the following matters, or register shareholders in accordance with the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

- (I) The name (title), address (domicile), occupation or nature of each shareholder;
- (II) The class and number of shares held by each shareholder;
- (III) The amount paid or payable in respect to shares held by each shareholder;
- (IV) The serial numbers of the shares held by each shareholder;

(V) The date on which each shareholder was registered as a shareholder;

(VI) The date on which each shareholder ceased to be a shareholder.

Subject to compliance with the Articles of Association and other applicable regulations and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names (titles) being entered in the register of shareholders.

The assignment and transfer of shares shall be registered in the register of shareholders. Pursuant to the understanding or agreement reached between the securities authority under the State Council and the overseas securities regulatory authorities, the Company may keep the original register of holders of overseas listed shares overseas and entrust an overseas agency to manage it. The original register of shareholders of overseas listed shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a copy of the register of holders of overseas listed shares at its domicile. The overseas entrusted agency shall at all times maintain consistency between the original and copy of the register of holders of overseas listed shares. In case of inconsistency between the original and copy of the register of holders of overseas listed shares, the original shall prevail.

The Company shall maintain a complete register of shareholders. The register of shareholders shall include the following:

- (I) Register of shareholders kept at the Company's domicile other than those specified in (II) and (III) of this Article;
- (II) Register of holders of overseas listed shares kept at the location of the stock exchange where such shares are listed abroad;
- (III) Register of shareholders kept in other locations according to the decision of the Board as required for the listing of the shares.

Different parts of the register of shareholders shall not overlap. The transfer of shares registered in a certain part of the register of shareholders shall not be registered elsewhere in the register of shareholders as long as the shares remain registered. Any alteration or rectification to any part of the register of shareholders shall be made in accordance with the laws in the place where such part of the register of shareholders is maintained.

**Article 34** When the Company needs to confirm the identity of shareholders for holding a shareholders' general meeting, distributing dividends, conducting liquidation and engaging in other acts, the Board of Directors or the convener of the shareholders' general meeting shall determine the record date. Shareholders registered in the register of members after close of market on the record date shall be those shareholders entitled to the relevant rights and interests of shareholders of the Company.

**Article 35** A shareholder of the Company shall be entitled to the following rights:

- (I) receive dividends and benefit distributions in other forms according to the portion of shares he/she holds;
- (II) make a request to, convene, preside over and attend or appoint a proxy to attend a shareholders' general meeting, and exercise the corresponding voting rights in accordance with the law;
- (III) carry out supervision of the Company's operations, and make recommendations or raise questions;
- (IV) transfer, grant or pledge the shares he/she holds in accordance with the laws, administrative regulations and the provisions of the Articles of Association;
- (V) to access to the Articles of Association, register of shareholders, counterfoils of corporate bonds, minutes of shareholders' general meetings, resolutions of the Board of Directors, resolutions of the Supervisory Committee and financial and accounting reports, but where there are other provisions stipulated by the securities regulatory rules of the place where the shares of the company are listed, such provisions shall prevail;

The Company shall keep the full copies of the register of shareholders and the minutes of the shareholders' general meetings at the address of the Company in Hong Kong for view by the shareholders for free in accordance with the requirements under the Hong Kong Listing Rules, except that the Company may suspend registration of shareholders on terms equivalent to those under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). If the shareholders request access to such information or materials, they shall provide the Company with written documents evidencing the class and number of the shares held by them in the Company, and upon verification of their status as shareholders, the Company shall provide the shareholders with such information or materials as required by them;



- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (VII) with respect to shareholders who voted against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, to demand the Company to buy back the shares held by them;
- (VIII) any other rights stipulated in the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 36** Where the content of a resolution of the shareholders' general meeting or the Board meeting of the Company violates laws or administrative regulations, the shareholders shall be entitled to request the people's court to hold it invalid.

If the convening procedure or voting method of a shareholders' general meeting or Board meeting violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the shareholders shall be entitled to request the people's court to revoke the resolution within 60 days from the date it was made.

**Article 37** In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the directors or senior management members when performing their duties in the Company, the shareholders holding 1% or more shares of the Company separately or jointly for over 180 consecutive days may submit a written request to the Supervisory Committee to file an action with the people's court. Where supervisors violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the shareholders may submit a written request to the Board of Directors to file an action with the people's court.

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

In the event that any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified in paragraph 1 of this Article may file an action with the people's court pursuant to the provisions of the preceding two paragraphs.

**Article 38** In the event that a director or senior management member violates laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholder(s), the shareholder(s) may file an action with the people's court.

**Article 39** The shareholders of the Company shall have the following obligations:

- (I) To comply with laws, administrative regulations, departmental rules, the regulatory rules of the place where the shares are listed and the Articles of Association;
- (II) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) Not to withdraw shares unless required by the laws and regulations;
- (IV) Not to abuse their shareholders' rights to harm the legitimate interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the legitimate interests of any creditor of the Company;
- (V) Any other obligations imposed by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause loss to the Company or other shareholders shall be liable for indemnity according to the law; where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

**Article 40** Where a shareholder holding 5% or more voting shares of the Company pledges any shares in his/her possession, he/she shall make a written report to the Company on the day on which he/she pledges his/her shares.

**Article 41** The controlling shareholders and de facto controllers of the Company shall not use their connections to harm the interests of the Company. Any person who violates this provision and causes losses to the Company shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws. The controlling shareholders shall not infringe the legitimate rights of the Company and other shareholders of the Company through profit distribution, asset restructuring, foreign investment, capital appropriation and loan guarantee, and shall not make use of their controlling status to jeopardize the interests of the Company and public shareholders of the Company.

**Article 42** Any shareholder who is registered on the register of shareholders or any person who requests his/her name to be entered in the register of shareholders may, if he/she has lost his/her share certificate (the hereinafter referred to as the “**Original Share Certificate**”), apply to the Company for a new certificate in respect of the shares (hereinafter referred to as the “**Relevant Shares**”) represented by the Original Share Certificate.

A holder of overseas listed shares who has lost his/her share certificate and applies for a replacement certificate to be issued may do so in accordance with the laws, the rules of the stock exchange and other relevant requirements of the place where the original register of shareholders of overseas listed shares is maintained.

The issuance of a replacement share certificate to the holder of overseas listed shares who has lost his/her share certificates and applied for replacement shall comply with the following requirements:

- (I) the applicant shall submit an application to the Company in the standard format designated by the Company and attach a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificate as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the Relevant Shares;
- (II) no other declaration has been received by the Company from a person other than the applicant for having his/her name registered as the holder of the Relevant Shares before the Company came to a decision to issue the replacement share certificate;
- (III) if the Company is prepared to issue a replacement share certificate to the applicant, it shall prior to the issuance make an announcement of such intention in such newspapers or periodicals as may be prescribed by the Board of Directors for this purpose. The announcement period shall be 90 days during which such announcement shall be published repeatedly at least once every 30 days;

(IV) prior to publication of the announcements on its intention to issue the replacement share certificate, the Company shall deliver to the stock exchange on which it is listed a copy of such announcement. The announcement shall be published after the receipt of a reply from such stock exchange confirming that the announcement proposed to be published has been exhibited on such stock exchange. The period for exhibiting such announcement in such stock exchange shall be 90 days;

In the case of an application for issuing a replacement share certificate is not approved by a registered holder of the Relevant Shares, the Company shall send to such registered shareholder a copy of the announcement proposed to be published;

(V) if, by the expiration of the 90-day display period of the announcement referred to in paragraphs (iii) and (iv) of this Article, the Company has not received any objection to the issuance of the replacement share certificate, the Company may issue a replacement share certificate for the Relevant Shares to the applicant pursuant to the application;

(VI) when the Company issues a replacement share certificate under this Article, it shall forthwith cancel the Original Share Certificate and enter the details of the cancellation and replacement issuance in the register of shareholders;

(VII) all expenses relating to the cancellation of the Original Share Certificate and the issuance of the replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 43** As for the holder of overseas listed shares, where two or more persons are registered as joint shareholders of any share, they shall be deemed as joint owners of the Relevant Shares and subject to the following restrictions:

(I) all joint shareholders of any share shall jointly and severally assume obligation for all amounts payable for the Relevant Shares;

(II) if one of the joint shareholders dies, only the surviving joint shareholder(s) shall be deemed by the Company as having ownership of the Relevant Shares. However, the Board of Directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the death certificate of the relevant shareholder it deems appropriate;

- (III) in the case of joint shareholders of any share, only the joint shareholder whose name stands first in the register of shareholders shall be entitled to receive from the Company a certificate for the Relevant Shares and to receive notices from the Company, and any notice served on such person shall be deemed to have been served on all the joint shareholders of the Relevant Shares. Any one of such joint shareholders may sign a form of proxy provided that, if more than one joint shareholder is present in person or by proxy, the vote of the joint shareholders having a higher priority, whether in person or by proxy, shall be accepted as the sole vote on behalf of the remaining joint shareholders. For this purpose, the order of precedence of shareholders shall be determined by the order in which the names of joint shareholders stand in the register of shareholders of the Company in relation to the Relevant Shares;
- (IV) a receipt from any one of the joint shareholders for any dividend, bonus or return of capital payable to such joint shareholders shall be deemed to be a valid receipt from such joint shareholders to the Company.

