

**COFOE MEDICAL TECHNOLOGY CO., LTD.**

**ARTICLES OF ASSOCIATION**

**June 2026**

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## CHAPTER I GENERAL PROVISIONS

**Article 1** For the purposes of safeguarding the legitimate rights and interests of Cofoe Medical Technology Co., Ltd. (the “**Company**”), its shareholders, employees and creditors, and regulating the organization and activities of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China (the “**Securities Law**”), the Listing Rules of the ChiNext Board of the Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》), the Trial Administrative Measures of 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》) (the “**Trial Administrative Measures**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other relevant provisions.

**Article 2** The Company is a joint stock company with limited liability established in accordance with the Company Law, the Regulations of the People’s Republic of China on the Administration of Market Entity Registration (《中華人民共和國市場主體登記管理條例》) and other relevant provisions. The Company was established through overall conversion of Hunan Cofoe Medical Technology Development Co., Ltd. (湖南可孚醫療科技發展有限公司), and registered with the Changsha Municipal Administration for Market Regulation (長沙市市場監督管理局) and obtained its business license with the number of 91430111696240992G.

**Article 3** As approved by the Shenzhen Stock Exchange (the “**SZSE**”), and with the registration approval from the China Securities Regulatory Commission (the “**CSRC**”) on August 2, 2021, the Company made initial public offering of 40,000,000 RMB-denominated ordinary shares which were listed on the SZSE on October 25, 2021.

As filed with the CSRC on February 28, 2026, and approved by The Stock Exchange of Hong Kong Limited on May 5, 2026, the Company made initial public offering of 27,000,000 overseas listed foreign shares (the “**H Shares**”) in Hong Kong, and H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on May 6, 2026.

**Article 4** The registered company name:

Company (in Chinese): 可孚醫療科技股份有限公司.

Company (in English): Cofoe Medical Technology Co., Ltd.

**Article 5** Domicile of the Company: No. 87, Section 1, Huanbao East Road, Yuhua District, Changsha City, Hunan Province, PRC.

**Article 6** The registered capital of the Company is RMB235,897,000.

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

**Article 8** The chairperson of the board of directors (the “**Board**”) of the Company shall be its legal representative.

If the chairperson of the Board serving as the legal representative resigns, he/she is deemed to have resigned as the legal representative at the same time.

If the legal representative resigns, the Company will determine a new legal representative within 30 days following the date of the legal representative’s resignation.

The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.

Restrictions on the authority of the legal representative as stipulated in the Articles of Association or by the general meeting shall not be asserted against a bona fide counterparty.

If the legal representative causes harm to others while performing their duties, the Company shall assume civil liability. After the Company has assumed civil liability, it may, in accordance with the law or the provisions of the Articles of Association, seek recourse against the legal representative at fault.

**Article 9** The shareholders shall assume liabilities towards the Company to the extent of the shares they have subscribed for, and the Company shall be liable for its debts with all of its assets.

**Article 10** The Articles of Association shall become a legally binding document governing the organization and conduct of the Company, the rights and obligations between the Company and its shareholders and among shareholders since its effective date, and shall constitute a legally binding document governing the Company, its shareholders, directors, and senior management personnel.

According to the Articles of Association, shareholders may sue other shareholders, directors, presidents and other senior management personnel of the Company and the Company. The Company may sue shareholders, directors, presidents, and other senior management personnel.

**Article 11** The term “other senior management personnel” as used in the Articles of Association refers to the executive vice presidents, vice presidents, the secretary of the Board, the person in charge of financial affairs and other senior management personnel appointed by the Board, and the person in charge of financial affairs refers to the chief financial officer.

## CHAPTER II BUSINESS PURPOSE AND SCOPE

**Article 12** The operational objective of the Company: focus on the healthcare sector, adhere to technological innovation, provide reliable products and professional services to global consumers, safeguard human health, and contribute to social development.

Upon registration in accordance with the law, the Company's business scope includes: Permitted items: production of Class II medical devices; production of Class III medical devices; operation of Class III medical devices; production of protective supplies for medical personnel (Class II medical devices); production of medical masks; production of sanitary products and single-use medical supplies; production of cosmetics; production of disinfectants (excluding hazardous chemicals); production of disinfection devices; sales of disinfection devices; internet information services for medical devices; inspection and testing services; production of new chemical substances; food sales. (Items that require approval in accordance with the law may be sold only after obtaining approval from the relevant authorities. Specific business items shall be subject to the approval documents or licenses issued by the relevant authorities) General items: Production of Class I medical devices; engineering and technological research and experimental development; medical research and experimental development; technical services, development, consulting, exchange, transfer, and promotion of technology; manufacturing of specialty chemical products (excluding hazardous chemicals); sales of Class I medical devices; sales of Class II medical devices; wholesale of medical masks; retail of medical masks; wholesale of protective supplies for medical personnel; retail of protective supplies for medical personnel; wholesale and sales of daily necessities; sales of electronic products; sales of sanitary products and single-use medical supplies; sales of disinfectants (excluding hazardous chemicals); sales of personal hygiene products; wholesale and retail of cosmetics; sales of daily miscellaneous products; sales of daily-use commodities; manufacture of plastic products; manufacture and sales of furniture; manufacture and sales of household appliances; sales of textiles and raw materials; sales of sanitary insecticides; information technology consulting services; software development; information system integration services; conference and exhibition services; sales of assisted bicycles, scooters, parts and accessories; health consulting services (excluding diagnostic and treatment services); wholesale and retail of computer software, hardware and auxiliary equipment; wholesale and retail of sports goods and equipment; sales of daily chemical products; sales of mother and baby products; sales of molds; wholesale and retail of pet food and supplies; sales of detergents for food use; import and export of goods; technology import and export; import and export agency; research and development of bio-based material technology; manufacture and sales of bio-based materials; leasing of non-residential real estate and residential properties; manufacture of knitted or crocheted fabrics and their products; manufacturing of garments; manufacturing of daily miscellaneous products; production of labor protection supplies; manufacturing of daily chemical products. (Except for items that require approval according to law, the above activities shall be carried out with a business license in accordance with the law).

## CHAPTER III SHARES

### Section 1 Share Issues

**Article 13** The shares of the Company take the form of registered shares. Where the share capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares. Where the share capital includes shares which carry different voting rights, the words “restricted voting” or “limited voting” must appear in the designation of each class of shares, except for shares which carry the most favorable voting rights.

**Article 14** The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other.

Shares of the same class in the same issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

**Article 15** The shares issued by the Company shall be denominated in Renminbi. The shares issued by the Company and listed on the SZSE are hereinafter referred to as “A Shares”, while the shares issued by the Company and listed on the Hong Kong Stock Exchange are hereinafter referred to as “H Shares”. The A Shares issued by the Company are centrally deposited in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The H Shares issued by the Company may be mainly deposited with the entrusted escrow Company under Hong Kong Securities Clearing Company Limited in accordance with the laws of the place where they are listed and the practice of securities registration and depository, or may be held by shareholders in their own names.

**Article 16** The total number of shares issued at the time of establishment of the Company was 120 million shares. The promoters of the Company and their respective shareholdings are as follows:

No.	Name of shareholders	Number of shares subscribed for (0'000 shares)	Time and method of capital contribution	Percentage of shareholding (%)
1	Changsha Xiezihao Medical Investment Co., Ltd. (長沙械字號醫療投資有限公司)	6,544.6095	December 25, 2019; net assets	54.54
2	Changsha Keyuan Tongchuang Enterprise Management Center (Limited Partnership) (長沙科源同創創業投資合夥企業(有限合夥))	931.9139	December 25, 2019; net assets	7.77
3	Zhang Min (張敏)	931.9139	December 25, 2019; net assets	7.77
4	Ningbo Huaige Gongxin Venture Capital Partnership (Limited Partnership) (寧波懷格共信創業投資合夥企業(有限合夥))	810.3599	December 25, 2019; net assets	6.75
5	Zhang Zhiming (張志明)	559.1483	December 25, 2019; net assets	4.66

No.	Name of shareholders	Number of shares subscribed for (0'000 shares)	Time and method of capital contribution	Percentage of shareholding (%)
6	Guangzhou Danlu Venture Capital Fund Partnership (Limited Partnership) (廣州丹麓創業投資基金合夥企業(有限合夥))	467.6253	December 25, 2019; net assets	3.90
7	Xiangtan Chanxing Dingxin Private Equity Fund Enterprise (Limited Partnership) (湘潭產興鼎信私募股權基金企業(有限合夥))	390.8795	December 25, 2019; net assets	3.26
8	Hunan Cultural Tourist Venture Capital Fund (Limited Partnership) (湖南文化旅遊創業投資基金企業(有限合夥))	389.6878	December 25, 2019; net assets	3.25
9	Nie Juan (聶娟)	268.1338	December 25, 2019; net assets	2.23
10	Changsha Yuhua Economic Development Dingxin Private Equity Fund Partnership (Limited Partnership) (長沙雨花經開鼎信私募股權基金合夥企業(有限合夥))	239.2945	December 25, 2019; net assets	1.99
11	Hunan Bofu Cultural Industry Investment Funds (Limited Partnership) (湖南泊富文化產業投資基金企業(有限合夥))	233.5743	December 25, 2019; net assets	1.95
12	Hu Hongxia (胡紅霞)	154.9217	December 25, 2019; net assets	1.29
13	Hunan Yanjin Puzi Holding Co., Ltd. (湖南鹽津鋪子控股有限公司)	77.9376	December 25, 2019; net assets	0.65

**Article 17** After the completion of the initial public offering of H Shares, the total number of the shares of the Company is 235,897,000, all of which are ordinary shares, including 208,897,000 A ordinary shares and 27,000,000 H ordinary shares.

**Article 18** The Company or its subsidiaries (including the Company's affiliated enterprises) shall not provide financial assistance to others in acquiring shares of the Company or its parent company in the form of gifts, advances, guarantees, loans, etc., unless the Company implements an employee stock ownership plan.

Unless otherwise provided by the securities regulatory rules of the place of the shares of the Company are listed, for the interests of the Company, upon a resolution of the general meeting, or a resolution of the Board in accordance with the Articles of Association or the authorization of the general meeting, the Company may provide financial assistance to other persons for the acquisition of shares in the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Resolutions made by the Board shall be approved by more than two-thirds of all directors.

## Section 2 Increase, Decrease and Repurchase of Shares

**Article 19** According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of separate resolutions at the general meeting:

- (I) issuing shares to unspecified parties;
- (II) issuing shares to specific targets;
- (III) distribution of bonus shares to existing shareholders;
- (IV) converting the reserve funds into share capital;
- (V) other means approved by the laws, administrative regulations, the securities regulatory authorities of the place where the shares of the Company are listed and stock exchanges.

The Company shall not issue preferred shares convertible to ordinary shares.

**Article 20** The Company may reduce its registered capital. Such reduction shall comply with the procedures stipulated in the Company Law, the Hong Kong Listing Rules and other relevant requirements as well as the Articles of Association.

**Article 21** The Company may, in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company and the Articles of Association, repurchase its shares under the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with another company that holds its shares;
- (III) to use the shares in the employee stock ownership plan or as share incentives;
- (IV) the shareholders disagreeing with the merger or division resolution made by the general meeting ask the Company to acquire their shares;
- (V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;
- (VI) necessary for the Company to protect its value and the shareholders' equity.

The Company shall not purchase its shares save for the circumstances specified above.

Where the Company acquires its own shares, it can be conducted through open centralized trading or other methods as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company, and as recognized by the CSRC and the Hong Kong Stock Exchange. Where the Company acquires its own shares under the circumstances prescribed in item (III), (V) or (VI) in the first paragraph of Article 21 of the Articles of Association, such acquisition shall be conducted through public centralized trading.

Where the Company repurchases its H Shares, it shall also comply with the relevant provisions of the Hong Kong Listing Rules regarding repurchase mandate, repurchase methods, maximum repurchase price, and other requirements.

**Article 22** Where the Company acquires its shares under the circumstances prescribed in items (I) and (II) of Article 21 of the Articles of Association, such acquisition shall be resolved at a general meeting; Where the Company acquires its shares under the circumstances prescribed in items (III), (V) and (VI) as set out in the first paragraph of Article 21 of the Articles of Association, such acquisition shall be conducted pursuant to the Articles of Association or the mandate by the general meeting after it is resolved at a Board meeting attended by at least 2/3 of the directors in accordance with the applicable securities regulatory rules of the place where the shares of the Company are listed. If there are other provisions in the securities regulatory rules of the place where the shares of the Company are listed on matters relating to the share repurchases, such provisions shall prevail.

In accordance with the applicable securities regulatory rules of the place where the shares of the Company are listed, where the Company acquires its shares under the circumstances prescribed in the first paragraph as set out in Article 21 of the Articles of Association, such shares shall be canceled within ten days from the date of acquisition if it is under the circumstances of item (I). Where the shares are acquired under the circumstances prescribed in items (II) and (IV) as set out above, such shares shall be transferred or canceled within six months. Where the shares are acquired under the circumstances prescribed in items (III), (V) and (VI) as set out above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years. If there are other provisions in the securities regulatory rules of the place where the shares of the Company are listed on matters relating to the share repurchases, such provisions shall prevail.

