

# **Contemporary Amperex Technology Co., Limited**

## **Articles of Association**

**December 2025**

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association are formulated in accordance with the Company Law of the PRC (the “Company Law”), the Securities Law of the PRC (the “Securities Law”) and other relevant laws, as well as the Rules Governing the Listing of Shares on the ChiNext of the Shenzhen Stock Exchange, the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant provisions, to safeguard the legitimate rights and interests of Contemporary Amperex Technology Co., Limited (the “Company”), its shareholders, employees and creditors, and to regulate the organization and activities of the Company.

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

The Company was established by conversion from 寧德時代新能源科技有限公司 and registered with the Administration for Industry and Commerce of Ningde City, Fujian Province to obtain its business license. The Company’s unified social credit code is 91350900587527783P.

**Article 3** As approved by the China Securities Regulatory Commission (“CSRC”) on May 18, 2018, the Company initially issued 217,243,733 RMB-denominated ordinary shares (the “A Shares”) to the public which were listed on the ChiNext of the Shenzhen Stock Exchange (the “SZSE”) on June 11, 2018.

Upon the filing with the CSRC on March 25, 2025, the Company conducted the initial public offering of 135,578,600 overseas listed foreign shares in Hong Kong (the “H Shares”) (prior to the full exercise of the over-allotment option), which were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on May 20, 2025.

**Article 4** The registered name of the Company: 寧德時代新能源科技股份有限公司

The English name of the Company: Contemporary Amperex Technology Co., Limited

**Article 5** Address of the Company: No. 2 Xingang Road, Zhangwan Town, Jiaocheng District, Ningde City. Postal code: 352100.

**Article 6** The registered capital of the Company is RMB4,563,608,365.

Where there is a change in the total registered capital of the Company due to the increase or reduction of its registered capital, upon approval at a shareholders’ meeting for a resolution on increase or reduction of registered capital, the Board of Directors of the Company shall be authorized by a resolution to complete the registration procedures for the change in registered capital.

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

**Article 8** The General Manager of the Company shall be the legal representative of the Company. Legal representative shall be elected and changed in accordance with the provisions of the Articles of Association.

If the General Manager who is a legal representative resigns, he/she shall be deemed to have resigned as a legal representative at the same time.

If a legal representative resigns, the Company shall determine a new legal representative within thirty days from the date of the resignation of the legal representative.

**Article 9** The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company.

Restrictions imposed on the powers of the legal representative by the Articles of Association or by shareholders' meetings shall not be invoked against a bona fide counterparty.

If the legal representative causes damage to others while performing his/her duties, the Company shall assume civil liability for such damage. The Company may, after assuming the civil liability, seek compensation from the legal representative at fault in accordance with laws or the Articles of Association.

**Article 10** The shareholders of the Company shall be liable to the Company to the extent of the shares they subscribed, and the Company shall be liable for the debts of the Company to the extent of all its entire properties.

**Article 11** The Articles of Association shall, from the date when it comes into force, constitute a legally binding document regulating the organization and activities of the Company, the rights and obligations between the Company and each shareholder and among the shareholders, and shall be legally binding on the Company and its shareholders, Directors and senior management members. Pursuant to the Articles of Association, shareholders may institute legal proceedings against other shareholders; shareholders may institute legal proceedings against Directors and senior management members of the Company; shareholders may institute legal proceedings against the Company; and the Company may institute legal proceedings against shareholders, Directors, and senior management members.

**Article 12** Senior management members referred to in the Articles of Association represent the General Manager, Deputy General Managers, Chief Financial Officer, Secretary to the Board of Directors and other senior management members confirmed by the Board of Directors of the Company.

**Article 13** The Company shall establish an organization of the Communist Party and carry out Party activities in accordance with the requirements of the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the Party organization.

## **CHAPTER 2 BUSINESS OBJECTIVE AND SCOPE**

**Article 14** The business objective of the Company is to provide efficient energy storage solutions to solve global environmental problems.

**Article 15** Upon registration in accordance with the law, the business scope of the Company includes: the development, production, sales and after-sales services of lithium-ion batteries, lithium polymer batteries, fuel cells, power batteries, super-capacity energy storage batteries, super capacitors, battery management system and rechargeable battery packs, wind and solar energy storage system, and related equipment and instruments; investment in the new energy industry; technical services, testing services and consulting services for lithium batteries and related products. (For items subject to approval in accordance with the law, business activities shall only be carried out upon approval by the relevant authorities.)

## CHAPTER 3 SHARES

### Section 1 Issuance of Shares

**Article 16** The shares of the Company shall take the form of stocks.

**Article 17** 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 a class in each issuance are issued under the same terms and at the same price. Subscribers pay the same price for each share subscribed for.

**Article 18** All par value shares issued by the Company shall have nominal values denominated in RMB, with a nominal value of RMB1 each. The shares issued and listed on the SZSE are hereinafter referred to as “A Shares”; and the shares issued and listed on the Hong Kong Stock Exchange are hereinafter referred to as “H Shares”.

**Article 19** The A Shares issued by the Company shall be deposited collectively in the Shenzhen Branch of the China Securities Depository and Clearing Corporation Limited. The H Shares issued by the Company shall be primarily deposited in the custodian company under the Hong Kong Securities Clearing Company Limited in accordance with the laws and practices of securities registration and depository of the place where the shares of the Company are listed, or may also be held by shareholders in their own names.

**Article 20** The name of each promoter, the number of shares subscribed for, the amount, proportion, method and time of capital contribution at the time of establishment of the Company by way of promotion are as follows:

No.	Name of promoter	Number of shares subscribed for (10 thousand shares)	Amount of capital contribution (RMB10 thousand)	Proportion of capital contribution (%)	Method of capital contribution	Time of capital contribution
1	Ningbo Meishan Free Trade Zone Port Area Ruiting Investment Co., Ltd. (寧波梅山保稅港區瑞庭投資有限公司)	20,000	20,000	50	Net assets	December 15, 2015
2	Huang Shilin (黃世霖)	10,000	10,000	25	Net assets	December 15, 2015
3	Ningbo United Innovation of New Energy Investment Management Partnership (Limited Partnership) (寧波聯合創新新能源投資管理合夥企業 (有限合夥))	6,000	6,000	15	Net assets	December 15, 2015
4	Li Ping (李平)	4,000	4,000	10	Net assets	December 15, 2015
Total		40,000	40,000	100	—	—

The total number of shares issued upon the establishment of the Company was 400,000,000 shares with par value of RMB1 per share.

**Article 21** The total share capital of the Company comprises 4,563,608,365 shares, all of which are ordinary shares, including 4,407,693,065 A ordinary shares, representing 96.58% of the total share capital of the Company, and 155,915,300 H ordinary shares, representing 3.42% of the total share capital of the Company.

**Article 22** The Company or its subsidiaries (including affiliated enterprises of the Company) shall not provide financial assistance to others for the acquisition of shares in the Company or its parent company in the form of gifts, advance payments, guarantees, loans, etc., unless it carries out an employee stock ownership plan.

Unless otherwise stipulated by the securities regulatory rules of the place where the shares of the Company are listed, for the benefits of the Company, the Company or its subsidiaries (including affiliated enterprises of the Company) may, upon a resolution by the shareholders' meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders' meeting, provide financial assistance to others for the acquisition of shares in the Company or its parent company, provided that the total accumulative amount of the financial assistance shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by more than two thirds of all the Directors.

Where the violation of the preceding two paragraphs causes losses to the Company, the liable Directors and senior management members shall be liable for compensation.

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

**Article 23** According to the operation and development needs of the Company, subject to the laws, regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders' meetings:

- (I) Issuance of shares to non-specific investors;
- (II) Issuance of shares to specific investors;
- (III) Distribution of bonus shares to existing shareholders;
- (IV) Converting the reserve funds into share capital;
- (V) Other methods as provided for by laws and administrative regulations and prescribed by the CSRC and other securities regulatory bodies in the places where the shares of the company are listed.

**Article 24** The Company may decrease the registered share capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law and other regulations, the Articles of Association.

**Article 25** In accordance with laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, the Company shall not repurchase its own shares, unless otherwise under the circumstances:

- (I) Reducing the Company's registered share capital;
- (II) Merging with other companies which hold our shares;
- (III) Using the shares for an employee stock ownership plan or equity incentive plan;
- (IV) Purchasing its shares from shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;
- (V) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (VI) Necessary for the Company to maintain its value and protect the interests of the shareholders.

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

**Article 26** The repurchase of the Company's shares by the Company may be carried out by one of the following methods:

- (I) Public centralized trading on stock exchanges;
- (II) Method of an offer;
- (III) Other methods recognized by laws and regulations, the CSRC and other regulatory authorities at the place where the Company's shares are listed.

**Article 27** A resolution shall be passed at the shareholders' meeting when the Company is to repurchase its own shares under the circumstances stipulated in (I) and (II) of Article 25 in the Articles of Association. In case of the circumstances stipulated in (III), (V) and (VI) of Article 25 in the Articles of Association, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting pursuant to the provisions of the Articles of Association or the authorization of the shareholders' meeting and in accordance with the applicable securities regulatory rules of the place where the Company's shares are listed.

On the premise of complying with the securities regulatory rules of the place where the company's shares are listed, after the Company has repurchased its own shares in accordance with Article 25 in the Articles of Association, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstances set out in (I) above), or shall be transferred or canceled within six months (under the circumstances set out in (II) and (IV) above). If the Company repurchases its shares under the circumstances set out in (III), (V) and (VI) above, the total number of 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.



When the Company repurchases its own shares, it shall perform the obligation of information disclosure in accordance with the Securities Law and the regulatory rules of securities of the place where the Company's shares are listed. If the share repurchase is made under the circumstances stipulated in (III), (V) or (VI) of Article 25 in the Articles of Association, it shall be conducted through the methods prescribed in Article 26(I) and (II) of the Articles of Association.

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

**Article 28** Shares of the Company shall be transferrable in accordance with the law. All transfers of H Shares shall be effected by way of written instrument of transfer in general or ordinary format or any such other format as acceptable to the Board of Directors (including the standard format of transfer or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). Such instrument of transfer shall only be signed by hand or, if the transferor or the transferee is a company, affixed with a valid seal of such company. If the transferor or transferee is a recognized clearing house (the "Recognized Clearing House") as defined under the relevant ordinances of the Hong Kong laws in force from time to time or the securities regulatory rules of the place where the shares of the Company are listed or an agent thereof, the written instrument of transfer may be signed by hand or in machine-printed form. All instruments of transfer shall be kept at the legal address of the Company or other places as may be designated by the Board of Directors from time to time.

**Article 29** The Company shall not accept its own shares as the subject of pledge.

**Article 30** Shares issued prior to the initial public offering of A shares of the Company shall not be transferred within one year from the date on which the A shares of the Company are listed and traded on the stock exchange. Where laws, administrative regulations or the securities regulatory authority of the State Council have other provisions governing the transfer of company shares held by shareholders and the actual controlling party of a company, those provisions shall prevail.

The Directors and senior management members of the Company shall declare the Company of their holdings of shares of the Company and the changes therein. The shares transferred by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of the same class of shares of the Company. The shares of the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company.

If the shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge within the restricted transfer period.

Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise with respect to the restrictions on the transfer, those provisions shall prevail.



**Article 31** Any gains from sale of Company's shares or other securities with the nature of equity by the Directors and senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with the nature of equity by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, there is an exception for securities companies that hold more than 5% of the shares due to the purchase of surplus shares after the package sale, and other circumstances stipulated by the securities regulatory authority of the State Council.