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

**Article 44** The shareholders' general meeting is the organ of power of the Company and shall lawfully exercise its powers as follows:

- (I) to decide on the business policies and investment plans of the Company;
- (II) to elect and change the directors and supervisors assumed by non-representatives of the employees and determine the remuneration of the directors and supervisors;
- (III) to consider and approve reports of the Board of Directors;
- (IV) to consider and approve reports of the Supervisory Committee;
- (V) to consider and approve the Company's proposals for annual financial budget and final accounts;
- (VI) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (VII) to decide on any increase or reduction of the Company's registered capital;
- (VIII) to decide on the issue of corporate bonds or other securities and listing scheme of the Company;

- (IX) to decide on issues such as merger, division, dissolution, liquidation and change of form of the Company;
- (X) to amend the Articles of Association;
- (XI) to decide on the engagement, dismissal or non-renewal of the accounting firm of the Company and the remuneration of the accounting firm;
- (XII) to consider and approve the external guarantees subject to the approval of the shareholders' general meeting as provided for in the Articles of Association;
- (XIII) to consider the purchase or disposal of substantial assets of the Company with an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (XIV) to consider and approve major transactions and connected transactions that should be considered and approved by the shareholders' general meeting under the laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (XV) to consider the proposals put forward by shareholders individually or jointly holding 3% or more of the Company's shares with voting rights;
- (XVI) to consider and approve any change in the use of proceeds from funds raised;
- (XVII) to consider equity incentive plans and employee share ownership plans;
- (XVIII) to consider other matters which are required to be determined at the shareholders' general meeting as required by laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association.

The above-mentioned functions and powers of the shareholders' general meeting shall not be exercised by the Board of Directors or other institutions or individuals through authorization.

**Article 45** Save that the Company is under exceptional circumstances such as crisis, unless approved by way of special resolution at a shareholders' general meeting, the Company shall not enter into any contracts with any person other than the directors, general manager and other senior management members, pursuant to which the management of all or a substantial part of the business of the Company will be given to such person.

**Article 46** The following external guarantees of the Company shall be considered and approved by the shareholders' general meeting:

- (I) any guarantee provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets;
- (II) any guarantee provided after the total amount of external guarantees by the Company exceeds 30% of the latest audited total assets;
- (III) any guarantee by the Company within one year with guaranteed amount in excess of 30% of the latest audited total assets of the Company;
- (IV) any guarantee provided for a target party whose asset-liability ratio is over 70%;
- (V) any guarantee with a single guaranteed amount in excess of 10% of the latest audited net assets;
- (VI) any guarantee provided to shareholders, de facto controllers and their related parties.
- (VII) other external guarantees that require the consideration and approval of the shareholders' general meeting stipulated by laws, regulations, regulatory documents, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters concerning the above-mentioned external guarantees that are subject to the approval of the shareholders' general meeting must be considered and approved by the Board before they are submitted to the shareholders' general meeting for approval.

The Board shall be entitled to consider and approve external guarantees other than those subject to the approval of the shareholders' general meeting as aforesaid.

When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder, de facto controller and their related parties, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on such proposal, and the proposal shall be subject to approval by more than one half of the voting rights of the other attending shareholders.

If the Board of Directors or the shareholders' general meeting violates the provisions of the Articles of Association and relevant laws and regulations relating to the approval authority and deliberation procedures for external guarantees, and makes a resolution on external guarantees, the relevant directors and shareholders who violate the approval authority and deliberation procedures shall be jointly and severally liable. If external guarantees are provided in violation of the approval authority and deliberation procedures, the Company shall have the right to require the relevant parties be held accountable for such violation based on the loss, risk and seriousness.

**Article 47** Shareholders' general meetings of the Company include annual general meetings and extraordinary general meetings. Annual general meetings shall be held once every year and within six months from the close of the preceding fiscal year.

**Article 48** The Company shall convene an extraordinary general meeting within 2 months upon the occurrence of the following events:

- (I) the number of directors is less than the number as stipulated in Company Law or less than two-thirds of the number as specified in the Articles of Association;
- (II) the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (III) the shareholder(s) individually or collectively holding 10% or more of the issued and outstanding voting shares of the Company request(s) in writing to convene an extraordinary general meeting (the ratio of shares held is calculated on the shares held on the date of the relevant shareholder's written request);
- (IV) whenever the Board considers it necessary;
- (V) when the Supervisory Committee proposes to hold such a meeting;
- (VI) Any other circumstances as stipulated in the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 49** The place for holding a shareholders' general meeting of the Company shall be the domicile of the Company or such place as specified in the notice of shareholders' general meeting. A venue shall be set for the shareholders' general meeting.



**Article 50** When convening a shareholders' general meeting, the Company shall engage legal advisers to provide legal opinions on the following issues:

- (I) whether the procedures of convening and holding the meeting comply with laws, administrative regulations and the Articles of Association;
- (II) whether the qualifications of attendees and convener are legal and valid;
- (III) whether the procedure and result of voting are legal and valid;
- (IV) legal opinions on other matters as requested by the Company.

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

**Article 51** The shareholders' general meeting shall be convened by the Board;

**Article 52** The independent non-executive directors shall have the right to propose to the Board to convene an extraordinary general meeting. In response to a proposal by an independent non-executive director to convene an extraordinary general meeting, the Board shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such written proposal.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after resolution of the Board is passed; if the Board does not agree to convene the extraordinary general meeting, it shall make announcement with relevant explanations.

If there are other requirements imposed by securities regulatory authority of the place where the Company's shares are listed, such requirements shall prevail.

**Article 53** The Supervisory Committee shall have the right to propose to the Board to convene an extraordinary general meeting. Such proposal shall be made to the Board in writing. The Board shall give a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days upon receipt of the written proposal in accordance with the requirements of the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association.

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

If the Board does not agree to convene the extraordinary general meeting, or fails to make a response within 10 days upon receipt of the written proposal, it shall be deemed that the Board is unable to perform or fails to perform its duty to convene a shareholders' general meeting, the Supervisory Committee may convene and preside over the meeting by itself.

**Article 54** Shareholders either individually or collectively holding 10% or more of the shares of the Company may, through signing one or more written requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the Board of Directors to convene an extraordinary general meeting. The Board shall give a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days upon receipt of the request in accordance with the requirements of the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after resolution of the Board is passed. Where there are other requirements imposed by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed, such requirements shall prevail.

If the Board does not agree to convene the extraordinary general meeting, or fails to make a response within 10 days upon receipt of the request, the shareholder(s) individually or collectively holding 10% or more of the shares of the Company shall have the right to propose to the Supervisory Committee to convene the extraordinary general meeting. Such request shall be made to the Supervisory Committee in writing.

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

If the Supervisory Committee fails to issue a notice of the shareholders' general meeting within the prescribed time limit, it shall be deemed that the Supervisory Committee shall not convene and preside over the shareholders' general meeting, the shareholder(s) individually or collectively holding 10% or more of the shares of the Company for 90 consecutive days or longer period may convene and preside over the meeting by himself/herself/themselves.

**Article 55** If the Supervisory Committee or shareholders decide(s) to convene the shareholders' general meeting by itself/themselves, it/they shall issue a written notice to the Board.

Prior to the announcement of the resolutions of the shareholders' general meeting, the shares held by the convening shareholder(s) shall not be less than 10% of the shares of the Company.

Where there are other requirements imposed by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed, such requirements shall prevail.

**Article 56** For shareholders' general meetings convened by the Supervisory Committee or the shareholders, the Board and the secretary to the Board shall coordinate accordingly. The Board shall provide the register of members as at the registered date for entitlements of shares.

**Article 57** All necessary expenses incurred by the Supervisory Committee or the shareholders to convene a shareholder's general meeting shall be assumed by the Company.

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

**Article 58** The contents of a proposal shall be within the scope of the duties and powers of the shareholders' general meeting, have definite themes and specific matters for resolutions, as well as be in compliance with the relevant requirements of the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association.

**Article 59** The Board, the Supervisory Committee, and shareholder(s) individually or jointly holding 3% or more of the Company's shares shall have the right to make a proposal to the Company at a shareholders' general meeting of the Company.

The shareholder(s) individually or jointly holding 3% or more of the Company's shares may make provisional proposals in writing to the convener of a shareholders' general meeting 10 days prior to the meeting. The convener shall issue a supplementary notice of the shareholders' general meeting and announce the contents of such provisional proposals within two days after receipt thereof.

Except as provided by the preceding paragraph, the convener of a shareholders' general meeting shall not amend the proposals already specified in the notice of the shareholders' general meeting or add new proposals subsequent to the issuance of the notice of the shareholders' general meeting.

Proposals which are not specified in the notice of the shareholders' general meeting or which do not comply with the Articles of Association shall not be voted on and resolved at the shareholders' general meeting.

**Article 60** All the shareholders shall be notified by an announcement at least 21 days (excluding the date of the annual general meeting) before the date of the annual general meeting. All the shareholders shall be notified by an announcement at least 15 days (excluding the date of the extraordinary general meeting) before the date of the extraordinary general meeting. Where there are other provisions stipulated by the laws, regulations and the securities regulatory authorities of the place where the shares of the Company are listed, such provisions shall prevail.

**Article 61** A notice of the shareholders' general meeting shall meet the following requirements:

- (I) the date, venue, and duration of the meeting;
- (II) matters and proposals to be considered at the meeting;
- (III) a conspicuous statement that all ordinary shareholders are entitled to attend the shareholders' general meeting, and to appoint proxies to attend and vote on his/her behalf at the meeting, and that a proxy need not be a shareholder of the Company;
- (IV) the record date of shareholders entitled to attend the shareholders' general meeting;
- (V) the names and phone number of permanent contact persons for the affairs of the meeting;
- (VI) the time and procedure of voting via the internet or any other manner (if applicable);
- (VII) other circumstances stipulated in the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The interval between the record date and the date of the shareholders' general meeting shall not be more than seven business days. Once the record date is confirmed, no change may be made thereto.