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

**Article 23** The Company's shares shall be transferred in accordance with the law. All transfers of H Shares shall be made by a written instrument of transfer in the usual or common form or any other form acceptable to the Board (including the standard transfer form or transfer form prescribed by the Hong Kong Stock Exchange from time to time); and such instrument of transfer may only be executed by handwriting or affixed with the valid seal of the Company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house as defined by relevant ordinances effective from time to time under Hong Kong law (hereinafter referred to as "**Recognized Clearing House**") or its agent, transfer documents may be signed by manual or machine printing. All transfer documents shall be kept at the Company's legal address or the address designated by the Board from time to time.

**Article 24** The Company does not accept the Company's shares as the subject of a pledge right.

**Article 25** A Shares issued by a Company prior to its public offering shall not be transferred within one year from the date on which its shares are listed and traded on a stock exchange.

The directors and senior management personnel of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. If there is any change in the shares of the Company held by its directors or senior management personnel (other than changes resulting from the Company's distribution of stock dividends or capitalization of capital reserves), such change shall be reported to the Company in a timely manner. If laws, administrative regulations, or the securities regulatory rules of the place where the shares of the Company are listed have other provisions regarding the transfer of shares of the Company, such provisions shall apply.

**Article 26** If directors, senior management personnel, and shareholders of the Company who hold more than 5% of the shares (except for Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited) 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 are owned by the Company and the Board of the Company shall recover its resulting gains. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under underwriting, and other circumstances stipulated by the securities regulatory authority and the stock exchange of the place where the shares of the Company are listed are excluded.

The shares or other equity securities held by the directors, senior management personnel 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.

If the Board of the Company does not comply with the provision in the first paragraph of this Article, the shareholders are entitled to request enforcement by the Board within 30 days. If the Board of the Company does not enforce such right within such period, the shareholders are entitled to initiate litigations with the people's court in their own names for the interests of the Company.

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

## CHAPTER IV SHAREHOLDERS AND GENERAL MEETINGS

### Section 1 Shareholders

**Article 27** The Company shall set up a register of shareholders based on the certificates provided by the securities registration and settlement agency and in accordance with laws, administrative regulations, or the securities regulatory rules of the place where the shares of the Company are listed. The share register shall be sufficient evidence proving the holdings of the shares of the Company by a shareholder. The original H share register shall be kept in Hong Kong and shall be available for inspection by shareholders. The Company may suspend the registration of shareholders in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the shares of the Company are listed. If any shareholder registered in the share register, or any person who requests to have his/her/its name registered in the share register, loses his/her/its share certificate, he/she/it may apply to the Company for the issuance of a new share certificate for such shares. If a shareholder of the Company's unlisted domestic shares loses his/her/its share certificate and applies for a replacement, the matter may be dealt with in accordance with the relevant provisions of the Company Law. If a shareholder of the Company's H Shares loses his/her/its share certificate and applies for a replacement, the matter may be handled in accordance with the laws of the place where the original H share register is kept, the rules of the stock exchange, or other relevant provisions. Shareholders shall enjoy rights and assume obligations according to the class and proportion of shares they hold. Shareholders holding the shares of the same class shall enjoy the same rights and assume the same obligations.

The Company shall enter into a securities registration and service agreement with the securities registration authority, periodically inquire about the information on major shareholders and changes in shareholdings of major shareholders (including share pledges), and keep timely track of the Company's equity structure.

The original register of shareholders of H Shares of the Company shall be kept in Hong Kong and made available for inspection by shareholders, but the Company may be permitted to suspend the registration of shareholders in accordance with the provisions equivalent to Section 632 of the Companies Ordinance of Hong Kong.

**Article 28** When the Company convenes the general meeting, distributes dividends, conducts liquidation or engages in other acts requiring the identification of shareholders, the Board or the convener of the general meeting should determine the record date. The shareholders whose names appear on the register of shareholders after the trading hours on the record date shall be those entitled to the relevant rights and interests.

**Article 29** Shareholders of the Company shall enjoy the following rights:

- (I) to receive dividends and other distributions in proportion to the number of shares held;
- (II) to request to convene, hold, preside over, participate or send proxy to attend general meetings and exercise corresponding rights to vote in accordance with the law;
- (III) to monitor, make suggestions on or inquire into the Company's operation;

- (IV) to transfer, donate or pledge shares in his/her/its possession in accordance with the law, administrative regulations, and provisions of the Articles of Association;
- (V) to inspect and duplicate the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the meetings of the Board, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (VII) the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their shares;
- (VIII) other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 30** Shareholders shall comply with the provisions of laws and administrative regulations, such as the Company Law and Securities Law, and provide written document that can prove the class and number of shares held by them if they request to inspect and copy the aforementioned information, and the Company should, after verifying the identity of the shareholder, provide the information according to the shareholder's request if it complies with the prescribed requirements.

If a shareholder who holds more than 3% of the Company's shares individually or collectively for more than 180 consecutive days requests to inspect the Company's accounting books and accounting vouchers, he or she shall submit a written request to the Company stating the purpose. If the Company has a reasonable basis to believe that the shareholder's inspection of accounting books and accounting vouchers has an improper purpose and may harm the legitimate interests of the Company, it may refuse to provide such inspection, and shall reply to the shareholder in writing and explain the reasons within 15 days from the date of the shareholder's written request. If the Company refuses to provide inspection, the shareholder may file a lawsuit with the people's court.

The shareholder may retain an accounting firm, a law firm, or any other intermediary to inspect the materials specified in the preceding paragraph.

The shareholder and the accounting firm, law firm, or other intermediary retained by it shall comply with the provisions of laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy, and personal information, among others, when inspecting and duplicating the relevant materials.

If a shareholder requests for inspection or reproduction of the relevant materials of the Company's wholly-owned subsidiary, the provisions of the preceding paragraphs shall apply.

**Article 31** If the content of the resolution of the Company's general meeting or the Board meeting violates the laws or administrative regulations, the shareholders have the right to request the people's court to clarify it invalid.

If the convening procedures or voting methods of the general meeting or the Board meeting violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the shareholders have the right to request the people's court to revoke the resolution within 60 days from the date on which the resolution is made, unless there are only minor flaws in the convening procedures or voting methods of the general meeting or the Board meeting resulting in no substantial impact on the resolution.

Where the Board, shareholders and other stakeholders dispute the validity of a resolution of the general meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling such as a revocation of the resolution, the stakeholders shall execute the resolution of the general meeting. The Company, directors and senior management personnel shall perform their duties diligently to ensure the normal operation of the Company.

Where the people's court makes a judgement or ruling on a relevant matter, the Company shall fulfil its obligation to disclose the information in accordance with the laws, administrative regulations, requirements of the securities regulatory rules of the place where the shares of the Company are listed, fully explain the impact, and actively cooperate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations shall be fulfilled.

Resolutions of the general meeting or Board meeting of the Company shall not be valid under any of the following circumstances:

- (I) no general meetings or Board meetings has been convened to pass a resolution;
- (II) the resolution is not voted on at the general meeting or Board meeting;
- (III) the number of persons attending the meeting or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles of Association;
- (IV) the number of persons agreeing to the resolution or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles of Association.

The controlling shareholders and actual controller of the Company shall not restrict or impede small-to-medium investors from legally exercising their voting rights and shall not damage the legitimate rights of the Company and small-to-medium investors.

**Article 32** Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors and senior management personnel (other than members of the Audit Committee) in the course of performing their duties, shareholders individually or jointly holding 1% or more of the shares of the Company for 180 consecutive days or more shall have the rights to request in writing the Audit Committee to initiate legal proceedings in the People's Court. Where the Company incurs loss as a result of violation of laws, administrative regulations or the Articles of Association by the Audit Committee in the course of performing its duties, the aforesaid shareholders shall have the rights to request in writing to the Board to initiate legal proceedings in the people's court.

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

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

Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors, supervisors and senior management personnel of a wholly-owned subsidiary of the Company in the course of performing their duties, or if any third parties infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, shareholders individually or jointly holding 1% or more of the shares of the Company for 180 consecutive days or more shall have the rights to request in writing the supervisory committee or the board of the wholly-owned subsidiary to initiate legal proceedings in the people's court or directly initiate legal proceedings in the people's court in its own name in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law.

**Article 33** If any director or senior management personnel is in violation of laws, administrative regulations or the Articles of Association, thus causing any losses to the shareholders, the shareholders may initiate legal proceedings against such director or senior management personnel in the people's court.

**Article 34** Shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association;
- (II) to pay for the shares based on the shares subscribed and the method of subscription;
- (III) not to withdraw its share capital unless required by laws and regulations;
- (IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;

- (V) other obligations imposed by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

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

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

## **Section 2 Controlling Shareholders and Actual Controllers**

**Article 35** The controlling shareholders and actual controllers of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations, and the securities regulatory rules of the place where the shares of the Company are listed, and safeguard the interests of the Company.

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

Where a controlling shareholder or actual controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company listed, as well as his/her undertakings in respect of the restriction on the transfer of shares.

**Article 36** Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

- (I) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (II) to strictly implement the public statements and undertakings made and shall not change or waive them;
- (III) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (IV) not to appropriate the Company's funds in any way;
- (V) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

- (VI) not to make use of the Company's undisclosed material information to gain benefits, not to divulge in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (VII) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, external investment or any other means;
- (VIII) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (IX) the Company's controlling shareholders and actual controllers shall not directly, or through holding, equity participation, joint ventures, associates, or other forms, engage in or operate on behalf of others any business that is the same as, similar to, or competitive with the Company's principal business. The senior management personnel of the Company shall not serve as senior management personnel of any company or enterprise engaged in a business that is the same as, similar to, or competitive with the Company's principal business;
- (X) to comply with other provisions under the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and other provisions of the Articles of Association.

The Company's controlling shareholders, actual controllers, and other enterprises under their control shall not, by exercising their shareholder rights or actual control ability, manipulate or instruct the Company or its directors or senior management personnel to engage in any of the following conduct that harms the interests of the Company and other shareholders:

- (I) requiring the Company to provide funds, goods, services or other assets to them, other entities or individuals without charge;
- (II) requiring the Company to provide or accept funds, goods, services or other assets on unfair terms;
- (III) requiring the Company to provide funds, goods, services or other assets to entities or individuals without solvency;
- (IV) requiring the Company to provide guarantees for entities or individuals without solvency, or provide guarantees for other entities or individuals without legitimate cause;
- (V) requiring the Company to give up its claims or assume the debts without legitimate cause;
- (VI) seeking business opportunities that belong to the Company;
- (VII) harming the interests of the Company and other shareholders otherwise.

Where the controlling shareholder or actual controller of the Company instructs a director or senior management personnel to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management personnel.

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

### **Section 3 General Rules of the General Meeting**

**Article 37** The general meeting of the Company is composed of all shareholders. The general meeting acts as the authority of the Company which, according to laws, exercises the following functions and power:

- (I) to elect and replace directors who are non-employee representatives and deciding on matters concerning their remuneration;
- (II) to examine and approve report of the Board;
- (III) to consider and approve profit distribution plans and loss recovery plans of the Company;
- (IV) to make resolutions on the increase or reduction of the Company's registered capital;
- (V) to make resolutions on the issue of debentures of the Company;
- (VI) to make resolutions on the merger, division, dissolution, liquidation or change in the form of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to make resolutions on the appointment and removal of accounting firms engaged for the Company's audit services;
- (IX) to consider and approve the guarantees as stipulated in Article 38;
- (X) to consider any purchase or sale of material assets by the Company in excess of 30% of the Company's latest audited total assets within one year;
- (XI) to consider the share incentive scheme and the employee stock ownership plan;
- (XII) to consider and approve the change in use of proceeds;
- (XIII) to consider any related party transactions (excluding the provision of guarantee by the Company) between the Company and related parties, whose amount is more than RMB30 million and accounts for more than 5% of the absolute value of the latest audited net assets of the Company;

(XIV) to consider and approve the following material purchase or sales of assets (excluding the purchase of raw materials, fuels and power related to daily operations, or the sale of products, commodities and other assets related to daily operations), external investment (including entrusted financial management, investment in subsidiaries, etc., other than the purchase of wealth management products from banks or the establishment or capital increase of wholly-owned subsidiaries), leasing in or leasing out of assets, signing of management contracts (including entrusted or trusted operation, etc.), giving or receiving assets as gift (excluding gift of cash assets), restructuring of claims or debts, transfer of research and development projects, signing of license contracts, waiver of rights (including waiver of preemption rights, priority subscription rights, etc.) and other transactions:

1. the total assets involved in the transaction account for 50% or more of the latest audited total assets of the Company, and if the total assets involved in the transaction have both book value and appraised value, the higher of which shall be used for calculation;
2. the operating revenue related to the subject matter of the transaction (such as equity interests) for the most recent financial year accounts for 50% or more of the Company's audited operating revenue for the same period, with the absolute amount exceeding RMB50 million;
3. the net profit in connection with the subject matter of transaction (such as equity interests) for the most recent financial year accounts for 50% or more of the Company's audited net profit for the same period, with the absolute amount exceeding RMB5 million;
4. the transaction amount of the transaction (including the debt and expenses) accounts for 50% or more of the Company's latest audited net assets, with the absolute amount exceeding RMB50 million;
5. the profit derived from the transaction accounts for 50% or more of the Company's audited net profit for the most recent financial year, with the absolute amount exceeding RMB5 million.