Shares or other securities with the nature of equity held by Directors, senior management members and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the provision set forth in the first paragraph of this article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company.

And if the Board of Directors fails to implement the provisions set forth in the first paragraph of this article, the responsible Directors shall bear joint and several liability in accordance with law.

## **CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' MEETINGS**

### **Section 1 General Provisions for Shareholders**

**Article 32** The Company shall establish a register of shareholders in accordance with evidentiary documents provided by the securities registration and clearing authorities. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company's shares. The original register of shareholders of H Shares is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

**Article 33** When the Company convenes a shareholders' meeting, distributes dividends, commences liquidation or participates in other activities which require the confirmation of the identification of shareholders, the convener of meetings of the board of directors or the shareholders' meetings shall decide the record date. The shareholders whose names appear on the register of shareholders after the close of trading on the record date shall enjoy the relevant rights.

**Article 34** The rights of our shareholders are as follows:

- (I) To receive dividends and other forms of interest distribution according to the number of shares held;
- (II) To legally require to call, convene, preside over, participate in or authorize proxies of shareholders to attend the shareholders' meeting and exercise corresponding voting rights;
- (III) To supervise operations of the Company, provide suggestions or submit queries;
- (IV) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- (V) To read and copy the Articles of Association, the register of shareholders, shareholders' meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports, and (for shareholders who meet the relevant requirements) to inspect the Company's accounting books and accounting vouchers;
- (VI) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (VII) To require our Company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;
- (VIII) Other rights conferred by laws, administrative regulations, regulations of the authorities, normative documents, securities regulatory rules where the Company's shares are listed, or the Articles of Association.

**Article 35** If the shareholders request access to or reproduction of relevant materials of the Company, they shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

If the shareholder(s) who has held 3% or more of the Company's shares individually or jointly, for more than 180 consecutive days requests to inspect the Company's accounting books or accounting vouchers, the provisions of the second, third and fourth paragraphs of Article 57 of the Company Law shall apply.

The provisions of the previous two paragraphs shall apply to shareholders who request to inspect or replicate the relevant materials of a wholly-owned subsidiary of the Company.

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

If the convening procedures or voting methods of the shareholders' meeting or the meeting of the Board of Directors 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 court to revoke the resolution within 60 days from the date on which the resolution is made, unless there are only minor defects in the convening procedures or voting methods of the shareholders' meeting or the Board meeting, which has no substantive impact on the resolution.

Where the Board, the shareholders and other relevant parties dispute over the validity of a resolution of the shareholders' meeting, they shall promptly file a lawsuit with a People's Court. Before the People's Court makes a judgment or ruling on revocation of the resolution, the relevant parties shall implement the resolution passed by the shareholders' meeting. The Company, its directors and senior management members shall diligently perform their duties and ensure normal operations of the Company.

Where a People's Court has rendered a judgment or ruling on relevant matters, the Company shall fulfil its information disclosure obligations in accordance with the provisions of laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company's shares are listed, fully explain the impact thereof, and actively cooperate with the enforcement after such judgment or ruling becomes effective. Where correction of preliminary matter is involved, the correction shall be promptly made, and the corresponding information disclosure obligation shall be performed.

**Article 37** Under any of the following circumstances, a resolution passed by a shareholders' meeting or a Board meeting shall be invalid:

- (I) the resolution is passed without a shareholders' meeting or a Board meeting being held;
- (II) the resolution is not voted on at a shareholders' meeting or a Board meeting;
- (III) the number of persons attending the meeting or the number of voting rights held by them 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 by them 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.

**Article 38** In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the Directors or senior management members other than the members of the Audit Committee (other than the members of the audit committee) when performing their duties in the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the audit committee to file an action with the court. Where the members of the audit committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Board of Directors to file an action with the court.

In the event that the audit committee or the Board of Directors refuse to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company.

In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholder(s) specified in the first paragraph of this article may file an action with the court pursuant to the provisions of the preceding two paragraphs.

Where any director, supervisor (if any) or senior management member of a wholly-owned subsidiary of the Company, in the course of performing his or her duties, violates any law, administrative regulation or the provisions of the Articles of Association and causes losses to the Company, or where any other person infringes upon the lawful rights and interests of the wholly-owned subsidiary and causes losses thereto, any shareholder individually or jointly holding 1% or more of the Company's shares consecutively for more than 180 days may, in accordance with the first three paragraphs of Article 189 of the Company Law, make a written request to the board of supervisors (if any) or the board of directors of the wholly-owned subsidiary to initiate legal proceedings with the People's Court, or directly file a lawsuit in its own name with the People's Court. Where the wholly-owned subsidiary does not have a board of supervisors or supervisors but has established an audit committee, the provisions of the first and second paragraphs of this Article shall apply accordingly.

**Article 39** If any Director or senior management member is in violation of laws, administrative regulations or the Articles of Association, which causes damage to the interests of shareholders, the shareholders may file an action with the court.

**Article 40** The obligations of shareholders are as follows:

- (I) To abide by laws, administrative regulations and the Articles of Association;
- (II) To provide share capital according to the shares subscribed and the subscription methods;
- (III) Not to withdraw share capital unless prescribed otherwise in laws and administrative regulations;
- (IV) Not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the Company's creditors;
- (V) To perform other duties prescribed in laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

**Article 41** Shareholders of a company who abuse their shareholders' rights and cause the company or other shareholders to suffer damages shall bear compensation liability in accordance with the law. Shareholders of a company who abuse the independent legal person status of the company and limited liability of shareholders to evade debts and cause damage to the interests of the creditors of the company shall bear joint liability for the company's debt.

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

**Article 42** The controlling shareholder and actual controller of the Company shall exercise their rights and perform their obligations in accordance with the provisions of laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place where the Company's shares are listed, and shall safeguard the interests of the Company.

**Article 43** The controlling shareholder and actual controller of the Company shall comply with the following provisions:

- (I) to exercise shareholder rights in accordance with the law, and shall not abuse control rights or use connected relationship to damage the legitimate interests of the Company or other shareholders;
- (II) to strictly perform any public statements and undertakings made, and shall not alter or waive them without authorization;
- (III) to strictly fulfil information disclosure obligations in accordance with the relevant requirements, proactively cooperate with the Company in information disclosure, and promptly notify the Company of any significant events that have occurred or are proposed to occur;
- (IV) not to occupy the Company's funds in any manner;
- (V) not to coerce, instruct or require the Company and any relevant personnel to provide guarantees in violation of laws or regulations;
- (VI) not to use undisclosed material information of the Company for personal gain, not to disclose any undisclosed material information of the Company in any manner, and not to engage in insider trading, short-swing trading or market manipulation;
- (VII) not to harm the legitimate interests of the Company and other shareholders through any unfair connected transactions, profit distributions, asset reorganizations or external investments;
- (VIII) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to compromise the independence of the Company in any way; and
- (IX) other provisions of laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Where a controlling shareholder or actual controller of the Company does not serve as a director of the Company but actually performs the duties of the Company's affairs, such person shall be subject to the provisions on the fiduciary and diligence duties applicable to directors under the Articles of Association.

Where a controlling shareholder or actual controller instructs any director or senior management member to engage in conduct detrimental to the interests of the Company or its shareholders, such controlling shareholder or actual controller shall bear joint and several liability with such director or senior management member.

**Article 44** Where the controlling shareholder or actual controller pledge the shares of the Company held or actually controlled by them, they shall maintain the stability of the Company's control and production and operation.

**Article 45** Where the controlling shareholder or actual controller transfer the shares they held in the Company, they shall comply with the restrictive provisions on share transfer under laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place where the Company's shares are listed, as well as any undertakings made by them regarding share transfer restrictions.

### **Section 3 General Provisions for Shareholders' Meetings**

**Article 46** The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting is the organ of authority of the Company, which exercises the following functions and powers in accordance with the law:

- (I) To elect and replace Directors and to decide on matters relating to the remuneration of Directors;
- (II) To examine and approve the reports of the Board of Directors;
- (III) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;
- (IV) To decide on the increase or decrease of the Company's registered capital;
- (V) To decide on the issue of corporate bonds by the Company;
- (VI) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (VII) To amend the Articles of Association;
- (VIII) Resolution on appointment and dismissal of an accounting firm conducting audit services for the Company by the Company;
- (IX) To examine and approve the guarantees stipulated in Article 49 hereof that need to be examined and approved by the shareholders' meeting;
- (X) To examine matters relating to the purchases and sales of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets (excluding the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets relevant to daily operation, but including the purchase and sale of such assets involved in asset replacement);



- (XI) To examine and approve matters relating to changes in the use of proceeds;
- (XII) To examine and approve the equity incentive plans and employee stock ownership plans;
- (XIII) To examine other matters as required by the laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association of the Company, which shall be decided by the shareholders' meeting.

The shareholders' meeting may authorize the Board of Directors to make resolutions on issuance of bonds by the Company.

**Article 47** According to the Rules Governing the Listing of Shares on the ChiNext of the Shenzhen Stock Exchange, save as otherwise required by the securities regulatory rules of the place where the Company's shares are listed or its corporate governance system, the following transactions of the Company shall be submitted to the shareholders' meeting for deliberation and approval:

- (I) If the total assets involved in the transaction account for more than 50% of the Company's latest audited total assets, and the total assets involved in the transaction have both book value and appraised value, the higher one will be used in calculation (but of which, the purchase or disposal of material assets exceeding 30% of the Company's latest audited total assets shall be governed by the provisions of item (X) of paragraph 1 under Article 46 of the Articles of Association);
- (II) If the relevant operating income of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 50% of the audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB50 million;
- (III) If the relevant net profit of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million;
- (IV) If the transaction amount (including assumed debts and expenses) of the transaction accounts for more than 50% of the Company's net assets as audited in the latest period, and the absolute amount exceeds RMB50 million;
- (V) If the profits arising from the transaction account for more than 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million;
- (VI) other transactions that shall be decided by the shareholders' meeting according to the relevant laws and regulations or the securities regulatory rules of the place where the Company's shares are listed.

If the data involved in the indicator calculation in the item (I) to (V) above are negative, the absolute value shall be taken for the purpose of calculation.



Except for matters otherwise stipulated for in the Company system such as provision of guarantees and entrusted wealth management and the business rules of the Shenzhen Stock Exchange, when the Company conducts transactions of the same category and related to the subject for 12 consecutive months, it shall apply the principle of cumulative calculation for 12 consecutive months, applicable to paragraph 1 under this Article. Obligations that have been performed in accordance with paragraph 1 under this Article shall no longer be included in the relevant cumulative calculation.

According to the Hong Kong Listing Rules, save as otherwise required by the securities regulatory rules of the place where the Company's shares are listed or its corporate governance system, the following transactions of the Company shall be submitted to the shareholders' meeting for deliberation and approval:

- (I) If the total assets involved in the transaction account for 25% or more of the total assets of the Company as stated in its latest audited accounts or latest interim report (whichever is the more recent, and adjusted for any dividend amount proposed in the relevant accounts and any dividend declared after the publication of the relevant accounts or interim report);
- (II) If the profits attributable to the assets involved in the transaction account for 25% or more of the audited profits of the Company for the latest financial year;
- (III) If the revenue attributable to the assets involved in the transaction account for 25% or more of the audited revenue of the Company for the latest financial year;
- (IV) If the consideration accounts for 25% or more of the average closing price of the Company's securities as stated in the daily quotation sheets of the Stock Exchange of Hong Kong for the five business days immediately preceding the date of the relevant transaction;
- (V) If the number of shares issued by the Company as consideration accounts for 25% or more of the total number of issued shares of the Company immediately before the relevant transaction;
- (VI) other transactions that shall be decided by the shareholders' meeting according to the relevant laws and regulations or the securities regulatory rules of the place where the Company's shares are listed.