The notice of shareholders' general meeting and its supplementary notice shall include the provisions under the law, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association, and shall fully, completely disclose the details of all proposals. If the matters to be discussed require the opinions of the independent non-executive directors, the opinions of the independent non-executive directors and the reasons therefor shall be disclosed at the same time when the notice of shareholders' general meeting or its supplementary

notice is issued. The notice of shareholders' general meeting shall provide a full and clear explanation of the proposals for the meeting and, for proposals requiring a vote, the directors' recommendations as to how shareholders should vote in the best interests of the shareholders as a whole. The notice of shareholders' general meeting shall make it clear whether (and how) shareholders who participate in the shareholders' general meeting by remote means may vote.

If the Company needs to provide additional material information on matters proposed at the shareholders' general meeting, it shall provide such information no less than 10 business days prior to the meeting. The Company shall, if necessary, adjourn the shareholders' general meeting to ensure compliance with this provision.

**Article 62** If the elections of directors and supervisors are intended to be discussed at the shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose the details of the candidates for the role of directors and supervisors, and shall at least include the following particulars:

- (I) personal particulars, such as education level, work experience and any part-time work undertaken;
- (II) whether there is any connected relationship with the Company or with the controlling shareholders and de facto controllers of the Company;
- (III) disclosure of their shareholding in the Company;
- (IV) whether or not the candidate has been subject to penalties by the China Securities Regulatory Commission and other relevant authorities as well as sanctions by any stock exchange.

Except for the election of directors and supervisors by cumulative voting mechanism, the nomination proposal on each candidate for director or supervisor shall submit in the form of independent motion.

**Article 63** After the notice on convening the shareholders' general meeting sent out, the shareholders' general meeting shall not be postponed or cancelled and the proposal listed in the notice of shareholders' general meeting shall not be cancelled without justifiable causes. In the case of any circumstance for postponement or cancellation of the meeting, the convener shall make an announcement and explain the reasons at least two business days before the date for the planned shareholders' general meeting.

After the notice of the shareholders' general meeting is issued, the venue of the meeting shall not be changed without proper reasons. If it is necessary to change the venue of the meeting, the convener shall send a notice with relevant explanations at least two business days before the date of the meeting.

Where there are other provisions stipulated by the Hong Kong Listing Rules in respect of the foregoing, such provisions shall prevail.

### **Section 5 Holding of Shareholders' General Meetings**

**Article 64** The Board of the Company and other conveners shall take necessary measures to ensure the normal order of a shareholders' general meeting. They shall take measures to prevent any interference with the shareholders' general meeting, disturbance and violation of the legitimate rights and interests of shareholders and promptly report the same to the relevant departments for investigation.

**Article 65** When a shareholders' general meeting is held, all shareholders registered on the register of shareholders on the record date or their proxies shall be entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association, unless individual shareholders are required to abstain from voting on individual matters in accordance with the Hong Kong Listing Rules.

Any shareholder entitled to attend and vote at the shareholders' general meeting may attend general meetings in person or appoint one or several persons (who may not be shareholders) to act as his/her/its proxy to attend and vote at the general meeting on his/her/its behalf. Shareholders who have appointed proxy(ies) to attend any meeting on their behalf shall be deemed to attend in person.

**Article 66** An individual shareholder who attends the meeting in person should produce his/her ID card or other valid documents or certificates that can prove his/her identity; a proxy who attends the meeting upon entrustment by a shareholder should produce his/her valid ID card and the power of attorney issued by the shareholder.

Institutional shareholders should assign his/her legal representative (principal) or a proxy authorized by the legal representative (principal) to attend the meeting. Where a legal representative (principal) attends the meeting, he/she should produce his/her ID card, and the valid certificate proving that he/she has the qualification of legal representative (principal); where an entrusted proxy attends the meeting, the proxy should produce his/her ID card, a written power of attorney issued by the legal representative (principal) of the institutional shareholder in accordance with the laws (save for a Recognized Clearing House or its nominee).

**Article 67** A proxy of attorney issued by a shareholder to entrust another person as his/her proxy to attend the shareholders' general meeting, shall contain the following:

- (I) the name of the proxy;

- (II) whether the proxy has the voting right or not;
- (III) separate instructions as to whether to cast affirmative, negative or abstention votes on each review issue listed on the agenda of the shareholders' general meeting;
- (IV) the issuing date and validity period of the power of proxy;
- (V) signature (or seal) of the principal or the appointed proxy in writing. If the principal is an institution shareholder, the power of attorney shall be affixed with the seal of the institution or executed by its directors, officially appointed proxy or officially authorized person.

Where there are special provisions on the power of attorney under the Hong Kong Listing Rules, such provisions shall prevail.

**Article 68** The power of attorney shall indicate that the shareholder proxy can vote according to his/her own opinions if the shareholder does not make specific instructions.

**Article 69** The power of attorney of voting proxies shall be deposited at the domicile of the Company or such other places as specified in the notice of the meeting 24 hours before the meeting at which the proxy is authorized to vote or 24 hours before the specified voting time. Where a power of attorney is signed by another person authorized by the principal, the power of attorney authorizing the signature or other authorization documents shall be notarized. A notarized copy of that power of attorney or other authorization documents, together with the power of attorney, shall be deposited at the domicile of the Company or such other place as specified in the notice of the meeting.

Where the principal is an institutional shareholder, its legal representative (principal) or any other persons authorized by resolution of its Board or other decision-making body shall attend the shareholders' general meetings of the Company on its behalf.

**Article 70** Where principal shareholder is a Recognized Clearing House (or its proxy) defined by the relevant ordinances stipulated in Hong Kong from time to time, it may authorize its representative(s) of the Company or one or more persons it considers appropriate as its representative(s) at any shareholders' general meeting; however, if more than one person is so authorized, the power of attorney shall specify the involved number and class of shares in respect of which each such person is so authorized, and shall be signed by an authorized officer of the

Recognized Clearing House. The person so authorized can represent the Recognized Clearing House (or its proxy) to attend the meeting (without the need of producing any documents of title, notarized authorization and/or further evidence to substantiate that he/she is so authorized, without the need of producing the power of attorney signed by the principal or the legal representative of the principal) and exercise the same legal rights (including the rights to speak and vote) as those entitled by other shareholders, as if he/she was an individual shareholder of the Company.

**Article 71** The register of the persons attending the meeting shall be prepared by the Company. The register shall set out the names of the persons attending the meeting (or names of the entity they are from), their identity card numbers, residential addresses, numbers of shares held or representing voting rights and names of the proxies (or names of the entity they are from).

**Article 72** The convener and the lawyer engaged by the Company shall jointly verify the qualification of the shareholders according to the register of shareholders provided by the securities registration and clearing organization, and register the name (or title) of each shareholder and the number of shares with voting rights he/she holds. The meeting registration shall be terminated by the time the presider of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights they hold.

**Article 73** When a shareholders' general meeting is held, all the directors, supervisors and the secretary to the Board shall attend the meeting, and the general manager and other senior management members shall attend the meeting as nonvoting delegates.

**Article 74** The shareholders' general meeting shall be presided over by the chairman of the Board. Where the chairman cannot or fails to perform his/her duties, half of the directors or more shall jointly recommend one director to preside over the meeting.

A shareholders' general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

The shareholders' general meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

When a shareholders' general meeting is held and the presider violates the Rules of Procedure for the shareholders' general meeting in a way that makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the presider of the meeting so as to carry on with the meeting, subject to the approval of a majority of the attending shareholders with voting rights.



**Article 75** The Company shall formulate the Rules of Procedure for the Shareholders' General Meeting, which shall provide detailed provisions for the convening and voting procedures of the shareholders' general meeting, including notice, registration, consideration of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, minutes and signing, as well as the principle of authorization of the Board by the shareholders' general meeting. The authorization content should be clear and specific. The Rules of Procedure for the Shareholders' General Meeting shall be made as an appendix to the Articles of Association, prepared by the Board and approved by the shareholders' general meeting.

**Article 76** At the annual general meeting, the Board and the Supervisory Committee shall report on their work over the past year to the shareholders' general meeting. Each independent non-executive director shall also report their duties accordingly.

**Article 77** The directors, supervisors and senior management shall make explanation and interpretation on the inquiry and suggestions of the shareholders at the shareholders' general meeting.

**Article 78** The presider of the meeting shall announce the number of shareholders and proxies at the meeting and the total number of shares with voting rights they hold before voting. The number of shareholders and proxies at the meeting and the total number of shares with voting rights they hold shall be based on the meeting register.

**Article 79** Minutes of a shareholders' general meeting shall be kept by the secretary to the Board.

The minutes of the meeting shall specify:

- (I) time, venue and agenda of the meeting, and the name or title of the convener;
- (II) the names of the presider of the meeting, and the directors, supervisors, general manager and other senior management members attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;

(VI) the names of the counting officer, monitoring officer and lawyers (if any);

(VII) other contents that shall be recorded in the minutes of the meeting in accordance with the shareholders' general meeting or the Articles of Association.

**Article 80** The convener shall ensure the minutes of the meeting are true, accurate and complete. The attending directors, supervisors, secretary to the Board, convener or representative thereof, and presider of the meeting shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting over network (if applicable) and by other means shall be kept for at least 10 years.