If any data involved in calculation of the above indicators is negative, the absolute value shall be taken for calculation.

(XV) to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association to be decided by the general meeting.

The general meeting may authorize the Board to resolve on the issuance of corporate bonds. The general meeting may also authorize the Board to resolve on the issuance of shares or corporate bonds convertible into shares.

Unless otherwise provided by laws, administrative regulations, or the securities regulatory rules of the place where the shares of the Company are listed, the aforementioned powers of the general meeting shall not be exercised by the Board or any other agencies or individuals by way of authorization.

**Article 38** The following acts of the Company's external guarantees shall be considered and approved by the general meeting:

- (I) any single guarantee with an amount exceeding 10% of the Company's latest audited net assets;
- (II) any guarantee provided after the total amount of guarantee provided by the Company and its controlling subsidiary has exceeded 50% of the Company's latest audited net assets;
- (III) any guarantee to be provided to guarantee recipients whose asset-to-liability ratio is over 70%;
- (IV) guarantee where the amount of guarantee provided in 12 consecutive months exceeds 50% of the Company's latest audited net assets, with the absolute amount exceeding RMB50 million;
- (V) any guarantee provided after the total amount of guarantee provided by the Company and its controlling subsidiary has exceeded 30% of the Company's latest audited total assets;
- (VI) guarantee where the amount of guarantee provided in 12 consecutive months exceeds 30% of the Company's latest audited total assets;
- (VII) any guarantee provided to shareholders, actual controllers, and their related parties;
- (VIII) other guarantees that meet the requirements of laws, regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

When the general meeting reviews the guaranteed matters mentioned in item (V) of the preceding paragraph, approval must be obtained from more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the general meeting reviews proposals for guarantees provided to shareholders, actual controller, and their affiliates, the shareholder in question or the shareholder under the control of the actual controller shall not participate in the voting on such proposals. The voting on such proposals shall be passed by a majority of the voting rights held by the other shareholders present at the general meeting.

If the Company's Board or general meeting violates the approval authority and consideration procedures for guarantee matters, the relevant directors or shareholders who violate the approval authority and consideration procedures shall be jointly and severally liable. If a guarantee is provided in violation of the approval authority and consideration procedures, the Company shall have the right to determine whether to hold the relevant parties liable in light of the extent of the loss or risk and the severity of the circumstances.

When providing guarantee to shareholders, actual controllers and their related parties, the Company shall require the parties guaranteed to provide counter guarantee and the party providing the counter guarantee must possess actual performance ability.

If the Company provides a guarantee for its wholly-owned subsidiary, or provides a guarantee for its controlling subsidiary and the other shareholders of the controlling subsidiary provide guarantees on an equal pro rata basis in accordance with their respective equity interests, and such guarantee falls under items (I) to (IV) of Article 38 of the Articles of Association, then it may be exempted from submission to the general meeting for consideration.

If any director, president, other senior management personnel, or any other individual of the Company, without following the procedures stipulated in the Articles of Association, arbitrarily exceeds their authority and signs a guarantee contract, such individual shall be held liable.

If the Board makes a resolution on external guarantees in violation of the authority and procedures prescribed by laws, regulations, or the Articles of Association, thereby causing losses to the interests of the Company or shareholders, the directors who participate in the vote shall be jointly and severally liable for compensation to the Company or shareholders, except for those directors who explicitly express their dissent and have such dissent recorded in the minutes of the meeting.

**Article 39** The general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

**Article 40** In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (I) when the number of directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total share capital;
- (III) when shareholders individually or together holding 10% or more of the shares of the Company request to hold such a meeting;
- (IV) when the Board deems it necessary;
- (V) when the Audit Committee proposes to hold such a meeting;
- (VI) other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The proportion of voting rights referred to in item (III) of the preceding paragraph of this Article shall be calculated as of the date on which the shareholder submits the written request.

In the event that an extraordinary general meeting is convened at the request of the securities regulatory rules of the place where the shares of the Company are listed, the effective date of the extraordinary general meeting may be adjusted in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

**Article 41** The general meeting of the Company shall be held at the Company's domicile or at the place specified in the notice of the meeting.

The general meeting shall have a venue and be held on site and online. The Company shall also facilitate shareholders' attending the general meeting through other means recognized or required by the securities regulatory authorities, in accordance with the laws, administrative regulations, and the securities regulatory rules of the place where the shares of the Company shares are listed.

Shareholders who attend the general meeting through the above means shall be deemed to be present.

After the notice of the general meeting has been issued, the location of the on-site general meeting shall not be changed without sound reason. If a change is necessary, the convenor shall announce and explain the reason at least 2 working days before the date of the on-site meeting.

**Article 42** When convening a general meeting, the Company shall engage lawyers to provide legal opinions and make announcements on the following issues:

- (I) whether the procedures of convening and holding the meeting comply with the 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 4 Convening of General Meetings**

**Article 43** The Board shall convene the general meeting within the prescribed time limit.

After obtaining the consent of a majority of all independent directors, an independent director shall have the right to propose to the Board to convene an extraordinary general meeting. Upon receiving such a proposal, the Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response within ten days after receiving the proposal, indicating whether it agrees or disagrees to convene an extraordinary general meeting.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within five days after making the Board resolution. Where the Board does not agree to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

**Article 44** Where the Audit Committee proposes to the Board to convene an extraordinary general meeting, it shall submit such proposal in writing to the Board. The Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response within ten days after receiving the proposal, indicating whether it agrees or disagrees to convene an extraordinary general meeting.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within five days after making the Board resolution. Any change to the original proposal in the notice shall be subject to the consent of the Audit Committee.

Where the Board disagrees to convene an extraordinary general meeting or fails to provide feedback within ten days after receiving the request, it shall be deemed that the Board is unable or fails to perform its duty to convene the general meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

**Article 45** Shareholders who individually or collectively hold more than 10% of the Company's shares request the Board to convene an extraordinary general meeting shall submit such request in writing to the Board. The Board shall, in accordance with the provisions of laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response within ten days after receiving the request, indicating whether it agrees or disagrees to convene an extraordinary general meeting.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within five days after making the Board resolution. Any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the Board disagrees to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the request, shareholders who individually or collectively hold more than 10% of the shares of the Company and propose to the Audit Committee to convene an extraordinary general meeting shall submit such request in writing to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within five days after receiving the request. Any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the Audit Committee fails to issue a notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. In such cases, shareholders who individually or collectively hold more than 10% of the shares of the Company for a continuous period of 90 days or more may convene and preside over the meeting on their own.

**Article 46** Where the Audit Committee or shareholders decide to convene a general meeting on their own, a written notice shall be given to the Board. Meanwhile, it shall file with or make an announcement to the stock exchange where the shares of the Company are listed, as required by the securities regulatory rules of the place where the shares of the Company are listed.

When issuing the notice of the general meeting and the announcement of the resolutions of the general meeting, the Audit Committee or the convening shareholder shall submit relevant supporting materials to the stock exchange where the shares of the Company are listed, in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

The proportion of shares held by the convening shareholder shall not be less than 10% before the announcement of the resolution of the general meeting.

**Article 47** For the general meetings convened by the Audit Committee or by the shareholders themselves, the Board and the secretary of the Board shall cooperate. The Board shall provide the register of shareholders as at the record date.

**Article 48** In the case of a general meeting convened by the Audit Committee or by the shareholders themselves, the expenses necessary for the meeting shall be borne by the Company.

## **Section 5 Proposals and Notices of General Meetings**

**Article 49** The content of the proposal shall fall into the terms of reference of the general meeting. There shall be definite topics and specific matters for resolution. The proposal shall comply with the relevant laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

**Article 50** The Company may convene a general meeting, and the Board, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the shares of the Company shall have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an extraordinary proposal in writing to the convener ten days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposal, announcing the content of the extraordinary proposal, and submit such extraordinary proposal to the general meeting for review. However, this does not apply where the extraordinary proposal violates the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association, or if it is not within the scope of the general meeting's authority. If, according to the securities regulatory rules of the place where the shares of the Company are listed, the general meeting shall be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the general meeting, it shall not modify the proposals already listed in the notice or add new proposals.

The general meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the general meeting or that do not comply with the provisions of Article 49 of the Articles of Association.

**Article 51** The convener shall notify each shareholder by announcement at least 21 days before the annual general meeting, and at least 15 days before the extraordinary general meeting. The date of the meeting shall be excluded when the Company calculates the starting date.

**Article 52** A notice of a general meeting shall include the following:

- (I) the time, venue and duration of the meeting;
- (II) matters and proposals submitted to the meeting for consideration;
- (III) a prominent written statement that all shareholders are entitled to attend general meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;
- (IV) the shareholding registration date of the shareholders entitled to attend the general meeting;
- (V) the name and telephone number of the permanent contact person for the meeting;
- (VI) the time and procedure for voting online or through other means.

The interval between the record date referred to in item (IV) of the preceding paragraph and the date of the meeting shall not exceed seven working days. Once the record date is confirmed, it shall not be changed.

All specific details of all proposals shall be disclosed on a full and complete basis in the notice and supplementary notice of the general meeting.

The starting time of online voting or voting through other means for the general meeting shall not be earlier than 3:00 p.m. on the day before the on-site general meeting and shall not be later than 9:30 a.m. on the day of the on-site general meeting, and such voting shall not conclude earlier than 3:00 p.m. on the day of the on-site general meeting.

**Article 53** When the general meeting intends to discuss the election of directors, the notice of the meeting shall fully disclose the details of the candidates for directors, including at least the following contents:

- (I) personal particulars such as education background, working experience and any concurrent positions;
- (II) whether one is connected with the Company or its controlling shareholders and the actual controller;
- (III) their shareholdings in the Company;

- (IV) any penalties imposed by the securities regulatory authority in the place where the shares of the Company are listed, and the punishments imposed by the stock exchanges;
- (V) whether they meet the qualification requirements under the laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association, and other applicable requirements.

Save for the directors who are elected by way of a cumulative voting system, a single proposal shall be put forward for each candidate for director.

**Article 54** Once the notice of a general meeting is issued, the general meeting shall not be postponed or canceled without any justifiable reasons, and the proposals specified in the notice of the general meeting shall not be canceled. In the case of a postponement or cancellation of a general meeting, the convener shall publicly announce and state the reasons within two trading days prior to the original date of the general meeting. Where there are special provisions in the securities regulatory rules of the place where the shares of the Company are listed with respect to the procedures for the postponement or cancellation of general meeting, such provisions shall prevail, to the extent not violating the domestic regulatory requirements.

#### **Section 6 Holding of General Meetings**

**Article 55** The Board of the Company and other conveners shall take necessary measures to ensure the proper order of the general meeting. Any act that interferes with the general meeting, stirs up troubles or infringes upon the shareholders' lawful rights and interests shall be stopped by taking proper measures and promptly reported to the relevant authorities for investigation.

**Article 56** All shareholders or their proxies registered on the record date for equity registration shall be entitled to attend the general meeting. They shall have the right to attend the general meeting, speak and exercise voting rights in accordance with relevant laws, regulations, and the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association (unless individual shareholders are required to abstain from voting on certain matters under the securities regulatory rules of the place where the shares of the Company are listed).

Shareholders may attend the general meeting in person or appoint a proxy to attend, speak and vote on their behalf. The proxy need not be a shareholder of the Company. If a shareholder is a Recognized Clearing House (or its agent) as defined by the relevant ordinances of Hong Kong formulated from time to time, the shareholder may authorize its corporate representative or one or more persons it deems appropriate to act as its agent at any general meeting.

**Article 57** An individual shareholder who attends the meeting in person shall present his/her identity card or other valid documents or proof evidencing his/her identity. If a proxy is appointed to attend the meeting, such proxy shall present his/her own valid identity documents and the power of attorney from the shareholder.

A corporate (or other organizations') shareholder shall be represented by its legal representative or a proxy authorized by the legal representative to attend the meeting. Where a legal representative attends the meeting, he/she shall present his/her personal identification card and valid proof of his/her status as the legal representative. If a proxy attends the meeting, the proxy shall present his/her personal identification card and a written power of attorney duly issued by the legal representative of the legal person (or other organizations') shareholder, except where the shareholder is a Recognized Clearing House or its agent.

**Article 58** Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (the person(s) may not be shareholders) as his/her proxy(ies) to attend and vote at the meeting. The following shall be set out in the power of attorney which is issued by a shareholder to appoint a proxy to attend a general meeting:

- (I) the name of the proxy;
- (II) the name of the appointor, the class and number of shares of the Company held by him/her/it;
- (III) the specific instructions from the shareholder, including an indication to vote for or against or abstain from each matter included in the agenda;
- (IV) the date of issue and the valid period of the power of attorney;
- (V) the signature (or seal) of the appointor; if the appointor is a shareholder of a legal person (or other organizations), affixed with the seal of the legal person (or other organizations).

**Article 59** If the power of attorney is signed by another person authorized by the appointor, the power of attorney or other authorization document signed by the proxy shall be notarized. The notarized power of attorney or other authorization document, together with the instrument appointing the voting proxy, shall be placed at the Company's domicile or at other place designated in the notice for convening the meeting.