"Transactions" as mentioned in this article include:

- (I) Purchase or disposal of assets;
- (II) External investment (including entrusted wealth management, investment in subsidiaries, etc., and excluding establishment or capital increase of wholly-owned subsidiaries);
- (III) Provision of financial assistance (including entrusted loans);
- (IV) Provision of guarantees (refers to provision of guarantee by the Company to other parties, including guarantee provided for controlling subsidiaries);

- (V) Lease-in or lease-out of assets;
- (VI) Signing management contract (including entrusted or trusted operations, etc.);
- (VII) Donating or receiving assets;
- (VIII) Credit and debt reorganization;
- (IX) Transfer of research and development projects;
- (X) Conclusion of franchise agreements;
- (XI) Waiver of rights (including waiver of pre-emptive right, priority for invited capital contribution, etc.);
- (XII) Transactions identified by other laws, administrative regulations, department rules, normative documents, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the Shareholders' Meeting of the Company.

Unless otherwise provided by the regulatory rules of securities of the place where the shares of the Company are listed, the following activities of the Company shall not fall within the matters stipulated in the foregoing paragraph:

- (I) Purchase of raw materials, fuel and power related to daily operations (excluding asset purchase or disposal involved in asset replacement);
- (II) Sale of products and goods relating to daily business operations (excluding asset purchase or disposal involved in asset replacement);
- (III) Transactions specified in the preceding paragraph but are part of the Company's main business activities.

Provided that the Company's transactions comply with the securities regulatory rules of the place where the Company's shares are listed, the Company may apply to the stock exchange for exemption from submitting the relevant transactions to the Shareholders' Meeting for consideration.

**Article 48** As for the transaction in which the Company receives benefits unilaterally, including receiving cash assets as gift, being granted debt reduction or relief, etc., the Company may be exempted from the provision of performing the consideration procedures of the shareholders' meeting according to the first paragraph of Article 42 of this Articles of Association.

Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, when a transaction of the Company only meets the standards as set out in the item (III) or item (V) of the first paragraph of Article 42 of this Articles of Association, and the absolute value of the earnings per share in the latest financial year of the Company is less than RMB0.05, the Company may be exempted from the provision of performing the consideration procedures of the shareholders' meeting according to Article 42 of this Articles of Association.

**Article 49** The following acts of external guarantee of the Company shall be submitted to the shareholders' meeting for deliberation and approval:

- (I) A single guarantee for an amount of more than 10% of the Company's net assets audited in the latest period;
- (II) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlling subsidiaries has exceeded 50% of the Company's net assets as audited in the latest period;
- (III) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries has exceeded 30% of the Company's total assets audited in the latest period;
- (IV) Any guarantee to be provided to a party whose ratio of liabilities to assets exceeds 70%;
- (V) Basis of the cumulative guarantee amount within twelve consecutive months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;
- (VI) The total amount of guarantee provided by a company exceeds 50% of the latest audited net assets of the company within twelve consecutive months and the absolute amount exceeds RMB50 million;
- (VII) The guarantee to be provided to a shareholder, or to an actual controller or related party thereof;
- (VIII) Other guarantees required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters requiring external guarantees to be submitted for review by the Company's shareholders' meeting must first be reviewed and approved by the Company's Board of Directors before they can be submitted for review by the shareholders' meeting. When the Board of Directors reviews the guarantee matters, approval must be obtained from more than two-thirds of the Directors present at the Board meeting. When the shareholders' meeting reviews the guarantee 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 shareholders' 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 shareholders' meeting. If the Company provides guarantees for the controlling shareholders, actual controller, and their affiliates, the controlling shareholder, actual controller, and their affiliates shall provide counter-guarantees.

The Company may provide guarantees for wholly-owned subsidiaries, or for controlled subsidiaries where other shareholders of the controlled subsidiary provide guarantees in proportion to their equity interests, and in compliance with the securities regulatory rules of the place where the Company's shares are listed, such guarantees may be exempted from the provision of submission for review by the shareholders' meeting if they fall under items (I), (II), (IV), or (VI) of the first paragraph of this article.

**Article 50** Financial assistance shall be reviewed and approved by the Board of Directors before being considered by the shareholders' meeting if it falls under any of the following circumstances:

- (I) The latest audited asset-liability ratio of the target of financial assistance exceeds 70%;
- (II) The amount of a single financial assistance or the aggregated amount of financial assistance provided in 12 consecutive months exceeds 10% of the Company's net assets as audited in the latest period;
- (III) Other circumstances as provided by securities regulatory rules of the place where the Company's shares are listed or this Articles of Association.

Under the compliance with the securities regulatory rules of the place where the Company's shares are listed, when the target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company, and other shareholders of such controlling subsidiary do not include the controlling shareholders, actual controllers and related parties of the Company, such financial assistance shall be exempted from the provision of the preceding paragraph.

**Article 51** Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, for connected transactions (save for provision of guarantee) between the Company and a related party in amount of more than RMB30 million and representing more than 5% of the absolute value of the Company's net assets as audited in the latest period, they shall be submitted for review by the shareholders' meeting and the evaluation or audit report shall also be disclosed as required. For the connected transaction relevant to daily operations of the Company, the assessment or audit of its subject matter may be omitted.

Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, the following transactions entered between the Company and related parties may be exempted from the provision of submission to the shareholders' meeting for consideration according to the first paragraph of this Article:

- (I) The Company's participation in public tenders and public auctions for unspecified targets (excluding restricted methods such as invitations to bid);
- (II) The Company unilaterally benefits from the transaction, including receiving cash assets as gift, being granted debt reduction or relief, accepting guarantee and assistance, etc.;
- (III) The connected transaction price is determined in accordance with the requirements of the state;

- (IV) The connected party provides funds to the Company at an interest rate not higher than the prevailing benchmark lending rate published by the People's Bank of China, and no corresponding guarantees are provided by the Company;
- (V) The Company provides products and services to director(s) or senior management member(s) on the same terms as those of transactions between the Company and non-related parties.

**Article 52** If the single or cumulative amount of the external donations (including cash donations and donations of physical assets, of which the value of physical assets is calculated according to the net book value) made by the Company within each fiscal year exceeds 5% of the absolute amount of the Company's audited net profit for the latest fiscal year, the external donations shall be implemented upon exam and approval at the shareholders' meetings. Donations made to the same subject and the same event shall be regarded as a single donation within twelve consecutive months and calculated on a cumulative basis. If the cumulative external donations made within the same fiscal year have performed the relevant review procedures in accordance with the aforesaid provisions, they are no longer included in the relevant cumulative calculation.

**Article 53** The shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

**Article 54** The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

- (I) The number of Directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (II) The uncovered losses of our Company reach one-third of its total share capital;
- (III) A request from shareholders who separately or jointly hold 10% or more shares in the Company;
- (IV) The Board of Directors considers it necessary;
- (V) The audit committee proposes that such a meeting shall be held;
- (VI) Other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The calculation of shareholding percentage stipulated in above item (III) shall take the date when the shareholders request in writing as the calculation base date.

**Article 55** The venue of shareholders' meetings of the Company shall be the place specified in the notice of the shareholders' meetings.

The shareholders' meetings of the Company shall set up a venue and be convened by means of physical meeting, and may also be convened by means of electronic communication at the same time. The Company could also provide online voting to facilitate shareholders' participation in the shareholders' meetings.

**Article 56** When convening a shareholders' meeting, the Company shall engage legal advisers to provide legal opinions on the following issues and make an announcement:

- (I) Whether the procedures of convening and holding the meeting comply with the provisions of 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 Assembling of Shareholders' Meetings**

**Article 57** The Board of Directors shall convene the shareholders' meeting within the time limit specified.

After obtaining the consent of a majority of all independent directors, an independent director has the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within ten days of receipt, indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting. If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five days after making the board resolution. If the Board of Directors disagrees to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.

**Article 58** The audit committee has the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within ten days of receipt, indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the audit committee.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting, or fails to provide feedback within ten days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the shareholders' meeting. In such cases, the audit committee may convene and preside over the meeting on its own.

**Article 59** Shareholders who individually or collectively hold more than 10% of the company's shares have the right to request the Board of Directors to convene an extraordinary shareholders' meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within ten days of receipt, indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting.



If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within ten days of receipt, shareholders who individually or collectively hold more than 10% of the company's shares propose to the audit committee to convene an extraordinary shareholders' meeting and shall submit such request in writing to the audit committee.

If the audit committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

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

**Article 60** Where the audit committee or shareholders decide to convene a shareholders' meeting on their own initiatives, they shall notify the Board of Directors in writing and file the records with the SZSE at the same time.

The audit committee or the convening shareholders shall submit the relevant supporting materials to the SZSE when issuing the notice of the shareholders' meeting and the notice of the resolution of the shareholders' meeting.

Prior to the announcement of the shareholders' meeting resolution, the shareholding of the convening shareholders shall not be less than 10%.

**Article 61** For the shareholders' meetings convened by the audit committee or shareholders on their own initiatives, the Board of Directors and the Secretary of the Board shall cooperate with the audit committee or the shareholders. The Board of Directors shall provide the register of members as at the shareholding registration date. The expenses necessary for the shareholders' meeting convened by the audit committee or the shareholders on their own initiatives shall be borne by the Company.

## **Section 5 Proposals and Notices of Shareholders' Meetings**

**Article 62** The matters contained in a proposal shall be fall within the terms of reference of the shareholders' meeting and shall have explicit topics and specific matters for resolution, and shall be in compliance with the relevant provisions of laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the company's stock is listed and the Articles of Association.

**Article 63** The company may convene a shareholders' meeting, and the Board of Directors, the audit committee, as well as shareholders who individually or collectively hold more than 1% of the company's shares, have the right to submit proposals to the company.



Shareholders who individually or collectively hold more than 1% of the company's shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders' meeting. The temporary proposal must have a clear agenda and specific resolution items. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for deliberation. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the company's Articles of Association, or if it is not within the scope of the shareholders' meeting's authority. If, according to the securities regulatory rules of the place where the company's stock is listed, the shareholders' meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the company's stock is listed.

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

Any proposal that is not stated in the notice of the shareholders' meeting or do not comply with the Articles of Association shall not be voted and approved at the shareholders' meeting.

**Article 64** The convener shall notify each shareholder in writing (including by announcement) at least 21 days before the annual shareholders' meeting, and at least 15 days before the special shareholders' meeting.

**Article 65** A notice of a shareholders' 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 shareholders' 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 record date of registration of Shareholders entitled to attend the shareholders' meeting;
- (V) the name and telephone number of the regular contact person for the meeting;
- (VI) the time and procedure for voting online or through other means;
- (VII) Other requirements.

**Article 66** If the proposal for the election of directors is submitted to the shareholders' meeting, the notice of such shareholders' meeting shall fully disclose the details of the candidates for directors, and shall at least include the following particulars:

- (I) educational background, working experience and part-time jobs and other information, working experience in entities such as shareholders holding 5% or more of the Company's shares, actual controllers, and positions as directors, supervisors, or senior management members in other institutions in the past five years;
- (II) whether the candidates are related with the Company or its controlling shareholders or actual controllers, shareholders holding 5% or more of the shares and their actual controllers, or other directors and senior management members of the Company;
- (III) their shareholdings in the Company;
- (IV) whether the candidates have been subject to penalties by the CSRC or other relevant authorities or disciplinary sanctions by any stock exchanges, and whether they are under investigation by judicial authorities for suspected crimes or by the CSRC for suspected violations of laws and regulations, with no clear conclusion yet;
- (V) whether there are circumstances that disqualify the candidates from being nominated as directors, and whether they meet the qualifications for appointment required by laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association;
- (VI) whether the candidates have been listed on the public information platform regarding violations and breaches of integrity in the securities and futures markets by the CSRC or included in the list of dishonest debtors subject to execution by the People's Court;
- (VII) other requirements by the securities regulatory rules of the place where the company's stock is listed.