**Article 81** A convener shall ensure that a shareholders' general meeting shall be held continuously until a final resolution is formed. In the event that a shareholders' general meeting is suspended or no resolutions can be made thereat due to special circumstances such as force majeure, the convener shall take necessary measures to restore the meeting as soon as possible or directly terminate the meeting, and make an explanation or announcement promptly.

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

**Article 82** Resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

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

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

**Article 83** The following matters shall be approved by the shareholders' general meeting through ordinary resolutions:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) profit distribution plans and loss recovery plans drafted by the Board of Directors;
- (III) appointment or dismissal of the members of the Board of Directors and the Supervisory Committee, their remunerations and the method of payment thereof;
- (IV) the Company's annual budget and final accounts report;

(V) annual report of the Company;

(VI) other matters other than those approved by special resolution as stipulated in the laws, administrative regulations, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 84** The following matters shall be approved by special resolution at the shareholders' general meeting:

(I) the increase or decrease of the registered capital of the Company;

(II) the division, spin-off, merger, dissolution and liquidation of the Company;

(III) amendment of the Articles of Association;

(IV) substantial assets acquired or disposed of or security provided by the Company for an amount exceeding 30% of the latest audited total assets of the Company within one year;

(V) equity incentive plan;

(VI) other matters as required by the laws, regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association, and confirmed by an ordinary resolution at a shareholders' general meeting that it may have a material impact on the Company and accordingly shall be approved by special resolutions.

**Article 85** Shareholders (including their proxies) may exercise their voting rights in respect of the number of shares held by them which carry the right to vote. Each share carries out one vote. On a poll taken at a meeting, a shareholder (including his/her proxy) entitled to two or more votes need not cast all his/her votes in favor of, against or abstain from voting.

The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the shareholders' general meeting.

If a shareholder purchases any voting shares of the Company in violation of provisions of the first paragraph and the second paragraph of Article 63 of the Securities Law, voting rights of the shares exceeding the prescribed percentage shall not be exercisable within 36 months after the purchase, and such shares shall not be counted in the total number of voting shares present at the shareholders' general meeting.

If any laws, administrative regulations and regulatory rules of the place where the Company's shares are listed require that any shareholder shall refrain from exercising or abstain from voting or is restricted to cast only affirmative or dissenting vote on a certain proposal, any vote cast by the shareholder or proxy thereof in accordance with the provisions in which he/she abstained from voting or in violation of the aforesaid provisions or restrictions shall not be counted into the voting results.

If the securities regulatory authorities and/or the stock exchange of the place where the Company's shares are listed establish a mechanism for publicly soliciting voting rights from shareholders, the Board of Directors, an independent non-executive director, or a shareholder holding 1% or more of the voting shares of a company or an investor protection institution formed in accordance with laws, administrative regulations, or the rules of securities regulatory authorities of the place where the Company's shares are listed may publicly solicit voting rights from shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. When the qualified shareholders of the Company publicly solicit the rights convening a general meeting, rights to submit proposals, rights of nomination, voting rights and other shareholder rights lawfully held by other shareholders, the solicitation with the provision of direct or indirect compensation shall be prohibited. The Company may not impose any minimum shareholding requirement for the solicitation of voting rights, except under the conditions as stipulated in the relevant laws and regulations and the Hong Kong Listing Rules.

**Article 86** When relevant connected transactions (defined in the Hong Kong Listing Rules) are considered at a shareholders' general meeting, shareholders constituting connected persons (defined in the Hong Kong Listing Rules) (hereinafter referred to as "**connected shareholders**") shall not participate in voting and the number of voting shares represented by them shall not be counted in the total number of valid votes; the announcement of any resolution of the shareholders' general meeting shall adequately disclose the voting by unconnected shareholders.

Before connected transactions are considered at a shareholders' general meeting, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations, regulatory documents and the Hong Kong Listing Rules. Connected shareholders or their authorized representatives may attend shareholders' general meetings and present their views to the attending shareholders in accordance with the procedures of the shareholders' general meeting, but shall proactively abstain from voting on a poll in respect of the relevant connected transactions.

If connected shareholders do not proactively abstain from voting, other shareholders attending the meeting shall be entitled to require them to abstain from voting. Upon abstention of the connected shareholders, other shareholders shall vote as per their voting rights and make corresponding resolutions in accordance with the Articles of Association. Before voting on relevant connected transactions, the presider of the meeting shall declare the number of attending unconnected shareholders as well as the total number of their voting shares.

Resolution at a shareholders' general meeting on a connected transaction shall be passed by votes representing a majority of the voting rights held by unconnected shareholders attending the shareholders' general meeting. However, if the connected transaction is a matter requiring a special resolution under the Articles of Association, the resolution of the shareholders' general meeting shall be passed by votes representing two-thirds or more of the voting rights held by unconnected shareholders attending the shareholders' general meeting.

If a connected shareholder participates in the voting for connected transactions in violation of this Article, his/her vote on relevant connected transactions shall be invalid.

**Article 87** The Company shall provide convenience for shareholders to attend shareholders' general meetings by various methods and means, provided that the shareholders' general meeting shall be held legally and validly.

**Article 88** List of director or supervisor candidates shall be submitted by way of proposal at shareholders' general meetings.

When voting in respect of the election of directors and supervisors at the shareholders' general meeting is conducted, a cumulative voting system shall be implemented in accordance with the Articles of Association or resolutions at shareholders' general meeting.

The cumulative voting system mentioned in the previous paragraph refers to: in electing directors or supervisors at the shareholders' general meeting, the voting right(s) carried by each share shall be the same as the number of directors or supervisors to be elected. The voting right(s) of the shareholders can be exercised on a concentration basis. The Board of Directors shall provide and explain the brief biographies and basic information of the candidates for directors and supervisors to the shareholders.

**Article 89** Except for the cumulative voting system, all proposals shall be voted on one by one at the shareholders' general meeting; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the shareholders' general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' general meeting.

**Article 90** No amendment shall be made to a proposal when it is considered at a shareholders' general meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the shareholders' general meeting.

**Article 91** Except for proposals in relation to procedural or administrative matters of the shareholders' general meeting which can be voted upon by a show of hands as decided by the chairman of the meeting in good faith, the voting at the shareholders' general meeting shall be conducted by a registered poll.

The above procedural and administrative matters shall:

1. not be set out in the agenda of the shareholders' general meeting or any supplementary circular to shareholders; and
2. involve the duties of the presider of the meeting to keep the meeting in order and/or to allow the affairs of the meeting to be handled more properly and efficiently and give all shareholders a reasonable opportunity to express their views.

**Article 92** Before voting takes place on a proposal at a shareholders' general meeting, two shareholders' representatives shall be elected to count and scrutinize the votes. In the event that a shareholder has connections with a matter to be considered, the relevant shareholder and his/her proxy shall not participate in counting and scrutinizing of the votes.

When proposals are voted on at the shareholders' general meeting, the shareholders' representative, supervisors' representative and other relevant persons appointed in accordance with the Hong Kong Listing Rules shall be jointly responsible for the counting and monitoring of the votes as per the Hong Kong Listing Rules and shall announce the voting results on the spot, which voting results shall be recorded in the meeting minutes.

Shareholders of the Company or their proxies who cast their votes over the network (if applicable) or by another method shall have the right to inspect their own voting results through an appropriate voting system.

**Article 93** Shareholders' general meetings may be held onsite or in other ways permitted by laws and regulations.

A physical shareholders' general meeting shall not end earlier than the one held over the network (if applicable) or by another method. The chairman of the meeting shall announce details and voting results on each proposal, and announce whether a proposal is passed according to the voting results.

Before the formal announcement of voting results, the Company, vote counters, vote scrutineers, major shareholders, network services providers and other related parties involved at the physical shareholders' general meeting, over the network (if applicable) and by another voting method shall have an obligation to keep confidential details of the voting.

**Article 94** Shareholders attending the shareholders' general meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention. The securities registration and clearing organization shall be the nominal holder of shares under the Mainland China and Hong Kong Stock Connect scheme, except where declaration is made in accordance with the actual holder's intent.

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

**Article 95** The same voting right shall only be exercised by one means, either through onsite voting or via internet (if applicable) or other voting means. If the same voting right is exercised in more than one means, the result of the first vote cast shall prevail.

**Article 96** If the presider of the meeting has any doubt as to the result of any resolution put to vote, he/she may have the votes counted. If the presider of the meeting has not counted the votes, any attending shareholder or proxy thereof who objects to the result announced by the presider of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the presider of the meeting shall have the votes counted immediately.

**Article 97** The resolutions of the shareholders' general meeting shall be announced in a prompt manner according to relevant laws, regulations, departmental rules, regulatory documents, regulatory rules of the place where the Company's shares are listed and the Articles of Association, and the announcement shall state the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of voting shares of the Company, the form of voting, the voting result of each proposal and the detailed content of each resolution passed.

**Article 98** In the event that a proposal is not passed, or a resolution passed at a previous shareholders' general meeting is modified at this shareholders' general meeting, a special note shall be made in the announcement on the resolutions made at the shareholders' general meeting.

**Article 99** In the event that a proposal on the election of directors and supervisors is passed at a shareholders' general meeting, the time for taking office of the new directors and supervisors shall be the time specified in the resolution of the shareholders' general meeting. If the resolution of the shareholders' general meeting does not specify the time of taking office, it shall be the time when the resolution is made at the shareholders' general meeting.