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

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

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

**Article 60** The register of attendees of the meetings shall be compiled by the Company. The register of meetings shall record the names of the persons (or names of entities) attending the meetings, their identity card numbers, address of residence, the number of shares with voting rights held or represented, and the names of their appointors (or the names of their entities), etc.

**Article 61** The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and settlement institutions, and shall register the names of the shareholders and the number of their voting shares. The registration for a meeting shall be completed before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting in person and the total number of voting shares held by them.

**Article 62** If the general meeting requires a director or senior management personnel to attend the meeting, the director or senior management personnel shall do so and shall answer the shareholders' inquiries.

**Article 63** A general meeting shall be presided over by the chairperson of the Board. If the chairperson is unable to or does not perform his/her duties, the deputy chairperson shall preside over the meeting. If the chairperson or deputy chairperson is unable to or does not perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

A general meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable to or does not perform his/her duties, such meeting shall be presided over by a member of Audit Committee jointly elected by more than half of such members.

A general meeting convened by shareholders shall be presided over by the convener or a representative nominated by him/her.

Where a general meeting is held and the chairperson of the meeting violates the rules of procedure and makes the meeting unable to proceed, with the consent of more than half of the shareholders present at the meeting with voting rights, the general meeting may elect a person to serve as the chairperson of the meeting and continue the meeting.

**Article 64** The Company shall formulate rules of procedure for general meetings which shall specify the convening and voting procedure of general meetings, including notification, registration, reviewing of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, public announcements as well as principles of authorization to the Board by the general meeting. The content of authorization shall be clear and specific. The rules of procedures for general meetings shall be formulated by the Board as an appendix to the Articles of Association and approved by the general meeting.

At the annual general meeting, the Board shall report to the general meeting on their work over the past year. Each independent director shall also make a work report.

**Article 65** Directors and senior management personnel shall explain and clarify the inquiries and suggestions of shareholders at the general meeting.

**Article 66** The meeting presider shall announce the number of shareholders and proxies present and the total number of shares with voting rights they hold before voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

**Article 67** The general meeting shall have meeting minutes, and the secretary of the Board shall be responsible for the meeting minutes. The meeting minutes shall contain the following contents:

- (I) the time, venue, agenda of the meeting and the name of the convener;
- (II) the names of the meeting presider and directors, presidents and other senior management personnel attending the meeting as nonvoting delegates;
- (III) the number of shareholders and proxies present at the meeting, and the total number of voting shares held and their respective proportions in the total number of shares of the Company;
- (IV) deliberations on each proposal, key points of discussion and voting results;
- (V) inquiries and suggestions of the shareholders and the corresponding answers or explanations;
- (VI) the names of the lawyer, vote counter and scrutineer;
- (VII) other contents that shall be included in the meeting minutes according to the Articles of Association.

**Article 68** The convener shall ensure the meeting minutes are authentic, accurate, and complete. The director, the secretary of the Board, the convener or his/her representative, and the meeting presider shall sign the meeting minutes. The meeting minutes shall be archived along with the on-site shareholder signature roster, proxies of shareholders, online and valid records of votes cast by other means, for a period of not less than ten years.

**Article 69** The convener shall ensure the general meeting is held consecutively until a final resolution is reached. In case of suspension or failure to reach resolutions due to force majeure or other special circumstances, necessary measures shall be taken to resume the meeting promptly or terminate it immediately and an announcement shall be made promptly. At the same time, the convener shall report the matter to the competent authorities of CSRC and the stock exchange in the place where the shares of the Company are listed, if needed.

## **Section 7 Voting and Resolutions at General Meetings**

**Article 70** The resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

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

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

**Article 71** The following matters shall be approved by the general meeting through ordinary resolutions:

- (I) work reports of the Board;
- (II) plans of profit distribution and recovery of losses plan prepared by the Board;
- (III) appointment and removal of the members of the Board, their remunerations and methods of payment;
- (IV) other matters other than those approved by a special resolution stipulated in the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 72** The following matters shall be approved by a special resolution at the general meeting:

- (I) the increase or reduction of the registered capital of the Company;
- (II) the division, spin-off, merger, dissolution and liquidation of the Company;
- (III) any amendment to the Articles of Association;
- (IV) the acquisition or disposal of major assets or guarantees within one year exceeds 30% of the Company's latest audited total assets;
- (V) equity incentive plan;
- (VI) other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

**Article 73** Shareholders (including their proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. Where the applicable securities regulatory rules at the place where the shares of the Company are listed allow, on a voting by ballot at a meeting, a shareholder (including his/her proxies) entitled to two or more votes does not need to cast all his/her votes for, against, or abstain. Where the securities regulatory rules in the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

Where material issues affecting the interests of minority shareholders are considered at the general meeting, the votes of minority shareholders shall be counted separately. The separate votes-counting results shall be disclosed publicly in a timely manner.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at the general meeting.

Where a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the general meeting for 36 months after the purchase.

According to the relevant laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, if any shareholders shall abstain from voting on the relevant proposal, or any shareholders are restricted to vote only in favor of or against the designated proposal, any votes cast by or on behalf of such shareholders in contravention of the aforesaid provisions or restrictions shall not be counted as part of the voting result.

The Board, independent directors and shareholders holding 1% or more shares with voting rights or investor protection agencies established pursuant to laws, administrative regulations or the securities regulatory rules of the place where the shares of the Company are listed, as collectors, may publicly request the shareholders of the Company, by their own or entrusting a securities company or securities service agency, to be their proxy and attend general meetings and exercise the shareholder's rights of proposal, voting on their behalf.

If the shareholders' rights are solicited in compliance with the preceding paragraph, the collectors shall disclose the specific voting intention and other information to the persons whose voting rights are being solicited, and disclose the relevant documents, and the Company shall cooperate.

It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions. Where publicly collecting shareholders' rights violates the laws, administrative regulations or the securities regulatory rule of the place where the shares of the Company are listed, resulting in losses of the Company or the shareholders of the Company, such collector shall be liable for the damages.

**Article 74** When the general meeting considers related party transactions, the related shareholders shall not participate in the voting. His/her shares held with voting rights will not be counted within the total number of valid votes. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-related shareholders.

The scope of related shareholders and the review of related party transactions shall be implemented in accordance with the specific system on related transactions formulated by the Board of the Company.

**Article 75** Except in special circumstances such as a crisis of the Company, the Company shall not enter into any contracts whereby the management of the whole or a substantial part of the Company's business is delegated to a person other than a director, president or other senior management personnel, unless such contract is approved by a special resolution of the general meeting.

The crisis situations mentioned in the preceding paragraph include but are not limited to the situation where the Company's controlling shareholder or actual controller loses control not due to their subjective will, or the Company's actual control is in an uncertain state, or a malicious takeover situation occurs as stipulated in Article 197 of the Articles of Association.

**Article 76** Nomination, election and removal of non-employee representative directors

(I) Nomination

1. The Board of the Company and the shareholders individually or collectively holding more than 1% of the total voting shares, have the right to nominate candidates for director to be appointed as shareholder representatives. The Board of the Company and the shareholders individually or collectively holding more than 1% of the Company's issued shares, may propose candidates for independent directors, who shall be elected by the general meeting. An investor protection institution established in accordance with the law may publicly request shareholders to authorize it to exercise the right to nominate independent directors on their behalf.
2. A proposal to nominate a candidate for director to be appointed as a shareholder representative shall clearly set forth the candidate's detailed information and resume to ensure that shareholders have sufficient understanding of the candidate when voting. Before the general meeting is convened, the candidate for director shall provide a written undertaking agreeing to accept the nomination, promising that the information disclosed by the nominator about the candidate is true and complete, and undertaking to perform the statutory duties if elected. The nominator shall agree to provide an undertaking promising that the information provided about the candidate for director is true and complete.
3. The Board shall announce the resumes and basic information of the candidates for directors to the shareholders of the Company.

(II) Election

1. When the general meeting votes on the election of directors, a cumulative voting system may be adopted in accordance with the provisions of the Articles of Association or a resolution of the general meeting. If the general meeting elects directors by cumulative voting, the voting for independent directors and non-independent directors shall be conducted separately. Where a single shareholder and its parties acting in concert hold an aggregate beneficial interest of more than 30% of the shares of the Company, or when the general meeting elects two or more independent directors, a cumulative voting system shall be adopted.

The cumulative voting system mentioned in the preceding paragraph indicates that each share has the number of voting rights identical to the number of directors to be elected, and the voting rights owned by the shareholders may be cumulatively used when the general meeting elects the directors.

2. If the number of nominated candidates for director to be appointed as shareholder representatives exceeds the number of director seats to be elected, a marginal election shall be conducted.

(III) Directors who are employee representatives shall be elected through democratic procedures by the Company's employees and shall directly join the Board of the Company. The Board shall inform the shareholders of the resumes and basic information of the directors who are employee representatives.

(IV) The procedure for removing a director shall be implemented by reference to the provisions set forth in the paragraphs (I), (II) and (III) above.

Any resolution for the election, replacement, or removal of directors made in violation of the provisions set forth in the paragraphs (I), (II), (III) and (IV) of this Article shall be null and void.

**Article 77** Except for the cumulative voting system, the general meeting shall vote on all proposals one by one, and if there are different proposals on the same matter, they will be voted on in the chronological order in which they are put forward. The general meeting shall not set aside or withhold a vote on a proposal, except for special reasons such as force majeure, which causes the general meeting to be suspended or unable to make a resolution.

**Article 78** The proposal will not be amended when it is considered at the general meeting. Otherwise, the change in question shall be considered as a new proposal and cannot be voted on at the general meeting for the time being.

**Article 79** Only one of the on-site, online or other voting methods can be selected for the same voting right. In the event of duplicate votes on the same voting right, the result of the first vote shall prevail.

**Article 80** Votes at general meetings shall be taken by registered form.

Before voting on a proposal at a general meeting, two representatives of shareholders shall be elected to take part in the counting and supervision of votes, and the results of the vote shall be announced on site. If the matter under consideration is of interest to a shareholder, such shareholder and his/her proxy shall not participate in the counting and supervision of votes.

When a proposal is voted on at a general meeting, the lawyer and the shareholder's representative shall be responsible for counting and scrutinizing the votes, and the results of the vote shall be announced on site, with the results of the vote on the resolution recorded in the minutes of the meeting.

Shareholders or their proxy who vote via online or other means are entitled to check their votes through the corresponding voting system.

**Article 81** The on-site meeting of general meeting shall end no earlier than the meeting held online or otherwise.

Until the official announcement of the voting results, the Company, the vote counters, the scrutineers, the shareholders, the web service provider and other parties involved in the on-site, online and other voting methods at the general meeting shall be subject to an obligation of confidentiality.

**Article 82** Shareholders attending a general meeting should express one of the following opinions on the proposal put to vote: for, against or abstention, except where a securities registration and settlement institution, acting as the nominal holder of shares under the mechanism for interconnection of transactions in stock markets of the mainland and Hong Kong, unless the filing is made in accordance with the intention of the actual holder of shares.

Votes that are incomplete, misfiled, illegible, or not cast shall be deemed to be abstentions by the voter and shall be counted as "abstentions" in respect of the number of shares held by such voter.

**Article 83** The meeting presider shall announce the voting status and results of each proposal and announce whether the proposal is adopted or not based on the voting results. If the meeting presider is in any doubt as to the result of the resolution submitted for voting, he/she may organize the votes cast to be count; if the meeting presider fails to conduct a vote count and a shareholder or a shareholder's proxy present at the meeting objects to the announcement of the result by the meeting presider, he/she shall be entitled to demand a count immediately after the announcement of the result of the vote, and the meeting presider shall organize a vote count immediately.

**Article 84** Resolutions of the general meeting shall be announced in a timely manner, and the announcement shall set out detailed contents of the matters such as the number of shareholders and proxies attending the meeting, the total number of shares with voting rights and the proportion of the total number of shares with voting rights of the Company, the voting method, the voting result of each proposal and the content of each resolution adopted.

**Article 85** If the proposal is not passed, or if the current general meeting changes the resolution of the previous general meeting, a special reminder shall be included in the resolution of general meeting.

**Article 86** Where proposals in relation to the election of directors are adopted at a general meeting, the new directors shall take office immediately after the conclusion of the meeting.

**Article 87** Where a proposal concerning cash dividends, bonus shares, or capitalization of capital reserves, or if the Board of the Company formulates a specific plan based on the conditions and the cap of interim dividends for the following year approved by the annual general meeting, the Company shall implement the specific plan within two months after the resolution is made. If the specific plan cannot be implemented within two months due to the requirements of laws, regulations, or the securities regulatory rules of the place where the shares of the Company are listed, the date of implementing the specific plan may be adjusted accordingly in accordance with such requirements and actual circumstances.