Except for the election of directors by cumulative voting system, a separate proposal shall be submitted for each director candidate.

**Article 67** After the shareholders' meeting notice has been issued, the meeting should not be postponed or canceled without a valid reason, and the proposals listed in the notice should not be canceled. In the event of a postponement or cancellation, the convener shall announce and explain the reasons at least two trading days before the originally scheduled date. If the securities regulatory rules of the place where the company's stock is listed have special provisions regarding the procedures for postponing or canceling a shareholders' meeting, these provisions shall be followed, provided that they do not violate the regulatory requirements of the domestic jurisdiction.

## **Section 6 Convening of Shareholders' Meetings**

**Article 68** The Board of Directors and other convener of the Company will take necessary measures to safeguard the normal order of the shareholders' meeting. Behavior such as disruption of the meeting, provocation of trouble and infringement on the legitimate rights and interests of shareholders will be prevented and promptly reported to relevant authorities for investigation.

**Article 69** All shareholders or their proxies registered on the record date for equity registration shall be entitled to attend the shareholders' meeting. They shall have the right to exercise voting rights in accordance with relevant laws, regulations, and 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 company's stock is listed).

Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

**Article 70** Individual shareholders who attend the meeting in person shall show their own identification cards, or other valid documents or certificates to show their identity. The proxy appointed by a shareholder to attend the meeting shall present his own identification card and a written power of attorney issued by the shareholder.

Corporate shareholders shall attend the meeting by its legal representative or the proxy appointed by its legal representative. Where the legal representative attends the meeting, he/she shall present his/her identification card and valid proof that can prove his/her qualification as legal representative; and where a proxy attends the meeting, the proxy shall present his/her own identification card, and the written power of attorney legally issued by the legal representative of the corporate shareholder (except for shareholders that are recognized clearing houses and their proxies).

**Article 71** The written power of attorney issued by the shareholder appointing his or her proxy to attend the shareholders' meeting shall state:

- (I) name or title of the appointer, and the class and number of shares of the Company held;
- (II) name of the proxy;
- (III) specific instructions given by the shareholder, including instruction to vote for or against or abstain from voting on each and every issue included in the agenda of the shareholders' meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) the signature (or seal) of the appointer. If the appointer is a corporate shareholder, the power of attorney shall be affixed with the seal of the corporate shareholder, or signed by its director or a duly appointed proxy.

**Article 72** Where such form of proxy is signed by a person under a power of attorney on behalf of the appointer, such power of attorney or other authorization document shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged at the Company's premises or such other place designated in the notice convening the meeting.

If the shareholder is a recognized clearing house (or its agent), such shareholder shall be entitled to authorize one or more persons it thinks fit to act as its proxy at any shareholders' meeting and creditors' meeting. However, if more than one person is appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The power of attorney shall be signed by the person authorized by the recognized clearing house. The proxies so appointed may represent the recognized clearing house (or its agent) in attending the meeting (without being required to present share certificate, certified power of attorney and/or further evidence to prove due authorization) and exercising rights as if that proxy is an individual shareholder of the Company, and shall be entitled to the legal rights equivalent to those of the other shareholders, including the right to speak and vote.

**Article 73** The Company shall be responsible for preparing a register of attendees of the meeting. Such register shall record name (or company name), ID Card no., number of voting shares held or represented, name (or company name) of appointer and other matters of the attendees.

**Article 74** The convener and the counsel engaged by the Company shall jointly verify the legality of the shareholders' qualifications in accordance with the register of shareholders provided by the Securities Depository and Clearing Institution, and record and register the name of the shareholders and the number of voting shares held by such shareholders. The registration process shall end before the presider of the meeting announces on site the number of shareholders and proxies that attend the meeting, and the total number of their voting shares.

**Article 75** If the shareholders' meeting requires directors and senior management members to attend the meeting as observers, the directors and senior management members shall attend the meeting and accept shareholders' inquiries.

**Article 76** The shareholders' meeting shall be presided over by the chairman of the board. If the chairman is unable or fails to perform his duties, the meeting shall be presided over by the co-chairman or vice-chairman elected by a majority of the directors; if the co-chairman and vice-chairman are unable or fail to perform their duties, one director shall be elected by a majority of the directors to preside over the meeting.

If the shareholders' meeting is convened by the audit committee, it shall be presided over by the chairperson of the audit committee. If the chairperson of the audit committee is unable or fails to perform his/her duties, one member of the audit committee shall be elected by a majority of members of the audit committee to preside over the meeting.

If the shareholders' meeting is convened by the shareholders themselves, the conveners or a representative elected by the conveners shall preside over the meeting.

If the presiding officer of the meeting violates the rules of procedure and prevents the meeting from proceeding, upon the agreement of more than half of the shareholders present and entitled to vote, the shareholders' meeting may elect one person to serve as the presiding officer to continue the meeting.

**Article 77** The company shall establish rules of procedure for the shareholders' meeting, which shall detail the procedures for calling, convening and voting at the shareholders' meeting, including notification, registration, review of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, minutes and signing, and announcement. The rules shall also specify the principles and specific content of the authorization granted by the shareholders' meeting to the Board of Directors. The rules of procedure for the shareholders' meeting shall be an appendix to the company's Articles of Association, drafted by the Board of Directors, and approved by the shareholders' meeting.

**Article 78** In a shareholders' meeting, the Board of Directors shall make a report to the shareholders' meeting in respect of their work in the previous year. Every independent director shall also make a report on work.

**Article 79** Directors and senior management members shall make explanations and statements in respect of shareholders' inquiries and advices in the shareholders' meeting.

**Article 80** The presiding officer shall announce the number of shareholders and proxies attending the meeting and the total of voting shares held thereby, which shall be based on the meeting registration.

**Article 81** Minutes of the shareholders' meeting shall be prepared by the Board secretary. The minutes shall record:

- (I) the time, venue, agenda and form of the meeting, the circulation of the notice on the meeting and other basic information as well as the names of the conveners;
- (II) the names of the presiding officer and directors and senior management members who attend the meeting as non-voting delegates;
- (III) the number of shareholders and proxies attending the meeting, the total of voting shares held thereby and the proportion of such voting shares in the total of the Company's shares;
- (IV) deliberation process, speech highlights and voting results of each proposal;
- (V) inquiries or advices of shareholders and corresponding replies or explanations;
- (VI) the names of solicitor, tellers and scrutinizers;
- (VII) other contents which shall be recorded in the minutes in accordance with the Articles of Association.

**Article 82** Conveners of the shareholders' meeting shall ensure the trueness, accuracy and completeness of the minutes. Directors, the Board secretary, conveners or their representatives and the meeting officer attending the meeting as voting or non-voting delegates shall sign on the minutes.

The minutes shall be kept together with the book of signatures of shareholders attending the meeting in person, the proxy statements and valid materials establishing the voting by other means for at least ten years.

**Article 83** A convener shall ensure that a shareholders' meeting shall be held continuously until a final resolution is formed. In the event that a shareholders' meeting is suspended or no resolutions can be made thereat due to special circumstances such as force majeure, the convener shall take necessary measures to restore the meeting as soon as possible or directly terminate the meeting, and make an announcement promptly. Meanwhile, the convener shall report to the local office of CSRC and Shenzhen Stock Exchange.

## **Section 7 Voting at and Resolutions of the Shareholders' Meetings**

**Article 84** The resolutions of the shareholders' meeting are divided into ordinary resolutions and extraordinary resolutions.

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

An extraordinary resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

All references to shareholders in this article shall include those appointing a proxy or proxies to attend the shareholders' meeting.

**Article 85** The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

- (I) Work reports of the Board of Directors;
- (II) Plans of earnings distribution and recovery of losses schemes drafted by the Board of Directors;
- (III) Appointment or dismissal of the members of the Board of Directors, their remunerations and the payment method;
- (IV) Other matters other than those approved by extraordinary resolutions stipulated in the laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

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

- (I) The increase or reduction of the registered capital of the Company;
- (II) The division, merger, dissolution and liquidation of the Company;
- (III) Any amendment to the Articles of Association;
- (IV) The purchase and sale of material assets or amount of guarantee provided to others by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;
- (V) Share incentive plan;



- (VI) Other matters as required by the laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and considered by the shareholders' 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 an extraordinary resolution.

**Article 87** Shareholders 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 securities regulatory rules at 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 shareholders' 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 shareholders' meeting.

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63 (I) and (II) 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 shareholders' meeting for 36 months after the purchase.

In accordance with the requirements of relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on the relevant proposal, or restricts any shareholder from voting only for or against the designated proposal, any vote taken by such shareholder or his representative in violation of the aforesaid provisions or restrictions shall not be counted in the voting results.

The Board of Directors of a company, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws and regulations, may act as solicitors, either by themselves or by entrusting securities companies or securities service institutions, to publicly request shareholders to entrust them to attend shareholders' meetings on their behalf and exercise shareholder rights such as the right to propose and vote on their behalf, but shall not publicly solicit shareholder rights in a paid or disguised paid manner. Except for the statutory conditions, the Company shall not impose a minimum shareholding restriction on the solicitation of voting rights.

The solicitor shall disclose the solicitation announcement and related solicitation documents in accordance with regulations, and disclose the progress and results of the solicitation in accordance with regulations, and the Company shall cooperate. If the solicitor holds the company's shares, it shall promise not to transfer the shares held before the announcement of the resolution of the shareholders' meeting to deliberate the solicitation proposal.

The solicitor may use electronic means to publicly solicit shareholders' rights to facilitate the entrustment of shareholders, and the company shall cooperate.

If the solicitor only puts forward voting opinions on some of the proposals at the shareholders' meeting, it shall also solicit the voting opinions of shareholders on other proposals and vote on their behalf according to their opinions.



**Article 88** When the shareholders' meeting reviews matters related to related-party transactions, associated shareholders shall not participate in the voting, and the number of shares they represent with voting rights shall not be included in the total number of valid votes; the announcement of the shareholders' meeting resolution shall fully disclose the voting situation of non-associated shareholders.

When the shareholders' meeting reviews matters related to associated transactions, directors (including authorized agents) who have an associated relationship with such matters may attend the shareholders' meeting and may explain their views to the attending shareholders in accordance with the meeting procedures, but they must abstain from voting.

An ordinary resolution on associated transactions at a shareholders' meeting shall be valid only if it is passed by more than half of the voting rights held by the non-associated shareholders present at the shareholders' meeting. However, if the associated transaction involves matters shall be passed by an extraordinary resolution, the resolution of the shareholders' meeting shall be valid only if it is passed by more than two-thirds of the voting rights held by the non-associated shareholders present at the shareholders' meeting.

**Article 89** The Company shall, on the premise of ensuring the legality and effectiveness of the shareholders' meeting, provide modern information technology means such as online voting platforms in priority through various ways and channels, so as to facilitate the participation of shareholders in the shareholders' meeting.