**Article 100** In the event that a proposal on the distribution of cash dividends or bonus shares or on share capital increase with transfers from the capital reserves is passed at a shareholders' general meeting, the Company shall implement a specific scheme thereon within two months upon the conclusion of the shareholders' general meeting.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 101** Directors of the Company shall be natural persons. A person who falls into any of the following circumstances shall not serve as director of the Company:

- (I) civil incompetence or limited civil competence;
- (II) no more than 5 years have lapsed since termination of the execution period for penalty on a crime of corruption, bribery, encroachment of property, embezzlement or disrupting socialist economic order, or no more than 5 years have lapsed since termination of the execution period for deprivation of political rights due to committing a crime;
- (III) no more than 3 years have lapsed since conclusion of liquidation owing to the bankruptcy of a company or enterprise where the person served as a director or factory manager or manager and was personally liable for the bankruptcy;
- (IV) no more than 3 years have lapsed since the date of cancellation of the business license and winding-up of a company or enterprise on account of illegal business operations where the person served as the legal representative and was personally liable;
- (V) a relatively large amount of personal debt is overdue but remains unpaid;
- (VI) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;
- (VII) other circumstances specified by the laws, regulations, departmental rules and regulatory rules of the place where the Company's shares are listed.



For any election and appointment of a director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a director falls into any of the aforesaid circumstances in his term of office, the director shall be removed from office.

**Article 102** Directors shall be elected or replaced at the shareholders' general meetings and may be removed at the shareholders' general meetings before the expiration of the term of office. Directors shall serve a term of three years and may serve a consecutive term if re-elected upon expiration of their term of office.

The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform the duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until the elected director assumes his/her office.

Any person appointed as director by the Board to fill a temporary vacancy or add the quota of directors of the Board shall only serve until the first annual general meeting of the Company after his/her appointment, and the said person is eligible for re-election at the meeting. If not otherwise required by laws, regulations or the regulatory rules of the place where the Company's shares are listed, the shareholders shall have the right to remove any director by an ordinary resolution at a shareholders' general meeting before the expiry of his/her term of office; however, the claim for compensation made by the director under any contract shall not be affected by the removal.

A director may serve concurrently as general manager or other senior management member, provided that the aggregate number of the directors who serve concurrently as general manager or other senior management members shall not exceed one half of the total number of directors of the Company.

**Article 103** Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of honesty to the Company:

- (I) not to abuse their powers to accept bribes or other unlawful income, and not to misappropriate the Company's properties;
- (II) not to misappropriate the Company's capital;
- (III) not to deposit the Company's assets or capital into accounts under their own name or the name of other individuals;

- (IV) not to loan the Company's capital to others or provide guarantees in favor of others supported by the Company's assets in violation of the Articles of Association or without approval of the shareholders' general meeting or Board of Directors;
- (V) not to enter into contracts or deal with the Company in violation of the Articles of Association or without approval of the shareholders' general meeting;
- (VI) not to use their position to procure business opportunities for themselves or others that should have otherwise been available to the Company or operate for their own benefits or manage on behalf of others businesses similar to that of the Company without approval of the shareholders' general meeting;
- (VII) not to accept and possess commissions for transactions with the Company;
- (VIII) not to disclose any secret of the Company without permission;
- (IX) not to use their connected relations to damage the interests of the Company;
- (X) any other obligations of honesty stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Earnings obtained by directors in violation of the provisions in this Article shall belong to the Company, and such directors shall be liable for compensation for any loss incurred to the Company.

**Article 104** Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of diligence to the Company:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with national laws, administrative regulations and economic policies and are within the business scope specified in the business license;
- (II) to treat all shareholders impartially;
- (III) to keep informed of the business operations and management of the Company;
- (IV) to sign written confirmations of the regular reports issued by the Company and to ensure the information disclosed by the Company is true, accurate and complete;

(V) to honestly provide the Supervisory Committee with relevant information, and not to prevent the Supervisory Committee or supervisors from exercising their functions and powers;

(VI) any other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 105** If any director fails to attend in person (the director shall be deemed to be present in person if he/she attends or votes at the Board meetings by correspondence) or appoint other directors to attend the Board meetings for two consecutive times, such director shall be deemed incapable of performing his/her duties, and the Board of Directors shall propose to replace such director at the shareholders' general meeting.

**Article 106** A director may resign before expiry of his/her term of office. The resigning director shall submit a written resignation to the Board of Directors. The Board of Directors will disclose relevant information within two days.

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

Save for the circumstances in the preceding paragraph, the resignation of a director shall become effective upon submission of his/her resignation to the Board of Directors.

**Article 107** If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board. His/her obligations of honesty to the Company and shareholders thereof shall not terminate automatically at the end of his/her term of office; among them, his/her confidentiality obligation in respect of trade secrets of the Company survives the termination of his/her term of office until such secrets become publicly known. Duration of other obligations of honesty shall be determined following the principle of fairness, taking into full account the nature of the matter, its importance to the Company, the length of time it has affected the Company and the Company's relationship with the director.

**Article 108** No director shall act on behalf of the Company or the Board of Directors in his/her personal capacity, unless specified in the Articles of Association or legally authorized by the Board of Directors. In the event that a director acts in his/her personal capacity, but a third party may reasonably think the said director is acting on behalf of the Company or the Board of Directors, such director shall state his/her stance and capacity in advance.

**Article 109** If any director violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties to the Company, thereby incurring any loss of the Company, the said director shall be liable for compensation.

**Article 110** The Company has independent non-executive directors. The qualifications, nomination and election procedures, term of office, resignation, functions and powers and other relevant issues of the independent non-executive directors shall be subject to relevant provisions of the laws, administrative regulations, departmental rules and regulatory rules of the place where the Company's shares are listed. Except as otherwise provided by this section, the provisions relating to the qualifications and obligations of directors in the Articles of Association shall apply to independent non-executive directors.

**Article 111** Independent non-executive directors shall perform their duties honestly, safeguard the Company's interest and in particular, prevent encroachment of the legitimate rights and interests of public shareholders, so as to ensure the sufficient representation of the interests of all shareholders.

## **Section 2 Board of Directors**

**Article 112** The Company shall have a Board of Directors, which is responsible to the shareholders' general meeting.

**Article 113** The Board of Directors shall consist of 9 directors, with a chairman. At all times, at least one-third of the Board of Directors shall be independent non-executive directors, and the total number of independent non-executive directors shall not be less than three. At least one independent non-executive director shall have appropriate professional qualifications in line with regulatory requirements or be equipped with appropriate accounting or relevant financial management expertise.

**Article 114** The Board of Directors shall exercise the following functions and powers:

- (I) to convene the shareholders' general meeting and report on work to the shareholders' general meeting;
- (II) to implement the resolutions of the shareholders' general meeting;
- (III) to determine the business and investment plans of the Company;
- (IV) to devise the annual financial budget and closing account plans of the Company;
- (V) to devise the profit distribution plans and loss recovery plans of the Company;

- (VI) to formulate the plans for increasing or decreasing the Company's registered capital, the issuance of bonds or other securities, as well as the listing of the Company;
- (VII) to formulate plans for major acquisitions of the Company, the acquisition of shares of the Company, or merger, division, dissolution and change of the form of the Company;
- (VIII) to review and approve the external guarantee matters of the Company within the scope of authorization by the shareholders' general meeting or to the extent not meeting the standards to be reviewed and approved by the shareholders' general meeting;
- (IX) to decide on the Company's external investment, acquisition and disposal of assets, asset mortgage, external guarantees, entrusted wealth management, connected transactions, external donations, external financing, and other matters within the scope of authorization by the shareholders' general meeting or in accordance with the provisions of the listing rules of the stock exchange where the Company's shares are listed;
- (X) to decide on the setup of the Company's internal management organization;
- (XI) to decide to appoint or dismiss the Company's general manager and the secretary to the Board, and pursuant to the general manager's nominations, to decide to appoint or dismiss the Company's deputy general manager, chief financial officer, senior research and development director and other senior management officers, and to decide on their remuneration, rewards and penalties;
- (XII) to set the basic management systems of the Company;
- (XIII) to make the modification plan to the Articles of Association;
- (XIV) to propose the appointment or replacement of the accounting firm that performs audits for the Company at the shareholders' general meeting;
- (XV) to receive the work report of the Company's general manager and review the work of the general manager;
- (XVI) to manage the disclosure of company information;
- (XVII) other powers and duties authorized by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters beyond the scope of authorization of the shareholders' general meeting shall be submitted to the shareholders' general meeting for consideration.

**Article 115** The Board of the Company shall give explanations at the shareholders' general meeting on the non-standard auditing opinions issued by certified public accountants on the Company's financial report.

**Article 116** The Board of Directors shall establish the Rules of Procedure for Meetings of the Board of Directors to ensure that the Board of Directors implements the resolutions of the shareholders' general meeting, to improve work efficiency and ensure scientific decision-making. The Rules of Procedure for Meetings of the Board of Directors provide the convening and voting procedures of the meetings of the Board of Directors and shall be annexed to the Articles of Association and prepared by the Board of Directors and approved by the shareholders' general meeting.

**Article 117** The Board of Directors shall determine the authority of external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donations, establish strict review and decision-making procedures, and organize relevant experts and professionals to review major investment projects and report them to the shareholders' general meeting for approval.

**Article 118** The chairman of the Board of Directors of the Company shall be elected and dismissed by a majority of all directors. The term of office of the chairman shall be three years and is renewable upon re-election.