## **CHAPTER V DIRECTORS AND THE BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 88** A director of the Company who is a natural person shall not act as the director of the Company under any of the following circumstances:

- (I) lacking or having limited capacity to engage in civil juristic acts;
- (II) having been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market; or having ever been deprived of political rights due to any crime, with less than 5 years having elapsed since the completion date of the execution of the penalty, or having been granted probation, with less than 2 years having elapsed since the completion date of the probation period;
- (III) acting as a director, factory director or general manager of a company or enterprise that has been bankrupt and liquidated, whereby the director is personally liable for the bankruptcy of such company or enterprise, with 3 years having not elapsed since the completion date of the bankruptcy and liquidation of the company or enterprise;
- (IV) acting as the legal representative of a company or enterprise, but the business license of this company or enterprise has been revoked and this company or enterprise has been ordered to close due to a violation of the law, whereby the director is personally liable for the revocation and close-down, with 3 years having not elapsed since the revocation date of the business license thereof;
- (V) classified as a dishonest person subject to enforcement by the people's court due to significant outstanding debts that have become due but have not been paid;
- (VI) prohibited from entering the securities market by the CSRC with the penalty period not yet expired;

- (VII) recognized by stock exchanges as unsuitable for serving as a director or senior management personnel of a listed company, with the disciplinary action period not yet expired;
- (VIII) other circumstances as stipulated by the laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the shares of the Company are listed.

The election and appointment of directors in violation of the provisions of this Article shall be invalid and void. Any director who becomes disqualified during his/her term of office pursuant to this Article shall be removed from office by the Company and suspend his/her duties.

**Article 89** Directors are elected or replaced by the general meeting and may be removed from office by the general meeting before the expiration of their term. The term of office for directors shall be 3 years, and they may be re-elected for consecutive terms. If the securities regulatory rules of the place where the shares of the Company are listed have other provisions regarding the re-election of directors, such provisions shall prevail.

The term of office of a director shall commence from the date on which the said director assumes office until the expiry of the term of office of the same session of the Board. A director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

Subject to compliance with the relevant applicable laws and regulations and regulatory rules of Hong Kong, any director appointed by the Board to fill in a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall be eligible for re-election at the meeting.

Presidents and senior management personnel may serve concurrently as directors, provided that the total number of such directors who are concurrently serving as presidents or other senior management personnel and the employee representatives shall not exceed half of the total number of the directors of the Company.

The Board of the Company shall have one employee representative director, who shall be democratically elected by the employees of the Company through staff representative assembly, general staff meeting or other forms of democratic election, which need not be submitted to the general meeting for deliberation.

The appointment and selection of the Company's directors shall follow the principles of openness, fairness, impartiality and independence. In the election of directors, the views of minority shareholders shall be fully reflected.

**Article 90** The directors shall comply with laws, administrative regulations and the Articles of Association, and shall bear the fiduciary obligations towards the Company, and shall take measures to avoid conflicts between their own interests and the Company's interests, and shall not use their position to seek improper benefits.

The directors shall bear the following fiduciary obligations towards the Company:

- (I) not to expropriate the Company's property or misappropriate the Company's funds;
- (II) not to open accounts in his/her own name or other individuals' names for the deposit of the Company's funds;
- (III) not to exploit his/her position to bribe or accept other illegal income;
- (IV) not to directly or indirectly enter into any contract or perform any transaction with the Company without reporting to the Board or the general meeting and obtaining approval through a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;
- (V) not to exploit his/her position to seek for himself/herself or others any business opportunities that would otherwise belong to the Company, except when reported to the Board or the general meeting and approved by a resolution of the general meeting, or when the Company is unable to utilize such business opportunities according to the provisions of laws, administrative regulations, or the Articles of Association;
- (VI) not to operate on his/her own or for others any business that is of the same kind as the Company's business without reporting to the Board or the general meeting and obtaining approval through a resolution of the general meeting;
- (VII) not to accept commissions from transactions between others and the Company for their own benefit;
- (VIII) not to disclose the secrets of the Company without consent;
- (IX) not to use his/her relationship to prejudice the Company's interests;
- (X) to fulfill other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of place where the shares of the Company are listed, and the Articles of Association.

Any director who violates the provisions of this Article and commits a criminal offense shall be subject to criminal liability pursued by the Company in cooperation with relevant law enforcement authorities in accordance with the law. Gains obtained by the directors in violation of this Article shall be counted in the interest of the Company and any loss incurred to the Company shall be compensated.

When close relatives of directors or senior management personnel, enterprises directly or indirectly controlled by directors, senior management personnel or their close relatives, and other related parties having other affiliations with directors or senior management personnel enter into contracts or conduct transactions with the Company, the provisions of item (IV) of the first paragraph of this Article shall apply.

**Article 91** Directors shall comply with laws, administrative regulations and the Articles of Association, fulfill the obligations with due diligence and perform duties with reasonable care that managers should ordinarily exercise in the best interests of the Company:

- (I) to exercise the rights granted by the Company in a prudent, serious and diligent manner to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the business activities do not exceed the business scope specified in the business license;
- (II) to ensure that they have sufficient time and energy to participate in the affairs of the Company, to read the Company's operations and financial reports and the news on the Company carefully, to timely understand and continue to pay attention to the Company's business operation and management and the significant matters that have occurred or may occur to the Company and their impacts, and to report the problems in the business activities to the Board in a timely manner, and not to shirk responsibility on the grounds of not directly engaging in operation and management, or not knowing it;
- (III) to, in principle, attend the Board meeting in person, to prudently judge the risks and benefits that may arise from the matters considered; those who are unable to attend the Board in person for reasons shall prudently select the trustees, the authorized matters and decision-making intention shall be specific and clear, and shall not be delegated with full authority;
- (IV) to promptly report to the Board and supervise the Company's performance of its information disclosure obligations when it learns that the Company's shareholders, actual controllers and their associates have misappropriated the Company's assets, abused their control and other circumstances that harm the interests of the Company or other shareholders;
- (V) to treat all the shareholders equally and fairly;
- (VI) to sign written confirmation opinions on the securities offering documents and regular reports of the Company so as to ensure that the information disclosed by the Company is true, accurate and complete. Where the directors are unable to ensure the truthfulness, accuracy and completeness of the content of the securities offering documents and regular reports or holding dissenting views, their opinions and reasons shall be stated in the written confirmation and disclosed by the Company. Directors and senior management personnel may directly apply for disclosure if the Company fails to disclose;
- (VII) to truthfully provide the Audit Committee with relevant information and materials, and shall not hinder the Audit Committee from exercising its functions and powers;

- (VIII) to prudently judge the risks and benefits that may arise from the matters considered by the Board of the Company, and to express clear opinions on the matters discussed; if voting against or abstaining from voting at the Board of the Company, the reasons, basis, suggestions or measures for improvement for the voting intention, shall be clearly disclosed;
- (IX) to read the financial and accounting reports of the Company carefully, pay attention to whether there are any material errors or omissions in the preparation of the financial and accounting reports, whether major accounting data and financial indicators fluctuate significantly and whether the explanations for the fluctuations are reasonable; if there are doubts about the financial and accounting reports, they shall take the initiative to investigate or request the board of directions to supplement the required materials or information;
- (X) to actively promote the Company's standardized operation, to urge the Company to fulfill its information disclosure obligations in accordance with laws and regulations, to timely correct and report violations of the Company, and to support the Company in fulfilling its social responsibilities;
- (XI) not to provide any form of convenience or assistance that is detrimental to the legitimate rights and interests of the Company or shareholders to any organization or individual and their acquisition actions that are intended to or are implementing a hostile takeover of the Company;
- (XII) to comply with other obligations of diligence stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

**Article 92** If any director fails to attend in person or appoint another director to attend on his/her behalf two consecutive Board meetings, such director shall be deemed to be unable to perform his/her duties and the Board shall propose removal of such director to the general meeting.

**Article 93** A director may resign before expiry of his/her term of service. A director shall submit a written resignation report to the Company when he/she resigns. The resignation shall take effect from the date of receipt by the Company of his/her report of resignation. The Company shall disclose the relevant matter within 2 trading days.

If the number of directors falls below the minimum quorum requirement due to a director's resignation, or the proportion of independent directors on special committees fails to comply with the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company due to an independent director's resignation, or where there is no accounting or financial professional among the independent directors as stipulated in the securities regulatory rules of the shares of the Company are listed, the current directors shall still perform their duties as directors in accordance with the requirements of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association until an elected director assumes his/her office.

The general meeting may resolve to dismiss a director, and the dismissal shall take effect on the date the resolution is made.

If a director is dismissed before the expiration of his/her term of office without a cogent reason, the director may request the Company to compensate him/her.

**Article 94** The Company has established a director resignation management system to clarify the safeguards for unfulfilled public commitments and other outstanding matters. When the resignation of a director takes effect or the term of office expires, all transfer procedures shall be completed to the Board, and the fiduciary obligations of the director to the Company and the shareholders shall not be automatically discharged after the end of the term of office, but shall remain valid for one year after the resignation of the director takes effect or the term of office expires. The directors' responsibilities in the performance of their duties during their term of office shall not be relieved or terminated by reason of their departure from office, and the directors' obligation to keep the Company's trade secrets confidential shall survive the termination of its duties until such time as the secrets become public information.

**Article 95** No directors shall act, in their personal capacity, on behalf of the Company or the Board if not provided in the Articles of Association or appropriately authorized by the Board. A director shall, when acting in his personal capacity, state his standing and identity in advance whenever a third party may reasonably believe that the said director is acting on behalf of the Company or the Board.

**Article 96** In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association by the directors when performing their duties in the Company, such directors shall be liable for making compensation.

If the directors cause damage to others in the course of performing their duties for the Company, the Company shall be liable for compensation; such directors shall also be liable for compensation if there is intentionality or gross negligence on his/her part.

**Article 97** Independent directors shall perform their duties in accordance with the provisions of laws, administrative regulations and departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association, and the work rules for independent directors adopted by the general meeting of the Company.

## **Section 2 Board of Directors**

**Article 98** The Company has established the Board, which shall be accountable to the general meeting.

**Article 99** The Board consists of seven directors, three of whom are independent directors. Non-employee representative directors shall be elected at the general meeting. The Board includes one employee representative director.

**Article 100** The Board exercises the following duties and powers:

- (I) to convene general meeting and report its work to the general meeting;
- (II) to implement the resolutions of the general meeting;
- (III) to determine the business and investment plans of the Company;
- (IV) to formulate profit distribution plans and loss recovery plans of the Company;
- (V) to formulate the plans for increasing or decreasing the Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of the Company;
- (VI) to formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, corporate merger, division, dissolution and changing the form of the Company;
- (VII) to determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the general meeting;
- (VIII) to set out the basic management systems of the Company;
- (IX) to make the amendment plan to the Articles of Association;
- (X) to manage the disclosure of company information;
- (XI) to request to the general meeting to hire or replace the accounting firm engaged in auditing for the Company;
- (XII) to debrief the work report of the Company's president and review the work of the president;
- (XIII) to decide on the setup of the Company's internal management organization;
- (XIV) to decide on matters such as appointment or dismissal of the Company's president and the secretary of the Board; to decide on matters such as appointment or dismissal of the Company's executive vice president, vice president, chief financial officer and other senior management personnel and on their compensation and incentives/disincentives based on the nominations of the president;
- (XV) other duties and powers authorized by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or the general meeting.

**Article 101** The Board of the Company shall make a statement to the general meeting regarding the non-standard audit opinion issued by the certified public accountant on the Company's financial report.

**Article 102** The Board shall formulate the rules of procedure for the Board to ensure implementation of the resolutions of the general meeting, as well as the work efficiency improvement and scientific decision-making.

**Article 103** The Board shall define the authority and establish stringent review and decision-making procedures in respect of external investments, acquisition and sale of assets, assets pledge, external guarantees, entrusted wealth management, related party transactions and external donations.

- (I) The Board shall consider and approve the following material purchase or sales of assets (excluding the purchase of raw materials, fuels and power related to daily operations, or the sale of products, commodities and other assets related to daily operations), external investment (including entrusted financial management, investment in subsidiaries, etc., other than the establishment or capital increase of wholly-owned subsidiaries), leasing in or leasing out of assets, signing of management contracts (including entrusted or trusted operation, etc.), giving or receiving assets as gift (excluding gift of cash assets), restructuring of claims or debts, transfer of research and development projects, signing of license agreements, waiver of rights (including waiver of preemption rights, priority subscription rights, etc.) and other transactions:
1. the total assets involved in the transaction account for 10% or more of the latest audited total assets of the Company, and if the total assets involved in the transaction have both book value and appraised value, the higher of which shall be used for calculation;
  2. the operating revenue related to the subject matter of the transaction (such as equity interests) for the most recent financial year accounts for 10% or more of the Company's audited operating revenue for the same period, with the absolute amount exceeding RMB10 million;
  3. the net profit in connection with the subject matter of transaction (such as equity interests) for the most recent financial year accounts for 10% or more of the Company's audited net profit for the same period, with the absolute amount exceeding RMB1 million;
  4. the transaction amount of the transaction (including the debt and expenses) accounts for 10% or more of the Company's latest audited net assets, with the absolute amount exceeding RMB10 million;
  5. the profit derived from the transaction accounts for 10% or more of the Company's audited net profit for the most recent financial year, with the absolute amount exceeding RMB1 million.

If any data involved in calculation of the above indicators is negative, the absolute value shall be taken for calculation.

(II) The authority over related transaction matters shall be as follows:

1. the amounts of transactions with the related natural persons exceed RMB300,000 (excluding the guarantee provision, financial assistance);
2. the amounts of transactions with the related legal persons exceed RMB3 million and account for more than 0.5% of the absolute amount of the latest audited net assets of the Company (excluding the guarantee provision, financial assistance).