**Article 90** Except under special circumstances such as crisis, the Company shall not enter into any contract with any person other than the directors and senior management members to hand over all the management responsibilities or that of important businesses, unless it is approved through extraordinary resolutions by the shareholders' 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 212 of the Articles of Association.

**Article 91** The list of candidates for the directors shall be proposed to the shareholders' meeting for voting by way of proposals. The methods and procedures for the nomination of the directors are as follows:

- (I) when a re-election of the Board of Directors or an additional or replacement of director made by the Board of Directors takes place, incumbent Board of Directors and shareholders individually or collectively holding 1% or more of the Company's shares may nominate candidates, without exceeding the number of persons to be elected, for the position of director for the next session of the Board of Directors or additional candidates for the position of director who are not staff representatives; candidates for independent directors may be proposed by the incumbent Board of Directors or shareholders who individually or collectively holding 1% or more of the issued shares of the Company.

- (II) the incumbent Board of Directors shall conduct qualification review of the nominated candidates for the directors and submit them to the shareholders' meeting for election.
- (III) at request of the Company, the candidates for the position of director shall undertake to the Company in written form the followings, including but not limited to, agreeing to accept the nomination, undertaking that the information submitted about themselves are true and complete, and warranting that they will duly perform the duties upon successful election.

The Company shall implement a cumulative voting system in the election of directors, except where one director is to be elected. In the election of directors at the shareholders' meeting, votes for independent directors and non-independent directors shall be conducted separately.

The cumulative voting system referred to in the preceding paragraph means each share shall have the same voting right as the number of directors to be elected, when election of directors is voted at the shareholders' meeting. The voting right held by shareholders may be used collectively. The Board of Directors shall announce the resumes and basic particulars of the candidates for directors to the shareholders.

**Article 92** In addition to the cumulative voting system, the shareholders' meeting shall resolve on all the proposals separately. In the event of several proposals for the same issue, such proposals shall be voted in the order of time when they are submitted. Unless the shareholders' meeting is suspended or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' meeting.

**Article 93** No amendment shall be made to a proposal when it is considered at a shareholders' meeting, if an amendment is made, it shall be deemed as a new proposal and shall not be voted at the current meeting.

**Article 94** The same voting right can only be exercised in only one form: onsite, over the network or other means. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 95** At any shareholders' meeting, voting shall be conducted by open ballot.

**Article 96** Before the relevant proposed resolution is voted on at the shareholders' meeting, at least two representatives of shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll. Any shareholder who is connected with the matter under consideration and such shareholder and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

When votes are cast on proposals at the shareholders' meeting, the lawyers and shareholder representatives shall be jointly responsible for counting and scrutinizing votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes.

Shareholders of the Company or their proxies, who have cast their votes by online voting or by other means, shall have the right to check the voting results in the way in which they have cast their votes.

**Article 97** An on-site shareholders' meeting shall not end before that held on-line or by other means, and the chairperson of the meeting shall announce the voting status and results of each proposal and announce whether the proposal is adopted or not based on the voting results.

Prior to the formal announcement of voting results, the relevant parties involved in relation to the on-site, on-line and other voting at the shareholders' meeting, including the Company, the persons responsible for counting votes and scrutinizing the voting, the shareholders, and the internet service provider, shall be obliged to keep the voting status confidential.

**Article 98** The shareholders with voting rights attending the shareholders' meeting shall express one of the following opinions on the proposal to be voted on: for, against, or abstain. Save for the circumstance under which the securities registration and settlement institution acting as the nominal holder of shares under the mutual stock market access between the Mainland and Hong Kong makes reporting in accordance with the instruction of the de facto holders of relevant shares.

A blank, wrongly filled, or illegible vote, or an uncast vote shall be deemed to be a waiver of the voting right of the voter, and the voting result for the number of shares he/she holds shall be accounted as "abstention".

**Article 99** If the chairperson of the meeting has any doubts as to the result of a resolution which has been put to vote at the shareholders' meeting, he/she may have the votes counted. If the chairperson of the meeting has not counted the votes, any shareholder present in person or by proxy who objects to the result announced by the chairperson of the meeting may, immediately after the declaration, demand that the votes be counted, and the chairperson of the meeting shall have the votes counted immediately.

**Article 100** Resolutions of shareholders' meetings shall be announced in a timely manner. The announcements shall set forth the number of shareholders and proxies present at the meeting, the total number of voting shares held and the proportion to the total number of voting shares of the Company, the voting method, the voting results on each proposal and the details of each of the resolutions passed.

**Article 101** Where a proposal has not been passed or the resolutions of the preceding shareholders' meeting have been changed at the current shareholders' meeting, special mention shall be made in the announcement of the resolutions of the shareholders' meeting.

**Article 102** Where proposals on the election of directors are passed at the shareholders' meeting, the newly appointed directors shall take office from the date when the resolution is passed at the shareholders' meeting until the date of expiry of the term of office of the current session of the Board of Directors.

**Article 103** If the shareholders' meeting passes the proposal on cash dividends, bonus shares or conversion of capital reserve into share capital, the Company shall implement the specific scheme in two months after the end of the shareholders' meeting. If the specific scheme cannot be implemented within two months due to the laws and regulations or the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific scheme may be adjusted accordingly in accordance with such regulations and the actual situation.

## CHAPTER 5 DIRECTORS AND BOARD OF DIRECTORS

### Section 1 General Provisions for Directors

**Article 104** Directors of the Company shall be individuals, and a person may not serve as a director of the Company in case of any of the following circumstances:

- (I) the person without civil conduct capacity or with limited civil conduct capacity;
- (II) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding 2 years from the date of expiry of the probationary period;
- (III) the person who is a former director, factory director or General Manager (President) of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (IV) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license;
- (V) the person listed as a judgment defaulter by the court of the PRC because the amount of debt he/she bears is relatively large and the debt is not paid off when it is due;
- (VI) the person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;
- (VII) the person who has been disqualified as a director or senior management member of a listed company recognized by the stock exchange and the period has not expired;
- (VIII) other contents stipulated by laws, administrative regulations, departmental rules, normative documents or the securities regulatory rules of the place where the Company's shares are listed.

Where a director is elected in violation of this Article, the election shall be invalid. If a director falls under the provisions above during his or her tenure, the Company shall dismiss him or her from office and terminate his or her duties.

**Article 105** Directors not appointed by employee representatives are elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term. The term of office for directors is three years, and they may be re-elected for consecutive terms. If the securities regulatory rules of the place where the Company's shares are listed have other provisions regarding the re-election of directors, such provisions shall apply.

Employee representative director shall be elected and removed by the Company's employee congress, employee assembly or other democratic forms, and do not require consideration at the shareholders' meeting.

The term of office for directors begins on the date of their appointment and ends when the current Board of Directors' term expires. If the term of office for directors expires and a timely re-election has not taken place, the outgoing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until the newly elected directors take office.

Subject to the securities regulatory rules of the place where the Company's shares are listed, if the Board of Directors appoints new directors to fill a temporary vacancy or to increase the number of directors, the term of the appointed director shall only extend to the first annual shareholders' meeting following their appointment, at which time they shall be eligible for re-election.

The Company shall not replace more than half of the total number of directors within any continuous twenty-four-month period; however, this limitation does not apply if a director resigns or is removed from office for violating laws, administrative regulations, or the Articles of Association, resulting in the number of directors falling below the number stipulated in the Articles of Association.

Directors who are re-elected for consecutive terms are not considered to be replaced or newly elected under this provision. Directors may concurrently hold the senior management members' positions, but the total number of directors who concurrently hold the position of senior management members' positions and are appointed by employee representatives, shall not exceed half of the total number of directors of the Company.

**Article 106** Directors shall comply with the provisions of laws, administrative regulations, and the Articles of Association, owe the duties of fiduciary to the Company, take measures to avoid conflicts between their own interests and the Company's interests, and must not abuse their authority to seek improper benefits.

The Directors shall fulfill the following obligations of loyalty to the Company:

- (I) not to abuse their powers to accept bribes or other illegal income;
- (II) not to misappropriate the Company's properties and the Company's capital;
- (III) not to deposit the Company's capital into accounts under his/her own name or the name of other individuals;
- (IV) not to enter into any contract or conduct any transaction, directly or indirectly, with the Company without reporting to the board of directors or the shareholders' meeting and obtaining approval through resolutions by the board of directors or the shareholders' meeting as stipulated in the Articles of Association;

- (V) not to take advantage of their positions to seek any business opportunities that belong to the Company for themselves or others, unless such business opportunities are not available to the Company upon reporting to the Board of Directors or the shareholders' meeting and obtaining approval through resolutions by the shareholders' meeting or as required in laws, administrative regulations or the Articles of Association;
- (VI) not to conduct any businesses similar to those of the Company for themselves or others without reporting to the board of directors or the shareholders' meeting and obtaining approval through resolutions by the shareholders' meeting;
- (VII) not to accept and possess commissions paid by a third party for transactions conducted with the Company;
- (VIII) not to disclose confidential information of the Company without permission;
- (IX) not to use their connected relationship to damage the legitimate interests of the Company;
- (X) other fiduciary obligations as required by the laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company. The director shall be liable for indemnifying the Company against any loss incurred.

The provisions of the item (IV) of the second paragraph of this Article shall apply to the conclusion of contracts or engagement in transactions with the Company by close relatives of the directors and senior management or enterprises directly or indirectly controlled by the directors and senior management or their close relatives, as well as persons who are otherwise related to the directors and senior management.

**Article 107** Directors shall comply with the provisions of laws, administrative regulations, and the Articles of Association to perform their duties of diligence to the Company. They shall fulfill their obligations with reasonable care generally due to managers in the best interests of the Company.

Directors owe the following duties of diligence to the Company:

- (I) to exercise the rights granted to them by the Company with prudence, diligence, and care to ensure that the Company's business activities comply with national laws, administrative regulations, and all national economic policies, and that business operations do not exceed the scope of business specified in the business license;
- (II) to treat all shareholders fairly;
- (III) to promptly understand the status of the Company's business operations and management;
- (IV) to sign a written confirmation on the Company's regular reports to ensure that the information disclosed by the Company is true, accurate, and complete;



- (V) to provide relevant information and materials to the audit committee truthfully and not to obstruct the audit committee from exercising their powers;
- (VI) 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;
- (VII) other duties of diligence as stipulated by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 108** Directors who cannot attend the meetings of the Board of Directors in person twice consecutively nor appoints any other directors to attend on their behalf are deemed as failure in performing their duties, and shall be subject to replacement as recommended by the Board of Directors at the shareholders' meeting.

**Article 109** Directors may resign before the expiration of their term. Resignation of a director shall be submitted to the Company in writing. The resignation will take effect on the day when the Company receives the resignation report, and the Company shall disclose the relevant circumstances within two trading days.

If the resignation of a director causes the number of directors on the board to fall below the statutory minimum, the outgoing director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until the newly elected director takes office.

**Article 110** The Company has a system in place to manage the departure of directors, which specifies safeguards for pursuing and recovering liability for unfulfilled public commitments and other outstanding matters. When a director's resignation takes effect or his/her term of office expires, the director shall complete all handover procedures with the Board of Directors, and his/her fiduciary duties to the Company and shareholders shall not be discharged after the termination of office, and shall, after the termination of office, continue to be bound by the obligation to keep confidential the trade secrets of the Company until the relevant trade secrets have been made public. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the occurrence of the matter and the departure as well as the circumstances and conditions under which the relationship with the Company terminates. The liability that a director bears during his/her term of office arising from the performance of duties shall not be exempted or terminated due to his/her departure from office.