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

- (I) to preside over the shareholders' general meetings and to convene and preside over Board meetings;
- (II) to supervise and inspect the implementation of resolutions of the Board of Directors;
- (III) to sign share certificates, debentures and other marketable securities of the Company;
- (IV) to sign important documents of the Board of Directors;

(V) in the event of any urgent situation due to force majeure such as catastrophic natural disasters, to exercise special powers of disposal in relation to the Company's affairs in compliance with legal requirements and in the interests of the Company and subsequently report such activities to the Board of Directors of the Company and the shareholders' general meeting;

(VI) to exercise other functions and powers granted by the Board of Directors or by laws, administrative regulations or regulatory rules of the place where the Company's shares are listed.

Except for routine or long-term authorizations that have been clearly specified in the Articles of Association, the authorization of the Board of Directors to the chairman of the Board of Directors shall be clearly made by means of a resolution of the Board of Directors, and there shall be clear and specific authorization matters, contents and authority. Any matters involving the significant interests of the Company shall be determined collectively by the Board of Directors and shall not be determined by the chairman or any individual director on their own upon authorization.

**Article 120** In the event that the chairman of the Board of Directors is unable to or does not perform his/her duties, a director elected by more than one half of all directors may perform his/her duties.

**Article 121** The Board of Directors shall discuss matters by holding a Board meeting, and Board meetings shall be classified as regular meetings and interim meetings. Regular Board meetings shall be held at least four times a year (one time per quarter) and shall be convened by the chairman of the Board of Directors with written notice to all directors and supervisors 14 days prior to the meeting.

**Article 122** Shareholders representing one-tenth or more of the voting rights or one-third or more of the directors or the Supervisory Committee may propose to convene an interim Board meeting. The chairman shall convene and preside over a Board meeting within 10 days from the receipt of the proposal.

**Article 123** Notice of an interim Board meeting shall be delivered in writing to all directors and supervisors three days prior to the meeting. If the situation is urgent and it is necessary to convene an interim Board meeting as soon as possible, the notice of the meeting may be served without the time limitation of the preceding paragraph.

**Article 124** The notice of the Board meeting shall include the following:

(I) date and venue of the meeting;

(II) duration of the meeting;

(III) subject matter and topic;

(IV) date of issuance of notice.

**Article 125** The Board meeting shall be attended by a majority of the directors. Resolutions made by the Board of Directors shall be approved by a majority of all directors.

Voting on the resolutions of the Board of Directors shall be conducted on a one-person-one-vote basis.

**Article 126** Where a director or any of his/her close associates (as defined in the Hong Kong Listing Rules) has a material interest or connection in a matter proposed by the Board, such director shall not exercise the right to vote on that resolution, nor shall he/she vote on behalf of other directors or be counted in the quorum present at the meeting when such matter is considered by the Board. Such Board meeting may be held with the attendance of a majority of the unrelated directors, and resolutions made at the Board meeting shall be approved by a majority of the unrelated directors. If the number of unrelated directors present at the Board meeting is less than three, the matter shall be submitted to the shareholders' general meeting for consideration. Where the Hong Kong Listing Rules have any other provisions, such provisions shall prevail.

If any related shareholder or director, from the perspective of the Board of Directors, has any major conflict of interest in the matters to be considered by the Board of Directors, the relevant matters shall be dealt with at a board meeting (rather than by a written resolution). Independent non-executive directors who themselves and whose close associates have no material interests in the transactions shall attend the relevant board meetings.

**Article 127** Voting at Board meetings shall be conducted by open ballot or by show of hands.

As long as all directors can fully express their opinions, the board meetings may be held and vote can be casted thereat by means of on-site meeting, communication, and a combination of on-site meeting and communication, and resolutions can be made thereat and be signed by all participating directors.

**Article 128** Board meetings shall be attended by the directors themselves; if a director is unable to attend for any reason, he/she may appoint another director in writing to attend on his/her behalf, and the power of attorney shall contain the name of the attorney, the matters to be represented, the scope of authorization and the validity period, and shall be signed or sealed by the attorney. The director attending the meeting on other's behalf shall exercise the rights of director



within the scope of authorization. If a director fails to attend a Board meeting or appoint a representative to attend on his/her behalf, such director shall be deemed to have waived his/her right to vote at such meeting.

**Article 129** The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting, and the attending directors shall sign on the minutes of the meeting.

The minutes of the Board meeting shall be kept as the Company's archives for a period of not less than 10 years.

**Article 130** The minutes of the Board meeting shall include the following:

- (I) date and venue of the meeting and name of the convener;
- (II) names of the directors present and names of the directors (proxies) appointed by others to attend the Board meeting;
- (III) agenda of the meeting;
- (IV) highlights of directors' speeches;
- (V) voting form and results of each resolution (the voting results shall contain the number of affirmative, negative or abstention votes).

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

**Article 131** The Board of Directors of the Company shall establish an Audit Committee and, when necessary, relevant special committees such as Nomination and Remuneration Committees. The special committees shall be accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Their proposals shall be submitted to the Board of Directors for consideration and decision. The members of each special committee shall be composed entirely of directors, and the chairman of the committee is appointed and removed by the Board of Directors. The majority of independent non-executive directors serve as the chairman of the Audit Committee, Nomination Committee and Remuneration Committee, and the chairman of the Audit Committee is an accounting professional.

Where the regulatory rules of the place where the Company's shares are listed have any other provisions, such provisions shall prevail.

**Article 132** The Board of Directors is responsible for formulating the rules of procedure and working procedures of each special committee, stipulating the composition, functions and powers and procedures of the special committees and regulating the operation of the special committees.

**Article 133** These special committees are special working bodies under the Board of Directors which provide advice or advisory opinions for the Board of Directors on material decisions. The special committees shall not make any decision in the name of the Board of Directors. However, the committees may exercise decision-making power in respect to the authorized matters in accordance with the special powers bestowed by the Board of Directors.

**Article 134** Each special committee may engage intermediaries to provide professional opinions according to actual needs, and the related costs shall be borne by the Company.

Each special committee is accountable and reports its work to the Board of Directors.

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

**Article 135** The Company has one general manager, one deputy general manager, one chief financial officer, one senior research and development director and one secretary to the Board. The general manager, deputy general manager, chief financial officer, senior research and development director and secretary to the Board are the senior management personnel of the Company, and shall be appointed or dismissed by the Board of Directors.

**Article 136** The circumstances of disqualification for directors prescribed in Article 101 of the Articles of Association shall be applicable to senior management members.

Provisions regarding the duty of loyalty of directors under Article 103 and of diligence of directors under items (IV), (V) and (VI) of Article 104 hereof shall be applicable to the senior management members.

**Article 137** Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company shall not serve as a senior management member of the Company.

The senior management members only receive remuneration in the Company, not paid by the controlling shareholders on their behalf.

**Article 138** The term of office of the general manager shall be three years, renewable upon reappointment.

**Article 139** The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (I) to be in charge of the Company's operation and management, and to organize the implementation of the resolutions of the board of directors and report on works to the board of directors;
- (II) to organize the implementation of the Company's annual business plan and investment proposals;
- (III) to draft plans for the establishment of the Company's internal management structure;
- (IV) to draft the Company's basic management regulations;
- (V) to formulate specific rules and regulations for the Company;
- (VI) to propose the appointment or dismissal by the Board of Directors of the Company's deputy general manager, chief financial officer, senior research and development director and other senior management;
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (VIII) other functions and powers conferred by the Articles of Association or the board of directors.

The general manager shall attend the Board meetings.

**Article 140** The general manager shall formulate working rules of the general manager, and shall be implemented after being approved by the Board of Directors.

**Article 141** The general manager's working rules include the following contents:

- (I) specifying conditions, procedures and participants of the general manager's meeting;
- (II) responsibilities and work allocation of the general manager and other senior management members of the Company;
- (III) use of funds and assets of the Company, scope of authorization to enter into material contracts and reporting policies to the Board of Directors and the Supervisory Committee;

(IV) other matters which the Board of Directors deems necessary.

**Article 142** The general manager and other senior management members may resign before the expiration of their term of office. The specific procedures and methods of resignation shall be stipulated in the employment contract between the aforementioned persons and the Company.

**Article 143** The deputy general manager, chief financial officer and senior research and development director shall be proposed by the general manager and be engaged or dismissed by the Board of Directors.

**Article 144** The Company has a secretary to the Board, who is responsible for the preparations for the general meetings and the meetings of the Board of Directors, retention of documents, management of materials on shareholders, and handling information disclosure and other matters.

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

**Article 145** Any senior management member who violates any laws, administrative regulations, departmental rules or the Articles of Association during the course of performing his/her duties to the Company and causes losses to the Company shall be liable for compensation.

**Article 146** Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all the shareholders. If the Company's senior management members fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.

## **CHAPTER 7 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 147** Circumstances prohibiting any person serving as a director as stipulated in Article 101 of the Articles of Association shall be applicable to Supervisors.

The Directors, general manager and other senior management members shall not act as Supervisors concurrently.

**Article 148** Supervisors shall observe the laws, administrative regulations and the Articles of Association, owe fiduciary duties and due diligence duties to the Company, and perform their supervisory duties faithfully. They shall not use the authority to take bribes or solicit other illegal incomes, and never encroach upon the Company’s property.

**Article 149** A supervisor shall serve for a term of three years, which term is renewable upon reelection upon expiry.

**Article 150** If the reelection is not conducted in time after the term of a supervisor expires or the resignation of the supervisor causes the members of the Supervisory Committee to fall short of the quorum, the supervisor shall still perform the supervisor’s duty in line with the laws, administrative regulations and the Articles of Association until the new supervisor takes office.