A related transaction involving the same transaction subject with the same related party or with different related parties shall be calculated based on the value of a single transaction or the cumulative amounts of transactions occurring over a consecutive 12-month period.

The aforementioned transaction shall be subject to review by the Board after obtaining the approval of more than half of all independent directors, and shall be promptly disclosed.

(III) The authority over external guarantee matters shall be as follows:

The external guarantee matters stipulated in Article 38 of the Articles of Association and other external guarantee matters that shall be considered and approved by the general meeting pursuant to the relevant laws, regulations and normative documents shall be submitted by the Board to the general meeting for consideration and approval. In addition to the above provisions, other guarantees shall be decided by the Board and shall be subject to the consent of at least two-thirds of the directors present at the Board meeting.

(IV) The authority over financing shall be as follows:

The following financing matters have been considered and approved: where the Board has been granted the power to make decisions on single financing amounts exceeding 20% and not exceeding 40% of the absolute amount of the Company's latest audited net assets (calculated based on the consolidated financial statements), the cumulative amount of such decision-making power exercised by the Board within the same accounting year shall not exceed 60% of absolute amount of the Company's latest audited net assets; the single financing amount with less than 20% of the absolute amount of the Company's latest audited net assets (based on the consolidated financial statements) shall be subject to decisions by the chairman, but the cumulative amount of such decision-making power exercised by the chairman within the same accounting year shall not exceed 40% of the absolute amount of the Company's latest audited net assets. If they exceed the above authorities, they shall be submitted to the general meeting for deliberation.

(V) The authority over financial assistance matters shall be as follows:

The financial assistance provided by the Company shall be approved and resolved by more than two-thirds of the directors present at the Board meeting, with timely fulfilment of information disclosure obligations.

If the financial assistance falls under any of the following circumstances, it shall be submitted to the general meeting for consideration after being considered and approved by the Board:

1. The latest audited asset-to-liability ratio of the assisted party exceeds 70%;
2. The amount of a single financial assistance or the cumulative amount of financial assistance provided within twelve consecutive months exceeds 10% of the Company's latest audited net assets;
3. Other circumstances stipulated by the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Where the target of financial assistance of the Company is a controlled subsidiary included in the consolidated statements of the Company and owned as to over 50% by the Company, and the other shareholders of such controlling subsidiary do not include the Company's controlling shareholder, actual controller, or their connected persons, the provisions of the preceding two paragraphs shall not apply.

The transactions between the Company and controlled subsidiaries included in the consolidated statements or between such controlled subsidiaries may be exempted from disclosure and execution of the corresponding procedures as stipulated by this Article, unless otherwise provided by the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association or others.

**Article 104** The Board shall have a chairman and a vice chairman. The positions of chairman and vice chairman shall be held by directors of the Company. The chairman and vice chairman shall be elected by the Board by a majority of all directors.

**Article 105** The chairman shall exercise the following duties and powers:

- (I) to preside over general meetings and convene and preside over Board meetings;
- (II) to urge and examine the implementation of resolutions of the Board;
- (III) to exercise other duties and powers conferred by the Board.

**Article 106** In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the chairman and vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

**Article 107** Meetings of the Board shall be convened at least twice a year and convened by the chairman. Written notice shall be given to all directors 10 days before the meeting.

**Article 108** Interim Board meetings may be proposed to be convened with obtaining consent of shareholders representing more than one-tenth of voting rights, more than one-third of the directors or the Audit Committee, or more than half of the independent directors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal.

**Article 109** The chairman may decide to convene an interim Board meeting when he deems it necessary. An interim Board meeting shall be convened by notifying all directors president in writing (including personal service, mail, facsimile, email, etc.) or by telephone at least 5 days prior to the meeting, provided that under urgent circumstances requiring the prompt convening of an interim Board meeting, notification may be issued at any time by telephone or other oral means, but the convener shall provide an explanation at the meeting.

In the event that the Board decides to declare, propose or pay dividends, or it shall pass such announcements at the Board meeting in respect of profits or loss for any year, half-year or other periods, the Board must issue an announcement at least seven working days before the convening of such meeting in accordance with the provisions of the Hong Kong Listing Rules.

**Article 110** A notice of a meeting of the Board shall include the following particulars:

- (I) the time and venue of the meeting;
- (II) the duration of the meeting;
- (III) reasons for holding the meeting and proposals to be considered;
- (IV) date of serving the notice.

**Article 111** Meetings of the Board shall be held only if more than half of the directors are present. Resolutions of the Board shall be passed by more than half of all directors.

If shareholders holding more than 10% of the Company's voting rights or a director is deemed to have material conflict of interests in the matter to be considered by the Board, the matter shall be dealt with in a Board meeting rather than by a written resolution. Only the independent directors who and whose close associates (as defined under the Hong Kong Listing Rules) have no material interest in the transaction shall be present at such Board meeting.

Each director shall have one vote for resolutions to be approved by the Board.

**Article 112** If any director has connection with the enterprise or individual involved in the resolution made at a Board meeting, the said director shall report to the Board in writing in a timely manner. A connected director shall not vote on the said resolution for himself/herself or on behalf of another director. The Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three, the issue shall be submitted to the general meeting for consideration. If there are any additional restrictions on directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

**Article 113** Any voting at the Board meetings shall be made on a one-person-one-vote basis by open ballot or in writing.

Interim Board meeting may be convened and resolutions may be passed via video, telephone, faxes or emails, or on site and by other means simultaneously, provided that the directors can fully give their opinions, and shall be signed by the attending directors.

**Article 114** Directors shall attend the Board meetings in person; where a director is unable to attend the meeting for any reasons, he/she may delegate another director to attend the meeting on his/her behalf in writing. The power of attorney shall specify the name of the proxy, the entrusted matters, the scope of authorization and validity period, and shall be signed or sealed by the director who authorizes. The director who attends the meeting on behalf of another director shall exercise the duties of directors within the scope of authorization. In the event that a director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, such director shall be deemed to have waived his/her voting rights at the meeting.

**Article 115** The Board shall keep the minutes of its decisions on the matters discussed at the meeting, and all directors attending the meeting shall sign on the minutes.

The minutes of the Board meeting shall be kept in corporate archives for a period of not less than ten years.

**Article 116** The minutes of the Board meeting shall include the following:

- (I) the date and venue of the meeting and the name of the convener;
- (II) names of the director present and the director (proxy) appointed by others to attend the Board meeting;
- (III) agenda of the meeting;
- (IV) key points of the directors' speeches;
- (V) voting method and results of each resolution (the voting results shall indicate the number of votes in favor, against or abstention).

### Section 3 Independent Directors

**Article 117** Independent directors shall earnestly perform their duties in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, and play the role of participation in decision-making, supervision and balance, and professional consultation in the Board, so as to safeguard the interests of the Company as a whole and protect the legitimate rights and interests of minority shareholders.

**Article 118** Independent directors shall maintain their independence. The following persons shall not serve as the independent directors:

- (I) persons working for the Company or its affiliated enterprises, their spouses, parents and children, and major social relations;
- (II) natural person shareholders who directly or indirectly hold more than 1% of the Company's issued shares or who are among the Company's top 10 shareholders, and their spouses, parents and children;
- (III) persons who work for shareholders who directly or indirectly hold more than 5% of the Company's issued shares or who work for one of the Company's top 5 shareholders, and their spouses, parents, and children;
- (IV) persons serving in the affiliated enterprises of the Company's controlling shareholders and actual controllers and their spouses, parents and children;
- (V) persons who have significant business dealings with the Company, its controlling shareholders, actual controllers or their respective affiliated enterprises, or who serve in units with which they have significant business dealings and their controlling shareholders or actual controllers;
- (VI) persons providing financial, legal, consulting, underwriting, or other services to the Company and its controlling shareholders, actual controllers, or their respective affiliated enterprises, including but not limited to all members of the project team, review personnel at all levels, signatories on the report, partners, directors, senior management personnel, and primary responsible persons from the intermediary institution providing such services;
- (VII) persons who have been in the situations listed in (I) to (VI) within the last 12 months;
- (VIII) other persons who do not possess independence as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company and the Articles of Association.

The affiliated enterprises of the controlling shareholders and actual controllers of the Company mentioned in (IV) to (VI) of the preceding paragraph do not include the enterprises which are controlled by the same state-owned assets management institution together with the Company and are not related to the Company according to the relevant regulations.

Independent directors shall conduct an annual self-examination of independence and submit the self-examination result to the Board. The Board shall evaluate and issue a special opinion on the independence of the incumbent independent directors on an annual basis, which shall be disclosed at the same time as the annual report.

**Article 119** The person to serve as an independent director of the Company shall meet the following conditions:

- (I) to be qualified to be a director of a listed company in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company and other relevant regulations;
- (II) to comply with the requirement for independence set out in the Articles of Association;
- (III) to have the basic knowledge of the operation of listed companies and be familiar with the relevant laws, regulations and rules;
- (IV) to have more than 5 years of working experience in law, accounting or economics necessary for performing the duties of an independent director;
- (V) to have good personal integrity and no major breach of trust or other adverse records;
- (VI) other conditions as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company and the Articles of Association.

**Article 120** As members of the Board, independent directors shall have fiduciary duties and duties of diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (I) to participate in the decision-making of the Board and express clear opinions on the matters under consideration;
- (II) to supervise potential material conflicts of interest between the Company and controlling shareholders, actual controllers, directors and senior management personnel so as to protect the legitimate rights and interests of minority shareholders;
- (III) to provide professional and objective advice on the Company's operation and development, and promote the enhancement of the Board's decision-making level;
- (IV) other duties provided for by laws, administrative regulations, regulations of the CSRC, the securities regulatory rules of the place where the shares of the Company and the Articles of Association.

**Article 121** The independent directors shall exercise the following special duties and powers:

- (I) to independently engage intermediaries to audit, consult or verify specific matters of the Company;
- (II) to propose to the Board to convene an extraordinary general meeting;
- (III) to propose to convene a Board meeting;
- (IV) to publicly solicit the rights of shareholders from shareholders in accordance with law;
- (V) to express independent opinions on matters that may jeopardize the interests of the Company or minority shareholders;
- (VI) other duties and powers as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company and the Articles of Association.

When an independent director exercises the duties and powers listed in (I) to (III) of the preceding paragraph, he/she shall obtain the approval of a majority of all independent directors.

The Company shall disclose in a timely manner any exercise of the duties and powers listed in the first paragraph by independent directors. Where the above duties and powers cannot be exercised normally, the Company shall disclose the details and reasons.

**Article 122** The following matters shall be submitted to the Board for consideration after being approved by a majority of all independent directors of the Company:

- (I) related transactions that shall be disclosed;
- (II) plans of the Company and relevant parties to change or waive commitments;
- (III) decisions made and measures taken by the Board of the acquired listed company in response to the acquisition;
- (IV) other matters stipulated in the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company and the Articles of Association.

**Article 123** The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board for consideration.

The Company shall hold special meetings of independent directors on a regular or ad hoc basis. Matters listed in items (I) to (III) of the first paragraph of Article 122 and Article 123 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors may study and discuss other matters of the Company as needed.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings.

The Company shall facilitate and support the convening of special meetings of independent directors.

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

**Article 124** The Board of the Company has established an Audit Committee to exercise the duties and powers of the Supervisory Committee as stipulated in the Company Law.

**Article 125** The Audit Committee consists of three members, who are directors not holding senior management positions in the Company, including two independent directors. The convener shall be an independent director who is a professional possessing accounting or financial management expertise as required by the securities regulatory rules of the place where the shares of the Company are listed.

Employee representatives who are members of the Board may become members of the Audit Committee.

**Article 126** The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board for consideration upon the consent of more than half of all members of the Audit Committee:

- (I) disclosure of financial information in the financial accounting report and periodic report, and the internal control evaluation report;
- (II) engagement or removal of the accounting firm that provides audit services for the Company;
- (III) appointment or dismissal of the CFO of the Company;
- (IV) making changes in accounting policies and estimates or correcting significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters provided for by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company and the Articles of Association.

**Article 127** The Audit Committee shall meet at least once a quarter. An extraordinary meeting may be convened on the proposal of two or more members, or if the convener deems it necessary. A meeting of the Audit Committee may be held only when more than two-thirds of the members are present.

Resolutions of the Audit Committee shall be adopted by a majority vote of all its members.

Voting on resolutions of the Audit Committee shall be conducted on a one-person-one-vote basis.

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

Working rules and procedures for the Audit Committee shall be formulated by the Board.

**Article 128** The Board of the Company has established other special committees such as the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc., which shall be accountable to the Board and perform their duties in accordance with the Articles of Association and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision-making. All members of the special committees shall be composed of directors. In the Nomination Committee and Remuneration and Appraisal Committee, independent directors shall constitute the majority and serve as the conveners. The Nomination Committee shall include at least one director of a different gender. The Board shall be responsible for formulating the working procedures for the special committees to regulate their operations.