**Article 111** The shareholders' meeting may remove any director by a resolution, which shall come into effect from the date on which such resolution is made.

Where a director is removed from office prior to expiration of his/her term of office without justifiable cause, the director may demand compensation from the Company.



**Article 112** Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her personal capacity. When a director acts in his/her personal capacity, if a third party would reasonably believe that the director is acting on behalf of the Company or the Board of Directors, the director shall make a prior declaration of his/her position and identity.

**Article 113** If a director causes damage to others in the course of performing his/her duties for the Company, the Company shall be liable for compensation; the director shall also be liable for compensation if there is intentionality or gross negligence on his/her part.

If directors of the Company violate the laws, administrative regulations, departmental rules and the Articles of Association when conducting their duties, causing damage to the Company, they shall be liable for compensation.

**Article 114** The qualifications, nomination, resignation, and other matters concerning independent directors shall be carried out in accordance with the relevant provisions of laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and the Company's management system.

## **Section 2 Board of Directors**

**Article 115** The Company has established a Board of Directors. The Board of Directors shall consist of 9 directors, including 3 independent directors and 1 employee representative director.

Directors of the Company may include executive directors, non-executive directors and independent directors. Non-executive director refers to the director who does not hold any operational management position in the Company.

**Article 116** The Board shall exercise the following duties and powers:

- (I) to convene shareholders' meetings and report its work to the shareholders' meetings;
- (II) to implement the resolutions of the shareholders' meetings;
- (III) to resolve business operation plans and investment plans of the Company;
- (IV) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (V) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (VI) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;
- (VII) to determine, to the extent authorized by the shareholders' meeting, on such matters as the external investments, purchase or sale of assets, assets mortgage, external guarantees, entrusted wealth management, connected transactions of the Company;

- (VIII) to determine the internal management structure of the Company;
- (IX) to determine the appointment or dismissal of the General Manager of the Company, the Board secretary and other senior management, and to determine matters relating to their remuneration and the grant or imposition of any awards or penalties; and based on the nomination of the General Manager, to determine the appointment or dismissal of the senior management members including Deputy General Managers and chief financial officer of the Company and determine their remuneration, rewards and penalties;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate proposals for any amendment of the Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to propose to the shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;
- (XIV) to listen to work reports of the General Manager of the Company and review his/her work;
- (XV) to take timely and effective measures to maintain the stability of the company and the interests of the shareholders thereof in case of any crisis in the company provided that mandatory provisions of laws and regulations are not violated;
- (XVI) other duties as stipulated in laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

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

**Article 117** The Board of Directors shall make an explanation to the shareholders' meeting on the non-standard auditing opinions issued by certified public accountants on the financial statements of the Company.

**Article 118** The Board of Directors shall formulate the rules of procedure for the board meetings to ensure that the Board of Directors can implement the resolutions of the shareholders' meeting, improve work efficiency and ensure scientific decision-making.

**Article 119** The Board of Directors shall determine the scope of authority of external investments, acquisition and sales of assets, asset mortgages, external guarantees, entrusted wealth management, related party transactions and external donations, and establish strict review and decision-making procedures; arrange relevant experts and professionals to review major investment projects and submit them to the shareholders' meeting for approval. If the approval authority and review procedures are violated, the Company will hold the main responsible persons accountable in accordance with the law. If losses are caused to the Company, the relevant responsible parties shall be liable for compensation, and the Company will impose corresponding sanctions on the relevant responsible persons according to the economic losses suffered by the Company and the severity of the circumstances.

(I) according to the Rules Governing the Listing of Shares on the ChiNext of the Shenzhen Stock Exchange, unless otherwise provided in the securities regulatory rules of the places where the shares of the Company are listed or the corporate governance system, the following transactions shall be considered and approved by the Board of Directors:

1. if the total assets involved in the transaction account for more than 10% of the Company's latest audited total assets; if the total assets involved in the transaction have both book value and appraised value, the higher one shall prevail;
2. if the relevant operating income of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 10% of the audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB10 million;
3. if the relevant net profit of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million;
4. if the transaction amount (including assumed debts and expenses) of the transaction accounts for more than 10% of the Company's net assets as audited in the latest period, and the absolute amount exceeds RMB10 million;
5. if the profits arising from the transaction account for more than 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million.

If a number involved in the above indicators is negative, its absolute value shall be taken for the purpose of calculation. The above transaction is the same as the "transaction" referred to in Article 47 of the Articles of Association.

According to the Hong Kong Listing Rules, save as otherwise required by the securities regulatory rules of the place where the Company's shares are listed or its corporate governance system, the following transactions of the Company shall be considered and approved by the Board of Directors:

1. If the total assets involved in the transaction account for 5% or more of the total assets of the Company as stated in its latest audited accounts or latest interim report (whichever is the more recent, and adjusted for any dividend amount proposed in the relevant accounts and any dividend declared after the publication of the relevant accounts or interim report);
2. If the profits attributable to the assets involved in the transaction account for 5% or more of the audited profits of the Company for the latest financial year;
3. If the revenue attributable to the assets involved in the transaction account for 5% or more of the audited revenue of the Company for the latest financial year;
4. If the consideration accounts for 5% or more of the average closing price of the Company's securities as stated in the daily quotation sheets of the Stock Exchange of Hong Kong for the five business days immediately preceding the date of the relevant transaction;

5. If the number of shares issued by the Company as consideration accounts for 5% or more of the total number of issued shares of the Company immediately before the relevant transaction.
- (II) external guarantees other than those provided for in Article 49 of the Articles of Association shall be considered and approved by the Board of Directors and does not need to be submitted to the shareholders' meeting of the Company for consideration and approval.
- (III) unless otherwise provided in the securities regulatory rules of the places where the shares of the Company are listed, the provision of financial assistance shall be approved and resolved by more than two-thirds of the directors attending the board meeting, and the Board of Directors shall perform its information disclosure obligations in a timely manner. Subject to the compliance of the securities regulatory rules of the places where the shares of the Company are listed, the target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company and the shareholders of such controlling subsidiary are not the controlling shareholders or the actual controller and its connected parties of the Company, thereby such financial assistance shall be exempted from the provisions mentioned above.
- (IV) unless otherwise provided in the securities regulatory rules of the places where the shares of the Company are listed, the Company's related transaction (other than provision of guarantees and financial assistance) with related natural persons with the transaction amount exceeding RMB300,000 and related transaction with related legal persons with the transaction amount exceeding RMB3 million and accounting for more than 0.5% of the absolute value of the Company's net assets as audited in the latest period shall be submitted to the Board of Directors for consideration.
- (V) unless otherwise provided in the securities regulatory rules of the places where the shares of the Company are listed, a single external donation or cumulative external donations (including cash donations and donations of non-cash assets (the value of which is calculated on the basis of net book value)) with the absolute amount accounting for more than 1% of the audited net profit of the Company in the latest accounting year shall be implemented with the approval of the Board of Directors. Donations made by the same entity or for the same matter shall be deemed as single donations and calculated cumulatively within twelve consecutive months. If the cumulative external donations made within the same accounting year have been subject to the relevant review procedures in accordance with the aforementioned provisions, they are no longer included in the relevant cumulative calculation scope.

Matters that need to be considered by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration and approval after being considered by the Board of Directors. Unless otherwise provided in the securities regulatory rules of the places where the shares of the Company are listed, for items (I) to (V) above, those failing to meet any of the above standards shall be approved by the General Manager.

**Article 120** The Board of Directors shall have one Chairman, one Co-Chairman, and two Vice Chairmen. The Chairman, Co-Chairman, and Vice Chairmen shall be elected by the Board of Directors with the approval of a majority of all directors.

**Article 121** The Chairman of the Board of Directors shall exercise the following duties and powers:

- (I) to preside over shareholders' meeting and to convene and preside over board meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board of Directors;
- (III) other duties and powers as authorized by the Board of Directors.

**Article 122** The Co-Chairman and Vice Chairman of the Company shall assist the Chairman in performing his or her duties. If the Chairman of the Board is unable or fails to perform his or her duties, the duties shall be performed by the Co-Chairman or Vice Chairman. When the Co-Chairman and Vice Chairman are unable or fails to perform duties, the duties shall be performed by the director jointly elected by more than one half of the directors.

**Article 123** The Board of Directors shall convene at least four regular meetings per year, called by the Chairman, and all directors shall be notified in writing at least 14 days prior to the meeting by personal delivery, mail, fax, or email.

**Article 124** Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the audit committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board of Directors meeting within 10 days after receiving the proposal.

**Article 125** The notice of the meeting of the Board of Directors shall be given, by personal delivery, telephone, mail, facsimile, email or Wechat, in writing to all directors 3 days before the date of the meeting. In case of urgency, the extraordinary meeting of the Board of Directors may be convened immediately.

**Article 126** The notice of the meeting of the Board of Directors shall include the following:

- (I) time and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons and issues of discussion;
- (IV) date of issuance of notice.

**Article 127** A meeting of the Board of Directors shall be held only if more than half of the directors are present. Resolutions of the Board of Directors must be passed by a majority of all directors.

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

**Article 128** If a director has an associated relationship with the enterprises or individual of a resolution of the Board of Directors, such director shall report to the Board of Directors in writing promptly. Any director having affiliated relationship shall not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. A meeting of the Board of Directors may be held if more than half of the directors without associated relationships are present, and resolutions made at the meeting of the Board of Directors must be passed by a majority of the directors without associated relationships. If the number of directors without associated relationships attending the meeting of the Board of Directors is less than three, the matter shall be submitted to the shareholders' meeting for review. If laws, regulations, or the securities regulatory rules of the place where the company's stock is listed impose additional restrictions on directors' participation in Board of Directors meetings and voting, such provisions shall prevail.

When the Board of Directors reviews matters related to associated transactions, directors (including authorized agents) who have an associated relationship with such matters may attend the Board of Directors meeting and may explain their views to the attending directors in accordance with the meeting procedures, but they must abstain from voting.

**Article 129** Subject to the thorough expression of opinions by all directors, the meeting of the Board of Directors may be convened and passed by video, telephone, facsimile or email, and all directors attending the meeting shall sign on such resolutions.

Voting at meetings of the Board of Directors shall be conducted by show of hands, ballot, facsimile, email, etc.

**Article 130** A director shall attend the board meeting in person. A director attends a board meeting by way of video conference or teleconference may be deemed as attending the meeting in person. Where the director is unable to attend the board meeting for any reasons, he/she may authorize another director to attend on his/her behalf in writing. The authorization letter shall specify the name of the authorized person, the matters to be authorized, the scope of authorization and valid period, and shall be signed or sealed with the chop by the director who authorizes. A director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of the authorization. A director who does not attend a board meeting in person or by authorized person shall be deemed to have waived his/her voting rights at such meeting.

**Article 131** The Board of Directors shall keep the minutes of the decisions on the matters discussed at the meeting, and all directors attending the meeting shall sign on the minutes.

The minutes of the board meetings shall be kept as company files for a period of not less than 10 years.

**Article 132** The minutes of the board meeting shall include the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the directors attending the meeting, and the names of directors (authorized person) authorized by other directors to attend the meeting;
- (III) the agenda of the meeting;
- (IV) key points of directors' speeches;
- (V) the voting methods and results for each resolution (the voting results shall indicate the number of votes for and against the proposal or abstention).



### **Section 3 Independent Directors**

**Article 133** Independent Directors shall, in accordance with the requirements of laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, diligently perform their duties, play a role in decision-making, supervision and balancing, and provision of professional advice within the Board, safeguard the overall interests of the Company, and protect the lawful rights and interests of minority shareholders.