**Article 151** Supervisors shall guarantee the truth, accuracy and integrity of the information disclosed by the Company and sign written confirmation opinion on periodic reports.

**Article 152** Supervisors may attend the meeting of the Board of Directors, and question or make recommendations on the resolutions to be passed by the Board of Directors.

**Article 153** Supervisors shall not use their connections relationship to prejudice the interest of the Company. If any loss is thus incurred by the Company, they shall be held liable.

**Article 154** If a supervisor violates the laws, administrative regulations, department rules or the Articles of Association in the performance of his/her duties in the Company and incurs a loss to the Company, he/she shall be held liable.

**Section 2 Supervisors Committee**

**Article 155** The Company shall have a Supervisory Committee. The Supervisory Committee shall consist of three Supervisors and one chairman. The appointment and dismissal of the chairman shall be voted and adopted by a majority of all supervisors. The chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duty, a Supervisor jointly elected by more than half of the Supervisors shall convene and chair the meeting of the Supervisory Committee.

The Supervisory Committee shall comprise shareholder representatives and an appropriate proportion of employee representatives, which proportion shall not be less than one-third. The employee representatives in the Supervisory Committee shall be elected and dismissed democratically by the employees of the Company at the employee representatives' meeting, employees' meeting or in other forms. The shareholder representatives in the Supervisory Committee shall be elected and dismissed by the shareholders' general meeting.

**Article 156** Supervisory Committee performs the following functions and powers:

- (I) to review the periodic reports prepared by the Board of Directors and to comment in writing;
- (II) to inspect the financial status of the Company;
- (III) to supervise the performance of duties by the Directors, and senior management, and propose to remove Directors and senior management who have violated the laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meeting;
- (IV) to require directors and senior management members to make corrections if their conduct has damaged the interests of the Company;
- (V) to propose the convening of an extraordinary general meeting, and to convene and preside over the shareholders' general meeting when the Board of Directors fails to perform such duties as specified in the Company Law and the Articles of Association;
- (VI) to submit proposals to the shareholders' general meeting;
- (VII) instituting legal proceedings against directors and senior management members in accordance with Article 151 of the Company Law;
- (VIII) in the event that the Supervisory Committee discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, may engage professionals, such as accounting firms and law firms, to assist in its work; any expenses incurred thereby shall be borne by the Company;
- (IX) to exercise other functions and powers as specified in the Articles of Association.

**Article 157** Meetings of the Supervisory Committee include regular meetings and interim meetings. Regular meetings of the Supervisory Committee shall be held at least once every six months and at least twice every year and shall be convened by the chairman of the Supervisory Committee. Supervisors may propose to convene interim meetings of the Supervisory Committee.

If a supervisor fails to attend meetings of the Supervisory Committee in person (a supervisor who attends or votes at a meeting of the Supervisory Committee by means of communications is deemed to be present in person) for two consecutive times and does not appoint another supervisor to attend the said meeting, he/she shall be deemed unable to perform his/her duties and shall be replaced by the shareholders' general meeting or the employee representatives' meeting.

**Article 158** All supervisors shall be notified 10 days before a regular meeting of the Supervisory Committee is convened, or 3 days before an interim meeting of the Supervisory Committee is convened. Where an extraordinary meeting of the Supervisory Committee is needed to be held as soon as possible under an emergency situation, the delivery of the notice regarding the forthcoming meeting shall not be subject to the time limit specified in the preceding paragraph.

**Article 159** The notice of a meeting of the Supervisory Committee shall specify:

- (I) date, venue and duration of the meeting;
- (II) reasons and topics for discussion;
- (III) date of notice.

**Article 160** As long as all supervisors can fully express their opinions, the meetings of the Supervisory Committee may be held and vote can be casted thereat by means of on-site meeting, communication, and a combination of on-site meeting and communication, and resolutions can be passed thereat.

The supervisors shall attend the meetings of the Supervisory Committee in person. Where any supervisor is unable to attend the meetings of the Supervisory Committee for any reason, he/she may authorize another supervisor in writing to attend on his/her behalf. The power of attorney shall specify the name of the proxy, matters to be represented, scope of authorization and validity term and shall bear the signature or seal of the principal. The supervisor who attends the meeting on behalf of another supervisor shall exercise the supervisor's rights within the scope of authorization. Where a supervisor does not attend a meeting of the Supervisory Committee and does not appoint a proxy to attend on his/her behalf, he/she shall be deemed to have forfeited his/her voting rights at the said meeting.

Resolutions of the Supervisory Committee shall be passed by more than half of the supervisors.

**Article 161** The Supervisory Committee shall formulate rules of procedure for meetings of the Supervisory Committee specifying the deliberation method and voting procedure thereof, to ensure the work efficiency and scientific decision-making of the Supervisory Committee. The convening and voting procedures of the meetings of Supervisory Committee shall be specified in the rules of procedure for the meetings of the Supervisory Committee, which shall be formulated by the Supervisory Committee, approved by the general meeting, and attached to the Articles of Association as an appendix.

**Article 162** The Supervisory Committee shall keep minutes of resolutions on matters discussed at the meeting, and the attending supervisors shall sign on the minutes of the meeting.

A supervisor is entitled to request that an explanatory note be made with regard to his/her speech at the meeting. The minutes of meetings of the Supervisory Committee shall be kept as archives of the Company for at least 10 years.

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

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

**Article 163** The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the provisions of relevant PRC authorities. Where the securities regulatory authorities of the place where the shares of the company are listed provide otherwise, such provisions shall prevail.

**Article 164** The fiscal year of the Company shall be the calendar year, commencing from January 1 and ending on December 31 of each calendar year.

**Article 165** The Company shall disclose its annual reports within 120 days from the end of each fiscal year, and disclose its interim reports within 60 days from the end of the first half year of each fiscal year. The Company shall submit and disclose its annual reports and interim reports in accordance with the relevant laws and regulations, and the Hong Kong Listing Rules.

The aforesaid annual reports or interim reports shall be prepared in accordance with the relevant laws, administrative regulations and rules of the CSRC and the stock exchange of the place where the Company's shares are listed.



**Article 166** The Company shall not keep separate books of accounts apart from its statutory books of account. The asset of the Company shall not be deposited in any account opened in the name of any individual.

**Article 167** Where the Company distributes its after-tax profits of the current year, it shall allocate 10% of the profits after tax as the Company's statutory common reserve. No allocation is required if the accumulated statutory common reserve represents 50% or more of the registered capital of the Company.

Where the statutory common reserve fund of the Company is not sufficient to cover the Company's loss from the previous year, the current year profits shall be used to cover such loss before allocation is made to the statutory common reserve fund pursuant to the previous paragraph.

After allocation to the statutory common reserve fund has been made from the after-tax profits of the Company, the discretionary surplus reserve of any amount fund shall be allocated from the after-tax profits upon approval by general meeting.

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings unless otherwise specified in the Articles of Association.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provisions.

The Company's shares held by the Company are not entitled to any profit distribution.

**Article 168** The reserve fund of the Company can be used for making up for losses of the Company, expanding the Company's production and operation or increasing the registered capital of the Company, but the capital reserve fund cannot be used for making up for losses of the Company.

Where the statutory reserve fund is converted into registered capital, the balance of the reserve fund shall not be less than 25% of the Company's registered capital prior to such conversion.

**Article 169** After the profit distribution plan is adopted at the shareholders' general meeting, the Board of Directors of the Company shall finish distributing dividends (or shares) within two months after convening of the shareholders' general meeting.

**Article 170** The Company may distribute profits in cash, shares or other forms permitted by the laws, administrative regulations, department rules and regulatory rules of the place where the shares of the Company are listed, while distribution in cash is preferred. Cash dividends and other distributions declared by the Company to the holders of domestic unlisted shares shall be paid in Renminbi. Cash dividends and other distributions declared by the Company to the holders of overseas listed shares shall be denominated and declared in Renminbi, and paid in foreign currencies or Renminbi. Foreign currencies for the payment of cash dividends and other distributions by the Company to the holders of overseas listed shares shall be distributed pursuant to the relevant regulations on the administration of foreign exchange of the PRC.

**Article 171** The Company shall appoint a receiving agent for holders of overseas listed shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company in respect to the overseas listed shares.

The receiving agent appointed by the Company shall satisfy requirements under the laws of the place where the Company's shares are listed or the rules of relevant stock exchange.

The receiving agent appointed by the Company for holders of overseas listed shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 172** The Company shall have an internal audit system, arrange special auditors, and conduct the internal audit supervision of the financial incomes and expenditures and economic activities of the Company.

**Article 173** The internal audit system of the Company and the responsibilities of auditors shall be implemented upon the approval of the Board of Directors. The principal of the audit department shall be accountable and report to the Board of Directors.

## **Section 3 Engagement of Accounting Firms**

**Article 174** The Company shall engage an accounting firm that conforms to the relevant provisions of the Securities Law to audit and review the accounting statements, verify the net assets and offer other consulting services, the term of which shall be one year, and may be renewed.

**Article 175** The Company's appointment, removal or non-reappointment of an accounting firm shall be determined only by the shareholders' general meeting, and no accounting firm should be appointed by the Board of Directors prior to the decision of shareholders' general meeting.

**Article 176** The Company guarantees to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the accounting firm engaged without refusal, withholding or false information.

**Article 177** The auditing fee of the accounting firm shall be determined by the shareholders' general meeting.

**Article 178** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm 30 days in advance, and the accounting firm has the right to state its opinions at the shareholders' general meeting at which its removal is voted on.