**Article 129** The Nomination Committee is responsible for formulating the criteria and procedures for the selection of the directors and senior management personnel, selecting and reviewing of candidates for directorships and senior management positions and their qualification, and making recommendations to the Board on the following matters:

- (I) nomination, appointment or dismissal of non-employee representative directors;
- (II) appointment or dismissal of senior management personnel;
- (III) other matters required by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the Board does not adopt or does not fully adopt the opinions of the Nomination Committee, it shall record such opinions of the Nomination Committee and the specific reasons for not adopting in the resolution of the Board and disclose the same.

**Article 130** The Remuneration and Appraisal Committee is responsible for formulating the criteria for the appraisal of the directors and senior management personnel and conducting the appraisals, formulating and reviewing remuneration policies and plans for directors and senior management personnel, including the mechanism for determining remuneration, decision-making processes, payment arrangements, and suspension of payment and recovery arrangements, as well as making recommendations to the Board on the following matters:

- (I) the remuneration of directors and senior management personnel;
- (II) formulating or amending equity incentive schemes or employee stock ownership plans, and the achievement of conditions for incentive participants to be granted rights and interests or to exercise such rights and interests;
- (III) arrangements for directors and senior management personnel to participate in stock ownership plans in the proposed spin-off of a subsidiary;
- (IV) other matters required by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, regulations of the CSRC and the Articles of Association.

If the Board does not adopt or does not fully adopt the opinions of the Remuneration and Appraisal Committee, it shall record such opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting in the resolution of the Board and disclose the same.

**Article 131** The primary duties of the Strategy Committee are to research on making recommendations to our Board on the Company's long-term development strategies and major investment decisions.

## **CHAPTER VI PRESIDENT AND OTHER SENIOR MANAGEMENT PERSONNEL**

**Article 132** The Company has one president, who is appointed or dismissed by the Board.

The Company has one executive vice president and certain vice presidents, who are appointed or dismissed by the Board based on the nomination by the president.

The president, executive vice president, vice president, chief financial officer and secretary of the Board are the senior management personnel of the Company.

**Article 133** The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a director and the departure management system shall also apply to senior management personnel.

The provisions of the Articles of Association regarding the fiduciary duties and duties of diligence of directors shall also apply to senior management personnel.

**Article 134** A person holding a position other than as a director or supervisor in an entity owned by a controlling shareholder of the Company shall not serve as the senior management personnel of the Company.

**Article 135** The president shall serve a term of three years for each tenure and may serve consecutive terms if re-appointed.

**Article 136** The president is accountable to the Board and exercises the following duties and powers:

- (I) to preside over the production, operation and management work of the Company, to organize the implementation of the resolutions of the Board, and to report the work to the Board;
- (II) to organize the implementation of the Company's annual business plan and investment plan;
- (III) to draft the Company's internal management organization setup plan;
- (IV) to draft the Company's basic management system;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the Board the appointment or dismissal of the Company's executive vice president, vice president and chief financial officer;
- (VII) to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board;
- (VIII) to draft the salaries, benefits, rewards and penalty for the staff of the Company, and to decide on the appointment or dismissal of employees of the Company;
- (IX) to propose to convene the meeting of the Board;
- (X) other duties and powers as conferred by the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or the Board.

The president shall attend the meetings of the Board.

**Article 137** The president shall formulate the working detailed rules for his/her work, which shall be implemented after being approved by the Board.

**Article 138** The detailed rules for the work of the president shall include the following:

- (I) the conditions, procedures, and participants of the president's meetings;
- (II) the specific responsibilities and division of labor of the president and other senior management personnel;
- (III) the authority for the use of the Company's funds and assets, the signing of major contracts, and the reporting system to the Board;
- (IV) other matters deemed necessary by the Board.

**Article 139** The president may resign from office before the expiry of his/her term. The specific procedures and measures for the resignation of the president shall be stipulated in the labor contract between the president and the Company.

**Article 140** The executive vice president, vice president, chief financial officer shall assist the president in performing relevant duties. The Company shall stipulate in the working rules of the president the appointment and dismissal procedures of the executive vice president, vice president, chief financial officer, the relationship between the executive vice president, vice president, chief financial officer and the president, and may stipulate the duties and powers of the executive vice president, vice president and chief financial officer.

**Article 141** The Company shall have a secretary of the Board, who shall be nominated by the chairman of the Board, appointed or dismissed by the Board, and shall be responsible for, among other matters, the preparation of the general meetings and Board meetings of the Company, the custody of documents, the management of shareholder data of the Company, and the handling of information disclosure matters.

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

**Article 142** Where senior management personnel, in performing the duties of the Company, violate the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company, or the Articles of Association, and cause losses to the Company, they shall bear the compensation liability.

Where senior management personnel cause harm to others in performing the duties of the Company, the Company shall bear the compensation liability; where such senior management personnel are intentional or grossly negligent, they shall also bear the compensation liability.

The senior management personnel of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

Where the senior management personnel of the Company fail to faithfully perform their duties or breaches their fiduciary duties, causing damage to the interests of the Company and the public shareholders, they shall bear the compensation liability in accordance with the laws.

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

### Section 1 Financial and Accounting System

**Article 143** The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and the requirements of relevant regulatory authorities of the PRC.

**Article 144** The Company shall submit and disclose an annual financial report to the CSRC and the stock exchange where the shares of the Company are listed, if necessary, within 4 months after the end of each fiscal year, submit and disclose its interim report to the dispatched authorities of the CSRC and the stock exchange where the shares of the Company are listed, if necessary, within 2 months after the end of the 6 months of each fiscal year.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed.

**Article 145** The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

**Article 146** When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital.

When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

If the general meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors and senior management personnel responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The Company is required to appoint one or more receiving agent(s) in Hong Kong for shareholders of H Shares. The receiving agent(s) shall receive and hold on behalf of such shareholders of H Shares any dividends allocated to H Shares and other amounts payable by the Company, and transmit such payments to such shareholders of H Shares. The receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

**Article 147** The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being converted into an increase in the Company's registered capital.

When using the Company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than 25% of the Company's registered capital immediately prior to such capital increase through provident fund transfer.

**Article 148** After the shareholders make a decision for distribution of profits in the general meeting, or after the Board formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year approved at the annual general meeting, the dividends (or shares) shall be distributed within two months.

**Article 149** Profit distribution policy of the Company:

(I) Principles of profit distribution

The Company shall implement a consistent and stable profit distribution policy. Such distribution shall fully consider providing reasonable investment returns to investors while maintaining the Company's sustainable development, adopting active cash or share dividend distribution policies. The Board of the Company shall formulate specific profit distribution proposals, plans, and schedules in accordance with the following principles:

1. due emphasis shall be placed on providing reasonable investment returns to investors without compromising their lawful rights and interests;
2. the Company's profit distribution policy shall maintain continuity and stability, for the long-term interest of the Company, in the interest of all shareholders as a whole, and for sustainable development of the Company;
3. priority shall be given to dividend distribution in cash;
4. to fully listen to and consider the opinions and requests of minority shareholders;
5. to comprehensively consider the prevailing national monetary policy environment and macroeconomic conditions.

(II) Form of profit distribution

The Company distributes profit in the form of cash, shares or a combination of cash and shares.

1. Share dividend distribution: distributing profits by way of share dividend shall consider true and reasonable factors such as growth of the Company and dilution of net assets per share. If the Company demonstrates rapid growth in both operating revenue and net profit and the Board believes that the Company's equity size and shareholding structure is reasonable, a share dividend distribution plan may be proposed and implemented.
2. Cash dividend distribution: on the premise of the Company's cash flow adequately supporting its normal operations and long-term development, the Company shall prioritize cash dividend distribution. The cumulative cash dividends distributed over every three years shall not be less than 30% of the average annual distributable profits realized over those three years.
3. Specific conditions for profit distribution:
  - (1) The Board of the Company shall propose a differentiated cash dividend policy in accordance with the procedures as required by the Articles of Association, taking into full account of various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, and based on the following situations:
    - ① where the Company is in a mature development stage and has no significant capital expenditure arrangements, when profit distribution is made, the cash dividend shall at least account for 80% of the profit distribution;
    - ② where the Company is in a mature development stage and has significant capital expenditure arrangements, when profit distribution is made, the cash dividend shall at least account for 40% of the profit distribution;
    - ③ where the Company is in the growth stage and has significant capital expenditure arrangements, when profit distribution is made, the cash dividend shall at least account for 20% of the profit distribution;

Where it is difficult to distinguish the development stage of the Company and there are significant capital expenditure arrangements, the profit distribution shall be dealt with pursuant to the preceding provisions.

- (2) Unless it does not meet the profit distribution conditions, the Company shall in principle distribute dividends in cash on an annual basis. The distributable profit of the Company for the year (i.e., the after-tax profit remaining after the Company has made up for losses and allocated to the reserve funds) shall be positive, and provided that no significant investment plans or significant cash expenditures occur, the cumulative profit distributed by the Company in cash over every three years shall be not less than 30% of the average annual distributable profit realized over those three years. Significant investment plans or significant cash expenditure shall cover:
- ① transactions involving asset purchase, external investments, or fixed asset investments to be undertaken by the Company within the next year, where the total assets involved amount to over 10% of the Company's most recently audited net assets and exceed RMB50 million.
  - ② transactions involving asset purchase, external investments, or fixed asset investments to be undertaken by the Company within the next year, where the total assets involved amount to 5% of the Company's most recently audited total assets.
  - ③ any other circumstance specified by the CSRC or the stock exchange where the shares of the Company are listed.
- (3) Provided that the funding needs for raw material procurement and anticipated significant investment plans or significant capital expenditures are satisfied, the Board of the Company may declare an interim dividend based on the Company's current operating profits and cash flow position. Any specific interim dividend proposal shall be reviewed by the Board of the Company and submitted to the general meeting for approval. When convening the annual general meeting to consider the annual profit distribution plan, the meeting may consider and approve the conditions, limit of proportion, and maximum amount for the interim cash dividend of the following year. The ceiling for the interim dividend of the following year considered at the annual general meeting shall not exceed the net profit attributable to the Company's shareholders for the corresponding period. The Board shall formulate specific interim dividend plans in accordance with the resolutions of the general meeting and subject to the fulfilment of the conditions for profit distribution.
- (4) Share dividend distribution of the Company shall not exceed the scope of accumulated distributable profits.

(III) Decision-making procedures for profit distribution

1. when the Company formulates specific cash dividend plans, the Board shall carefully study and discuss the timing, conditions, and minimum proportion, conditions for adjustment, and requirements for decision-making procedures of the cash dividend of the Company.
2. the annual profit distribution proposal of the Company shall be put forward and formulated by the Board of the Company in accordance with the Articles of Association and the Company's financial and operational conditions, and shall be submitted to the general meeting for approval after being adopted by an affirmative vote of more than half of all directors. The Board of the Company shall complete the distribution of the dividend (or shares) within two months after the said meeting.
3. before considering details of the cash dividend plan by the general meeting, active communication with the shareholders (especially the minority shareholders) shall be made through various channels so as to listen to their opinions and demand and make a prompt response to their concerns.
4. where the Board of the Company fails to propose a cash dividend distribution plan, it shall disclose the reasons thereof. Independent directors shall have the right to express independent opinions where they are of the opinion that specific cash dividend proposals may impair the interests of the Company or minority shareholders. If the Board does not adopt or does not fully adopt the opinions of independent directors, it shall record such opinions of independent directors and the specific reasons for not adopting in the resolution of the Board and disclose the same.
5. where any shareholder misappropriates the funds of the Company unlawfully, the Company shall deduct cash dividends to be distributed to such shareholder for making up the amount misappropriated.

(IV) Adjustment to profit distribution policy

1. the Company shall, through multiple channels, fully consider and listen to opinions from shareholders (particularly minority shareholders) and independent directors to make appropriate adjustments to the current dividend distribution policy.
2. where the Company reports annual profitability but fails to propose a cash dividend distribution plan, the Board of the Company shall disclose in the periodic reports the reasons for not implementing profit distribution or for excluding cash distribution form, as well as the specific use of retained funds.

3. the profit distribution policy may be adjusted where new regulations are promulgated by the national laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed regarding the dividend policy of listed companies, or where the current profit distribution policy is indeed inconsistent with the Company's production and operation, investment planning and long-term development goals. Any proposal to adjust the profit distribution policy shall provide a detailed justification for such adjustment. The revised policy shall not violate the relevant regulations of the securities regulatory rules of the place where the shares of the Company are listed. Proposals regarding adjustments to the profit distribution policy shall be submitted by the Board of the Company to the general meeting for review and approval.
4. any resolution of the Board regarding adjustments to the profit distribution policy shall be adopted by an affirmative vote of more than half of all directors.

## **Section 2 Internal Audit**

**Article 150** The Company shall implement an internal audit system and clarify, among other matters, the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability thereof.

The Company's internal audit system shall be implemented and publicly disclosed upon approval by the Board.

**Article 151** The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

The internal audit institution shall maintain independence, employ full-time audit staff, and shall not be placed under the leadership of the finance department or share office premises with the finance department.

**Article 152** The internal audit institution shall be accountable for the Board.

In overseeing and inspecting business activities, risk management, internal control, financial information, the internal audit institution shall be under the supervision and guidance of the Audit Committee. Where the internal audit institution identifies any material issues or related clues, it shall immediately report directly to the Audit Committee.

**Article 153** The internal audit institution shall be responsible for the specific organization and implementation of the Company's internal control evaluation. Based on the evaluation reports and relevant data issued by the internal audit institution and reviewed by the Audit Committee, the Company shall work out an annual internal control evaluation report.