**Article 134** Independent directors shall maintain their independence. None of the following persons shall serve as an independent director:

- (I) any person who holds a position in the Company or its subsidiaries, and his or her spouse, parents, children, or main social relationships;
- (II) any natural person shareholder who directly or indirectly holds 1% or more of the issued shares of the Company, or ranks among the top ten shareholders of the Company, and his or her spouse, parents or children;
- (III) any person who holds a position in a shareholder directly or indirectly holding 5% or more of the issued shares of the Company, or in a shareholder ranking among the top five shareholders of the Company, and his or her spouse, parents or children;
- (IV) any person who holds a position in a subsidiary of the controlling shareholder or the de facto controller of the Company, and his or her spouse, parents or children;
- (V) any person who has significant business dealings with the Company, its controlling shareholder, de facto controller or any of their respective subsidiaries, or who holds a position in an entity and its controlling shareholder or de facto controller that has significant business dealings with the Company;
- (VI) any person who provides financial, legal, advisory, sponsorship or other services to the Company, its controlling shareholder, de facto controller or any of their respective subsidiaries, including but not limited to all project team members, review personnel at all levels, signatories of reports, partners, directors, senior management members or principal persons-in-charge of the intermediary institutions providing such services;
- (VII) any person who has fallen within any of the circumstances set out in items (I) to (VI) above within the latest twelve months;
- (VIII) any other person who is not independent under laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

For the purposes of items (IV) to (VI) above, the subsidiaries of the Company's controlling shareholder or de facto controller shall not include enterprises which are under the control of the same state-owned assets management authority as the Company and which, in accordance with the relevant provisions, do not constitute related relationship with the Company.

Independent directors shall conduct an annual self-assessment of their independence and submit such assessment to the Board of Directors. The Board of Directors shall evaluate the independence of the incumbent independent directors annually and issue a special opinion thereon, which shall be disclosed together with the annual report.

**Article 135** A person serving as an independent director of the Company shall satisfy the following conditions:

- (I) to be qualified to serve as a director of a listed company in accordance with the laws, administrative regulations and other relevant provisions;
- (II) to meet the independence requirements as stipulated in the Articles of Association;
- (III) to possess fundamental knowledge of the operations of listed companies and be familiar with the relevant laws, regulations and rules;
- (IV) to have not less than five years of work experience in law, accounting, economics or other fields necessary for the performance of the duties of an independent director;
- (V) to demonstrate good personal character with no record of serious dishonesty or other misconduct;
- (VI) to satisfy other conditions as prescribed by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 136** Independent directors, as members of the Board of Directors, owe duty of loyalty and duty of diligence to the Company and all shareholders, and shall prudently perform the following functions:

- (I) to engage in decision-making of the Board of Directors and express clear opinions on matters under discussion;
- (II) to supervise potential material conflicts of interest between the Company and its controlling shareholder, de facto controller, directors and senior management, safeguarding the lawful rights and interests of minority shareholders;
- (III) to provide professional and objective advice on the Company's business development to enhance the decision-making quality of the Board of Directors;
- (IV) to perform other duties as prescribed by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 137** Independent directors shall exercise the following special functions and powers:

- (I) to independently engage intermediaries to conduct audits, provide consultancy or perform verifications on specific matters of the Company;
- (II) to propose to the Board of Directors the convening of an extraordinary shareholders' meeting;
- (III) to propose to convene a Board meeting;
- (IV) to solicit shareholder rights publicly from shareholders in accordance with laws;
- (V) to issue independent opinions on matters that may prejudice the interests of the Company or the minority shareholders;
- (VI) to exercise other functions and powers as prescribed by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The exercise by independent directors of the functions and powers listed in items (I) to (III) of the preceding paragraph shall be subject to the consent of more than half of all the independent directors.

The Company shall promptly disclose any exercise of the functions and powers listed in the first paragraph by independent directors. If such functions and powers cannot be properly exercised, the Company shall disclose the specific circumstances and reasons thereof.

**Article 138** The following matters shall be submitted to the Board of Directors for consideration only after being approved by more than half of all the independent directors of the Company:

- (I) related party transactions that should be disclosed;
- (II) proposals to amend or waive commitments made by the Company and related parties;
- (III) decisions made or measures adopted by the board of an acquired listed company in response to such acquisition;
- (IV) other matters as prescribed by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 139** The Company shall establish a mechanism for special meetings which will be attended by independent directors only. Matters such as related party transactions to be reviewed by the Board of Directors shall be approved in advance by the special meeting of the independent directors.

The Company shall convene special meetings of the independent directors on a regular or ad hoc basis. Matters specified in items (I) to (III) of the first paragraph of Article 137 and Article 138 of the Articles of Association shall be considered by the special meeting of the independent directors.

The special meeting of the independent directors may consider and discuss other matters of the Company when necessary.

The special meeting of the independent directors shall be convened and chaired by an independent director jointly elected by more than half of the independent directors. If the convener fails to or cannot perform his or her duties, two or more independent directors may convene a meeting and elect a representative to chair the meeting.

Minutes shall be prepared in accordance with regulations for the special meeting of the independent directors, and shall record the opinions of the independent directors. The independent directors shall sign and confirm the minutes of meetings.

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

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

**Article 140** The Company shall establish an audit committee under the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors as provided under the Company Law.

**Article 141** The audit committee shall consist of three members, all of whom shall be directors not serving as senior management of the Company. All three members shall be independent directors, and the chairperson of the audit committee shall be an independent director with accounting expertise.

**Article 142** The audit committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all members of the audit committee:

- (I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) engagement or dismissal of accounting firms that conduct an audit business for the Company;
- (III) appointment or dismissal of the Company's Chief Financial Officer;
- (IV) changes to accounting policies, accounting estimates or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters as stipulated by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 143** The audit committee shall hold at least one meeting every quarter. An extraordinary meeting may be convened if proposed by two or more members, or if the chairperson of the audit committee deems it necessary. A meeting of the audit committee shall be held only if two-thirds or more of its members are present.

Resolutions of the audit committee shall be adopted by a majority vote of the members of the audit committee.

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 minutes of the meeting as required, and members of the audit committee attending the meeting shall sign the minutes of the meeting.

The rules of procedure of the audit committee shall be formulated by the Board of Directors.

**Article 144** The Board of Directors of the Company shall establish special committees such as strategy committee, nomination committee, remuneration and appraisal committee, which shall perform their respective duties in accordance with the Articles of Association and the authorisation of the Board of Directors. Proposals made by the special committees shall be submitted to the Board of Directors for consideration and decision. The rules of procedure of the special committees shall be formulated by the Board of Directors.

## **CHAPTER 6 SENIOR MANAGEMENT MEMBERS**

**Article 145** The Company shall have one General Manager, which shall be appointed or dismissed by the Board of Directors.

The Company shall have several Deputy General Managers, which shall be appointed or dismissed by the Board of Directors.

The Company shall have one Secretary to the Board of Directors, which shall be appointed or dismissed by the Board of Directors.

The General Manager, Deputy General Managers, Chief Financial Officer, Secretary to the Board of Directors, and other senior management members confirmed by the Board of Directors of the Company are considered senior management members of the Company.

**Article 146** The circumstances of disqualification for Directors and the management policies for resignation prescribed in the Articles of Association shall be applicable to senior management members.

The provisions in the Articles of Association regarding the fiduciary duties and duties of care of Directors shall also apply to senior management members.

**Article 147** A person serving other administrative duties other than director and supervisor in any entity of the controlling shareholders of the Company shall not serve as senior management members of the Company.

The senior management members of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

**Article 148** General Manager is appointed for a term of three years and may be re-appointed upon expiration of term of office.

**Article 149** The General Manager is responsible to the Board of Directors and exercises the following powers:

- (I) to preside over the Company's production and business management activities, implement the resolutions of the Board of Directors, and report work to the Board of Directors;
- (II) to implement the Company's annual business plan and investment programs;
- (III) to draft proposals for the establishment of internal management institutions of the Company;
- (IV) to draft the Company's basic management systems;
- (V) to formulate specific regulations of the Company;
- (VI) to propose to the Board of Directors the appointment or dismissal of Deputy General Managers and the Chief Financial Officer;
- (VII) to decide on the appointment or dismissal of management personnel other than those who should be appointed or dismissed by the Board of Directors;
- (VIII) other powers granted by the Articles of Association or the Board of Directors.

The General Manager shall attend the meetings of the Board of Directors.

**Article 150** The Company shall formulate detailed working rules for the General Manager and submit the same to the Board of Directors for approval before implementation.

**Article 151** The working rules for the General Manager shall contain the following details:

- (I) conditions for the convening of and the procedures for the General Manager's meetings, and the attendees thereof;
- (II) specific duties and division of work of the General Manager and other senior management members;
- (III) the authority to use the funds and assets and execute material contracts, and the system of reporting to the Board of Directors;
- (IV) other matters as the Board of Directors considers necessary.

**Article 152** The General Manager may resign before the expiration of his/her term. The specific procedures and measures regarding the resignation of the General Manager shall be governed by the labour contract between the General Manager and the Company.



**Article 153** Deputy General Managers shall be nominated by the General Manager and appointed or dismissed by the Board of Directors. Deputy General Managers shall assist the General Manager in carrying out the respective works of the Company, under the leadership of and accountable to the General Manager. Deputy General Managers and Chief Financial Officer of the Company shall be accountable and report to the Board of Directors.

**Article 154** The Company shall have a secretary of Board of Directors, who is responsible for the organization of shareholders' meeting and board meetings, document keeping and management of information regarding the shareholders of the Company, dealing with information disclosure and other matters. The secretary of Board of Directors shall comply with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

**Article 155** If a senior management member causes damage to others in the performance of his/her duties, the Company shall be liable for damages; provided that if such senior management member has acted with willful misconduct or gross negligence, he/she shall also be personally liable for such damages. A senior management member who contravenes any law, administrative regulation, departmental rule or the Articles of Association in the performance of his/her duties resulting in any loss to the Company shall be personally liable for the damages to the Company.

**Article 156** Senior management members of the Company shall faithfully perform their duties and safeguard the maximum interests of the Company and all shareholders. If senior management members of the Company fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and the public shareholders, they shall be liable for compensation in accordance with the law.

## **CHAPTER 7 APPRAISAL AND INCENTIVE AND RESTRAINT MECHANISMS FOR DIRECTORS AND SENIOR MANAGEMENT MEMBERS**

**Article 157** The Company shall establish fair and transparent performance and duty performance appraisal standards and procedures for Directors and senior management members.

**Article 158** The performance appraisal of the Directors and senior management members shall be organized by the Board of Directors or the Remuneration and Appraisal Committee under the Board, and the Company can appoint third parties to perform appraisal.

The appraisals of duty performance of independent Directors shall be conducted by way of self-evaluation and mutual evaluation.

**Article 159** The Board of Directors shall report the performance of duties, performance appraisal results and remuneration of Directors to the shareholders' meeting, and the Company shall disclose such reports.

**Article 160** The Company shall establish a mechanism linking remuneration to the Company's performance and individual performance to attract talents and maintain the stability of senior management members and key employees.

**Article 161** The Company's performance appraisals of the senior management members shall serve as an important basis for determining their remuneration and other incentives.

**Article 162** The remuneration of Directors shall be decided by the shareholders' meeting. In the event that the Board of Directors or Remuneration and Appraisal Committee is evaluating the performance of an individual Director or determining his/her remuneration, such director shall abstain from discussing and voting.

Remuneration plan of senior management members shall be approved by the Board of Directors, provide details at the shareholders' meeting and make adequate disclosures.