If the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

## **CHAPTER 9 NOTICE AND ANNOUNCEMENT**

**Article 179** The notices of the Company shall be served as follows:

(I) by hand;

(II) by mail;

(III) by announcement;

(IV) by any other means as approved by the securities regulatory authority of the place where the Company's shares are listed or as specified in the Articles of Association.

If a notice of the Company is served by announcement, the said notice shall be deemed as received by all the relevant persons once the said notice is announced. If the securities regulatory authority of the place where the Company's shares are listed has special provisions, such provisions shall apply.

Notwithstanding the requirements otherwise provided in the Articles of Association with respect to the form of issuance or notification of any documents, notices or other corporate communications, subject to laws, administrative regulations, departmental rules, normative documents and the relevant provisions of the securities regulatory authority of the place where the Company's shares are listed, the Company may elect to issue its corporate communications by announcements on the websites designated by the Company and the stock exchange where the Company's shares are listed in lieu of delivering its written documents to all of the holders of overseas listed foreign shares by hand or prepaid mail. The above-mentioned corporate

communications shall refer to any documents issued or to be issued by the Company for the information or action of the shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), directors' reports (together with balance sheets and statements of profit or loss), notices of shareholders' general meetings, circulars and other communications.

**Article 180** The date on which the notice of the Company is served:

- (I) if the notice of the Company is served by hand, the recipient or its agent shall affix signature (or seal) to the return on service and the signing date shall be the date of service;
- (II) if the notice is served by post, the second business day after the notice is posted shall be the date of service;
- (III) if the notice of the Company is served by announcement, the date of first publication of the announcement shall be the date of service.

**Article 181** In the event that relevant provisions of the securities regulatory authority of the place where the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the preference stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by applicable laws and regulations and pursuant to the applicable laws and regulations.

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

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

**Article 182** Merger of the Company may take place by absorption or by the establishment of a new company.

Absorption means a company absorbs another company and the absorbed company will be dissolved. Otherwise, two or more companies will combine together for the establishment of a new company, and the original companies will be dissolved.

**Article 183** 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 of the date of the merger resolution and shall publish an announcement within 30 days of the date of the merger resolution.

The creditors shall, within 30 days after receipt of notice or, if the creditors not receiving such notice, within 45 days of the announcement of any merger, be entitled to demand the Company to repay in full or to provide a guarantee.

**Article 184** Upon merger, the claim and debts of each of the merged parties shall be assumed by the surviving party or the newly established company.

**Article 185** Where there is a division of the Company, its assets shall be divided accordingly.

The parties to the division shall prepare their respective balance sheet and inventory of assets. The Company shall notify its creditors within 10 days of the date of the division resolution and shall publish an announcement within 30 days of the date of the division resolution.

**Article 186** Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, liabilities of the Company prior to the division shall be jointly assumed by surviving companies after division.

**Article 187** Where the Company needs to reduce its registered capital, it shall prepare balance sheet and an inventory of assets.

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

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

**Article 188** The Company shall, in accordance with the law, apply for change in its registration with the company registration authority in the event of any change in any particulars in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the law. Where a new company is established, the Company shall apply for registration thereof in accordance with the law.

If the Company increase or reduce its registered capital, the Company shall, in accordance with the law, apply for change of registration with the company registration authority.

## **Section 2 Dissolution and Liquidation**

**Article 189** In any of the following circumstances, the Company shall be dissolved:

- (I) the occurrence of any other events of dissolution specified in the Articles of Association occurs;
- (II) a resolution for dissolution is passed at a shareholders' general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) the business license of the Company is revoked or the Company is ordered to close down or deregister in accordance with the law;
- (V) where the Company is in serious difficulties in operations and its continual operation will lead to substantial loss to the shareholders and there is no other solutions to resolve such situations, the shareholders who aggregately hold 10% or more of the total voting rights of the Company can apply to the People's Court for dissolution of the Company.

**Article 190** A liquidation committee shall be set up within 15 days of the Company being dissolved pursuant to items (I), (II), (IV) and (V) of Article 189 in the Articles of Association, to start the liquidation process. The composition of the liquidation committee of the Company shall be determined by the Board or by a shareholders' general meeting. If the Company fails to set up the liquidation committee within the time limit, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

**Article 191** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to verify the assets of the Company, prepare a balance sheet and an inventory of assets respectively;
- (II) to notify the creditors or to publish public announcements;
- (III) to handle and liquidate any unfinished businesses of the Company;
- (IV) to pay all outstanding taxes and taxes incurred in the process of liquidation;

(V) to settle claim and debts;

(VI) to dispose of the remaining assets of the Company after the repayment of debts;

(VII) to represent the Company in any civil proceedings.

**Article 192** The liquidation committee shall inform the creditors within 10 days of its establishment and an announcement shall be published within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors shall provide explanation for the relevant matters and evidence of the claims upon declaration of such claims. The liquidation committee shall carry out registration of the creditors' claims.

The liquidation committee shall not make any repayment to the creditors during the period of declaration of claims.

**Article 193** After the liquidation committee has cleared the assets of the Company and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the People's Court for confirmation.

The remaining assets of the Company after payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts shall be distributed to shareholders in proportion to the shares held by the shareholders.

During the liquidation, the Company remains subsisting but may not commence any business activities not related to the liquidation.

The assets of the Company shall not be distributed to shareholders before repayments have been made pursuant to the preceding paragraph.

**Article 194** If after verifying the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee finds that the assets of the Company are insufficient to repay the debts of the Company in full, it shall immediately apply to the People's Court for a declaration of insolvency.

After the Company is declared insolvent by the People's Court, the liquidation of the Company shall be taken up by the People's Court.

**Article 195** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, and submit it to the shareholders' general meeting or the people's court for confirmation and to the company registration authority for application for cancelling the registration of the Company. A public announcement shall be made for the termination of the Company.

**Article 196** Members of the liquidation committee are required to discharge their duties honestly and fulfill their obligations of liquidation according to laws.

Members of the liquidation committee shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the Company's assets.

A member of the liquidation committee is liable to indemnify the Company or its creditors in respect of any loss arising from his/her intentional or gross negligence.

**Article 197** Where the Company is declared bankrupt in accordance with laws, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

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

**Article 198** The Company may make amendments to the Articles of Association in accordance with the provisions of the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association subject to the approval by two-thirds or more of the voting rights held by the shareholders present at the general meeting.

**Article 199** The Company shall amend the Articles of Association if falling in one of the following situations:

- (I) upon revision of the Company Law or the relevant laws and administrative regulations or the Hong Kong Listing Rules, the provisions of the Articles of Association conflict with the revised laws, administrative regulations or the Hong Kong Listing Rules;
- (II) the changes that the Company have undergone are inconsistent with the records made in the Articles of Association;
- (III) the shareholders' general meeting has resolved to amend the Articles of Association.



**Article 200** Where the amendments to the Articles of Association passed by the shareholders' general meetings are subject to the examination and approval by the competent authorities, such amendments shall be submitted to the competent authorities for approval. Where the amendments involve registration particulars of the Company, the Company shall register relevant changes according to laws.

**Article 201** The Board of Directors shall amend the Articles of Association in accordance with the resolution of the shareholders' general meeting and the review opinions (if any) from the relevant competent authorities.

**Article 202** Where amendments of the Articles of Association are required to be disclosed by laws, administrative regulations or the Hong Kong Listing Rules, the Company shall make public announcement in accordance with the provisions.

## **CHAPTER 12 SUPPLEMENTARY PROVISIONS**

### **Article 203** Definitions

- (I) the “controlling shareholder” refers to the shareholder whose ordinary shareholdings represent 50% or more of the total share capital of the Company, or the shareholder whose shareholdings represent less than 50% but the voting rights attached thereto is sufficient to materially affect the resolutions proposed at the general meeting of the Company. Where there are other provisions stipulated by the Hong Kong Listing Rules in respect of the definition of the controlling shareholder, such provisions shall prevail.
- (II) the “de facto controller” refers to anyone (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.
- (III) the “connected relationships” and “connected transactions” refers to that as defined in the Hong Kong Listing Rules.

**Article 204** The Articles of Association is prepared in Chinese. In case of any inconsistency between the Chinese version and the Articles of Association in any other language or of different version, the Chinese version shall prevail.

**Article 205** The term “more than”, “within”, “below”, as stated in the Articles of Association shall all include the given figure; the term “lower”, “above”, “less than” shall all exclude the given figure.

**Article 206** Matters not covered in the Articles of Association shall be handled in accordance with the laws, administrative regulations and the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed in conjunction with the actual situation of the Company. If the Articles of Association are in conflict with the laws, administrative regulations, other provisions of the normative documents and the listing rules of the stock exchange where the Company's shares are listed, such laws, administrative regulations, other provisions of the normative documents and the listing rules of the stock exchange where the Company's shares are listed shall prevail.

**Article 207** The Articles of Association shall be subject to interpretation by the Board of Directors of the Company.

**Article 208** Appendixes to the Articles of Association include the Rules of Procedure for the Shareholders' General Meeting, the Rules of Procedure for Meetings of the Board of Directors and the Rules of Procedure for Meetings of the Supervisory Committee.

**Article 209** After adoption by special resolution at the shareholders' general meeting of the Company, the Articles of Association shall take effect and put into force from the date on which H Shares publicly issued by the Company are listed on the Main Board of the Hong Kong Stock Exchange. Since the effective date of the Articles of Association, the original articles of association of the Company shall be automatically invalidated.