**Article 154** When the Audit Committee communicates with external auditing entities such as accounting firms and national audit institutions, the internal audit institution shall actively cooperate and provide necessary support and assistance.

**Article 155** The Audit Committee shall engage in the performance appraisal of the person in charge of the internal audit.

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

**Article 156** The Company shall appoint an accounting firm, which is in compliance with the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed, to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

**Article 157** The appointment and dismissal of the Company's accounting firm shall be decided by the general meeting. The Board shall not appoint the accounting firm until it is decided by the general meeting.

**Article 158** The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 159** The audit fee payable to an accounting firm shall be decided by the general meeting.

**Article 160** When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 15 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

## **CHAPTER VIII PARTY BUILDING WORK**

**Article 161** The Company firmly upholds the leadership of the Communist Party of China (CPC).

**Article 162** In accordance with the provisions of the Constitution of the Communist Party of China, and upon deliberation and decision by the Enterprise Committee of the CPC Changsha Yuhua Economic Development Zone, the establishment of the CPC Committee of Cofoe Medical Technology Co., Ltd. is approved.

**Article 163** The number of positions for the secretary, deputy secretary, and members of the Company's Party Committee shall be determined in accordance with the approval of the superior Party organization, and they shall be elected or appointed in accordance with relevant provisions such as the Constitution of the Communist Party of China and the Regulations on the Electoral Work of Primary Organizations of the Communist Party of China.

**Article 164** The Party Committee of the Company shall establish a Party Committee Office as its department for day-to-day operations; meanwhile, it shall establish mass organizations such as the trade union and the Communist Youth League.

**Article 165** The Company shall strictly provide personnel, funding, and venue support for Party building activities in accordance with the relevant requirements of the superior Party organization. The organizational setup and staffing of the Company's Party organization shall be incorporated into the Company's management structure and staffing plan; the operating funds of the Party organization shall be included in the Company's budget and disbursed from the Company's management funds. The venues of the Company's Party organization shall be arranged in accordance with the relevant requirements and standards of the superior authority.

**Article 166** The Party Committee of the Company shall play a central political role and carry out work centered on the Company's production and operations; implement the Party's principles and policies, and guide and supervise the Company in complying with national laws and regulations; support the general meeting, the Board, the Audit Committee, and the President in exercising their powers and functions in accordance with the law; arrange and deploy the Company's Party-mass work, strengthen the self-building of the Party organization, and lead mass organizations such as the trade union, the Communist Youth League, and the Women's Federation; participate in the research and decision-making on major issues of the Company, study and decide on major personnel appointments and dismissals, and discuss and review other matters falling under the "Three Majors and One Large" (major issues, major personnel appointments and dismissals, investments in major projects, and use of large sums of money); rely wholeheartedly on the employees and the masses, and support the Staff Representative Assembly in carrying out its work; and study and decide on other matters that shall be decided by the Party Committee of the Company.

#### **CHAPTER IX NOTICES AND ANNOUNCEMENTS**

**Article 167** Notices of the Company shall be served as follows:

- (I) by personal delivery;
- (II) by mail;
- (III) by announcement;
- (IV) by other means prescribed by laws, regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

Notices given by the Company by way of announcement shall be deemed to have been received by all parties concerned once published.

**Article 168** Notices for the convening of the general meeting of the Company shall be given by way of announcement or by other means recognized by the stock exchange of the place where the shares of the Company are listed. Notices for the convening of the Board meeting of the Company shall be given by way of written notice (by mail, email, or personal delivery).

**Article 169** If a notice of the Company is sent by personal delivery, the date of service shall be the date when the recipient signed or stamped to acknowledge receipt of the same; if a notice of the Company is sent by mail, the date of service shall be the fifth working day from the date on which the post office receives the notice; if a notice of the Company is issued by announcement, the date of delivery shall be the date when the Company publishes the first announcement; and if a notice of the Company is sent by email, the date of service shall be the date when the data message enters the specific system designated by the recipient.

**Article 170** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not solely invalidate the meeting and resolutions adopted thereat.

**Article 171** For the Company's A Shares, the newspapers and periodicals designated by the CSRC for information disclosure and the website of the Shenzhen Stock Exchange ([www.szse.cn/](http://www.szse.cn/)) shall serve as the media for publishing the Company's announcements and other information subject to disclosure.

Announcements regarding the Company's H Shares and other information requiring disclosure shall be published on the Company's website, the HKEXnews website of the Hong Kong Stock Exchange, and other websites as required from time to time under the Hong Kong Listing Rules, in accordance with the relevant requirements of the Hong Kong Listing Rules.

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

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

**Article 172** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

The absorption by one company of another company constitutes a merger by absorption, in which case the absorbed company shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

**Article 173** Where the price paid for a merger does not exceed 10% of the Company's net assets, the merger may be resolved without a general meeting, unless otherwise provided for in the Articles of Association.

Where a merger of companies is not resolved by the general meeting in accordance with the preceding paragraph, it shall be resolved by the Board.

**Article 174** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the designated information disclosure media within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

**Article 175** Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 176** When the Company is divided, its assets shall be split accordingly.

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

**Article 177** The debts of the Company which have accrued prior to the division shall be jointly borne by the divided companies, unless it is otherwise agreed by way of an agreement in writing with the creditors in respect of the settlement of debts before the Company's division.

**Article 178** The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital.

The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement thereof in the designated media or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' shareholding, unless otherwise stipulated by the laws or the Articles of Association.

**Article 179** Where the Company still incurs losses after making up its losses in accordance with Paragraph 2 of Article 147 of the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distribution to its shareholders, nor exempt the shareholders from their obligation to make capital contribution or calls on share.

The provisions of Paragraph 2 of Article 179 of the Articles of Association shall not apply to the reduction in the registered capital in accordance with the preceding article. The Company shall publish an announcement in the designated media or on the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at the general meeting.

After reducing its registered capital in accordance with the provisions of the preceding two paragraphs, the Company shall not distribute profits until the cumulated amount of the statutory reserve fund and discretionary reserve fund reaches 50% of its registered capital.

**Article 180** If the reduction of the registered capital is in violation of the Company Law and other relevant provisions, shareholders shall return the funds they have received and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the liable directors and senior management personnel shall be liable for compensation.

**Article 181** Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless otherwise provided in the Articles of Association or the general meeting resolves that the shareholders shall have pre-emptive right.

**Article 182** When the merger or division of the Company involves changes in registration matters, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for registration of the change with the registration authority of the Company.

## **Section 2 Dissolution and Liquidation**

**Article 183** The Company shall be dissolved for the following reasons:

- (I) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (II) the general meeting resolves to dissolve the Company;
- (III) dissolution is necessary due to merger or division of the Company;
- (IV) the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;
- (V) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

At the same time, the Company shall, in accordance with the requirements of the securities regulatory rules of the place where the shares of the Company are listed, promptly fulfill its obligations of information disclosure.

**Article 184** Where the Company falls under the circumstances of items (I) and (II) of Article 183 of the Articles of Association and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the general meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

**Article 185** If the Company is dissolved pursuant to item (I), (II), (IV) or (V) of Article 183 of the Articles of Association, it shall be liquidated. The directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution. The liquidation committee shall comprise the directors, unless the Articles of Association provide otherwise or it is resolved at a general meeting to elect another person(s).

If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

**Article 186** The liquidation committee shall exercise the following powers and functions during the liquidation period:

- (I) to liquidate the Company's assets and prepare a balance sheet and an inventory of assets;
- (II) to notify and announce creditors;
- (III) to handle the Company's unsettled business related to liquidation;
- (IV) to pay all taxes owed and taxes incurred during the liquidation process;
- (V) to clear up credits and debts;
- (VI) to allocate the remaining property of the Company after paying off its debts;
- (VII) to participate in civil litigation activities on behalf of the Company.

**Article 187** The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in the designated media or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice. At the same time, the Company shall, in accordance with the requirements of the securities regulatory rules of the place where the shares of the Company are listed, promptly fulfill its obligations of information disclosure.

A creditor making a claim shall state the relevant particulars of the claim and provide supporting evidence. The liquidation committee shall register such creditor's claims.

The liquidation committee shall not make any debt settlement with the creditors during the period of the claim.

**Article 188** After sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and report it to the general meeting or the people's court for confirmation.

After the Company's property is used to pay liquidation expenses, employees' wages, social insurance expenses and statutory compensation, taxes owed, and company debts, the remaining property will be distributed by the Company according to the proportion of shares held by shareholders.

During the liquidation period, the Company continues to exist but cannot carry out business activities unrelated to the liquidation. The Company's property will not be distributed to shareholders until it has been liquidated in accordance with the provisions of the preceding paragraph.

**Article 189** If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

**Article 190** Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the general meeting or the people's court for verification. The liquidation committee shall also file with the registration authority of the Company to apply for the deregistration of the Company.

**Article 191** The members of the liquidation committee shall have obligations of loyalty and diligence in performing their liquidation duties.

Where any member of the liquidation committee neglects to perform the liquidation duties and causes any loss to the Company, he/she shall be liable for compensation; where any member of the liquidation committee causes any loss to any creditor with intention or due to gross negligence, he/she shall be liable for compensation.

**Article 192** In case the Company is declared bankruptcy according to the laws, bankruptcy liquidation shall be processed in accordance with the laws on bankruptcy of enterprises.

## CHAPTER XI AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 193** The Company shall amend the Articles of Association under any of the following circumstances:

- (I) after the amendments are made to the Company Law or relevant laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the shares of the Company are listed;
- (II) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;
- (III) the general meeting decides to amend the Articles of Association.

**Article 194** The amendments to the Articles of Association adopted by the general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registration matters of the Company, the procedures for registration of the change shall be completed in accordance with the laws.

**Article 195** The Board shall amend the Articles of Association in accordance with the resolutions of the general meeting regarding the amendments to the Articles of Association and the opinions of the relevant competent authority.

**Article 196** Where the amendments to the Articles of Association are required to be disclosed by the laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed, such amendments shall be announced in accordance with the provisions.

## CHAPTER XII SUPPLEMENTARY PROVISIONS

**Article 197** Definitions

- (I) the “controlling shareholder” means a shareholder who holds 50% or more of the total share capital of the Company; or a shareholder who, although holding less than 50% of the shares, enjoys sufficient voting rights by virtue of the shares held to exert a material influence on the resolutions of the general meeting, or a controlling shareholder as defined by the securities regulatory rules of the place where the shares of the Company are listed.
- (II) the “actual controller” means a natural person, legal person or any other organization that is able to dominate the conduct of the Company through investment relationships, agreements or other arrangements.
- (III) the “affiliated relationship” means the relationship between the Company’s controlling shareholder, actual controller, directors, and senior management personnel and the enterprises directly or indirectly controlled by the same, as well as any other relationship that may result in the transfer of the Company’s interests.

- (IV) for the purposes of the Articles of Association, the “affiliated relationship” shall encompass “connected relationship” as defined in the Hong Kong Listing Rules; the “affiliated transaction” shall encompass “connected transaction” as defined in the Hong Kong Listing Rules; and the “affiliated party” shall encompass “connected person” as defined in the Hong Kong Listing Rules.
- (V) for the purposes of the Articles of Association, the “accounting firm” shall have the same meaning as “auditor” in the Hong Kong Listing Rules, and the “independent director” shall have the same meaning as “independent non-executive director” in the Hong Kong Listing Rules.
- (VI) the “hostile takeover” means an act where an investor and/or its parties acting in concert acquire shares of the Company by means including but not limited to securities trading, agreement-based transfer, or judicial auction, or acquire or seek to acquire control of the Company through acting in concert or other means, without the consent of the Board of the Company; or an act that is determined by a resolution of the Board of the Company as a hostile takeover in the absence of the investor, its parties acting in concert and/or any director having an affiliated relationship with any of the foregoing parties. In the event that other provisions are stipulated in laws, regulations or the regulatory rules of the listing place, such provisions shall prevail.

**Article 198** The Board may formulate the articles in accordance with the provisions of the Articles of Association, provided that such articles shall not be in violation of the Articles of Association.

**Article 199** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles of Association in any other language or of different version and the Articles of Association, the Chinese version of the Articles of Association most recently approved and registered with the Market Supervision and Administration Bureau shall prevail.

**Article 200** The expressions of “above”, “within” and “below” used in the Articles of Association shall include the given number, while the expressions of “not exceeding”, “beyond”, “less than”, “more than” and “exceeding” shall not include the given number.

**Article 201** The Articles of Association shall be interpreted and amended by the Board of the Company. Matters not covered by the Articles of Association shall be handled in accordance with the relevant provisions of national laws, regulations, normative documents, and the securities regulatory rules of the place where the shares of the Company are listed. In the event of any inconsistency between the Articles of Association and the relevant provisions of national laws, regulations, normative documents, and the securities regulatory rules of the place where the shares of the Company are listed, such national laws, regulations, normative documents, and the securities regulatory rules of the place where the shares of the Company are listed shall prevail.

**Article 202** The Articles of Association shall take effect and be implemented from the date of consideration and approval at the general meeting of the Company.

**Cofee Medical Technology Co., Ltd.**  
June 2026