## **CHAPTER 8 FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT**

### **Section 1 Financial Accounting System and Distribution of Profits**

**Article 163** The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and regulations of relevant state departments.

**Article 164** The Company's financial accounting reports are prepared, submitted, and disclosed in accordance with the relevant provisions of laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place where the Company's shares are listed. The Company shall prepare and submit the annual report to the CSRC's dispatched institutions and the stock exchange where the Company's shares are listed within four months after the end of each fiscal year; submit and disclose the interim report to the CSRC's dispatched institutions and the stock exchange where the Company's shares are listed within two months after the end of the first half of each fiscal year; and submit the quarterly reports to the CSRC's dispatched institutions and the stock exchange where the Company's shares are listed within one month after the end of the first three months and the first nine months of each fiscal year.

The aforementioned annual reports, interim reports, and quarterly reports are prepared in accordance with the relevant provisions of laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place where the Company's shares are listed.

**Article 165** The Company shall not establish the statutory account books accounts other than those provided by law. Any funds of the Company shall not be kept under any account opened in the name of any individual.

**Article 166** When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

After the Company has extracted the statutory surplus reserve from the post-tax profit, it may, upon resolution of the shareholders' meeting, extract a discretionary surplus reserve from the post-tax profit.

The remaining post-tax profit after the Company has made up for losses and extracted surplus reserves shall be distributed in proportion to the shares held by the shareholders.

If the shareholders' meeting violates the Company Law and distributes profits to the shareholders, the shareholders shall return the profits distributed in violation of the regulations to the Company; and, if any loss is caused to the Company as a result, the shareholders, and the responsible Directors and senior management members shall be liable for damages.

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

The Company must appoint one or more collection agents in Hong Kong for the H-shareholders. The collection agent shall collect and hold on behalf of the relevant H-shareholders the dividends and other payments distributed by the Company in respect of the H-shares, pending payment to such H-shareholders. The collection agent appointed by the Company shall meet the requirements of laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

**Article 167** The Company's surplus reserves are used to make up for the Company's losses, to expand the Company's production and operations, or to increase the Company's registered capital.

When using surplus reserves to make up for losses, the discretionary surplus reserve and the statutory surplus reserve shall be used first; if they are still insufficient to make up for the losses, the capital surplus reserve may be used in accordance with the regulations; if there are still losses, the registered capital may be reduced to make up for the losses. When reducing the registered capital to make up for losses, the Company shall not distribute profits to the shareholders, nor shall it exempt the shareholders from the obligation to pay contributions or share payments.

When reducing registered capital in accordance with the provisions of the preceding paragraph, the provisions of Article 194, paragraph 2 of these Articles of Association shall not be applicable, but the Company shall announce in the designated publications or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within thirty days from the date the shareholders' meeting makes a resolution to reduce the registered capital.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits before the cumulative amount of the statutory surplus reserve and the discretionary surplus reserve reaches fifty percent of the Company's registered capital.

When the statutory surplus reserve is converted into the increased registered capital, the amount of such surplus reserve retained shall not be less than twenty-five percent of the Company's registered capital before the increase.

**Article 168** After a shareholders' meeting of the Company has resolved on the profit distribution plan, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months after the convening of the shareholders' meeting. If the specific plan cannot be implemented within two months due to the requirements of the laws and regulations or the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific plan may be adjusted in accordance with such regulations and the actual situation.

## **Article 169** Profit distribution policy

### **(I) Principle of profit distribution**

The Company's profit distribution policy maintains continuity and stability, while also considering the Company's long-term interests, the overall interests of all shareholders, and the Company's sustainable development. The Company's Board of Directors and shareholders' meeting will fully consider the opinions of independent directors and public investors in the decision-making and argumentation process of the profit distribution policy.

### **(II) Form of profit distribution**

The Company's profit distribution may take the form of cash, shares, or a combination of both. If the conditions for cash dividends are met, the Company will in principle prioritize the cash dividend method of profit distribution; when the Company has major investment plans or significant cash expenditures, it may distribute dividends in the form of shares.

### **(III) Specific conditions for and proportion of cash dividends**

#### **1. Conditions for cash dividends:**

When the conditions for cash dividends are met, the Company shall distribute profit in cash. The conditions for cash dividends are:

- (1) The Company's distributable profit (i.e. post-tax profit after making up for losses and extracting surplus reserves) and accumulated undistributed profit in such year are positive in value, cash flow is abundant, and cash dividend distribution may not influence the Company's subsequent operation on an ongoing basis;
- (2) The auditing firm issues a standard unqualified audit report on the financial report of the Company for such year;
- (3) The Company has no major investment plans or significant cash expenditures.

The above major investment plans or significant cash expenditures refer to: (1) the Company's cumulative expenditures for external investment, acquisition of assets, purchase of equipment, or strategic resource reserves, etc. within the next twelve months reaches or exceeds 10% of the Company's audited net assets of the most recent fiscal year and exceeds RMB1.5 billion; (2) the Company's cumulative expenditures for external investment, acquisition of assets, purchase of equipment, or strategic resource reserves, etc. within the next twelve months reaches or exceeds 5% of the Company's audited total assets of the most recent fiscal year and exceeds RMB1.5 billion.

## 2. Proportion of cash dividends:

If there are no major investment plans or significant cash expenditures, the profits distributed in cash shall be no less than 10% of the distributable profits achieved in the year. At the same time, the Company's cumulative profits distributed in cash over the past three years shall be no less than 30% of the average annual distributable profits achieved in the past three years.

When the Company distributes profits, the Board of Directors of the Company shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, profit level and whether it has any significant capital expenditure plans in distinguishing the following situations, and formulate differentiated profits distribution proposals in accordance with the procedures provided in the Articles of Association:

- (1) If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividends shall be at least 80% in the profit distribution;
- (2) If the Company is at the mature stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 40% in the profit distribution;
- (3) If the Company is at the growing stage and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 20% in the profit distribution.

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous provisions.

### (IV) Conditions for distributing dividends in shares

When the Company is operating well and the Board of Directors considers that the share price of the Company does not reflect its scale of share capital and the distribution of dividends in shares is in the interests of all shareholders of the Company, the Company may distribute dividends in the form of shares.

### (V) Interval of profit distribution

The Company adopts the annual profit distribution policy in principle, and the Board of Directors may propose the interim profit distribution plan according to the Company's development plan, profitability, cash flow and capital demand plan, which shall be implemented after being examined and approved by the extraordinary shareholders' meeting.

- (VI) If there is misappropriation of funds of the Company by a shareholder in violation of regulations, the Company has the right to deduct that shareholder's cash dividend during profit distribution to reimburse the misappropriated funds.

## (VII) Decision-making procedures and mechanism for profit distribution

1. The annual profit distribution plan of the Company shall be formulated by the Board of Directors in accordance with the provisions of the Articles of Association, the Company's profit and capital, future business plans and other factors. When determining specific cash dividend distribution proposal of the Company, the Board of Directors shall study and discuss, among others, the timing, conditions as well as the minimum ratio, conditions for adjustments and the requirements of the procedures for decision making in respect of the cash dividend distribution. The independent directors shall give explicit opinion. A profit distribution proposal shall be submitted to the shareholders' meeting for consideration only after it has been approved by a majority of the directors of the Board of Directors. The independent directors may seek the opinion of the minority shareholders, devise a dividend distribution proposal accordingly and submit the same directly to the Board of Directors for consideration.
2. Before a profit distribution proposal is considered at a shareholders' meeting, the Company shall communicate with shareholders, especially minority shareholders through various channels to listen to the opinion and requests of minority shareholders and give timely responses to issues which minority shareholders are concerned about.
3. If the Company is unable to determine the profit distribution plan for the year in accordance with the established cash dividend policy or the minimum cash dividend payout ratio due to special circumstances, the Company shall disclose the specific reasons thereof and the explicit opinion of the independent directors.

## (VIII) Adjustment mechanism of profit distribution policy

1. The Company may adjust its profit distribution policy if there are changes in the external operating environment that have a significant impact on the Company's production and operation, or if the Company's own operating conditions undergo significant changes. The adjusted profit distribution policy shall be based on the protection of shareholders' rights and interests and shall not violate the provisions of relevant laws, regulations and regulatory documents.
2. If the Company needs to adjust its profit distribution policy in accordance with its production and operation situation, investment planning and long-term development needs, etc., the Board of Directors of the Company shall, in light of the actual situation, submit a proposal for adjustment to the profit distribution policy, on which the independent directors shall express their opinions. After being considered and approved by the Board of Directors of the Company, the proposal shall be submitted to the shareholders' meeting for consideration and shall be approved by more than two thirds of the voting rights held by the shareholders present at the shareholders' meeting. When the Company adjusts its profit distribution policy, it shall provide online voting and other means to facilitate public shareholders' participation in voting at the shareholders' meeting.



## **Section 2 Internal Audit**

**Article 170** The Company implements an internal audit system, specifying leadership system, duties and limit of authority, staffing, budget assurance, application of audit findings and accountability etc. for internal audit work.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and disclosed to external parties.

**Article 171** The internal audit body of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information etc.

**Article 172** The internal audit body shall be responsible to the board of directors.

The internal audit body shall, in the course of supervision and inspection of the Company's business activities, risk management, internal control, financial information, accept supervision and guidance of the audit committee. Upon discovery of the relevant significant issues or clues, the internal audit body shall forthwith report directly to the audit committee.

**Article 173** The internal audit body shall be responsible for organizing implementation of the Company's internal control appraisal. The Company shall issue an annual internal control appraisal report based on the appraisal report issued by the internal audit body and deliberated by the audit committee and the relevant materials.

**Article 174** When the audit committee communicates with the external audit organizations such as accounting firms and State audit organizations etc., the internal audit body shall cooperate actively and provide the requisite support and cooperation.

**Article 175** The audit committee shall participate in appraisal of head of internal audit.

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

**Article 176** The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed.

**Article 177** The appointment, termination of its appointment or non-renewal of appointment of accounting firm by the Company shall be subject to the approval of shareholders' meetings. The Board of Directors shall not appoint accounting firm before the approval of the shareholders' meeting.

**Article 178** The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

**Article 179** The auditing fee of the accounting firm shall be determined by the shareholders' meeting.

**Article 180** In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 10 days in advance; when the shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation.

An accounting firm proposing to resign shall state its opinions in the shareholders' meeting whether the Company has committed any improper act.

## **CHAPTER 9 NOTICES AND ANNOUNCEMENTS**

### **Section 1 Notices**

**Article 181** Notices of the Company shall be served by the following methods:

- (I) by hand;
- (II) by post;
- (III) by email, facsimile, telephone, WeChat or announcement;
- (IV) by other methods stipulated in the Articles of Association.

For the purpose of providing or delivering corporate communication to the H Shareholders as required by securities regulatory rules of the place where the Company's shares are listed, the Company may deliver such notice by electronic means to the H Shareholders or post such notice on the website of the Company and/or the stock exchange where the Company's shares are listed, subject to regulations and the listing rules of the place where the Company's shares are listed.

**Article 182** A notice given by the Company, if made by way of an announcement, shall be deemed to have been received by all persons concerned upon such announcement.

**Article 183** The notice of convening the shareholders' meeting of the Company shall be delivered by announcement.

**Article 184** The notice of convening the Board meeting of the Company shall be delivered in accordance with section II of Chapter V of the Articles of Association.

**Article 185** If the notice of the Company is delivered by hand, the date of service shall be the date of signature (or seal) of the person served on the return receipt, and the date of signature of the person served shall be the date of service; if the notice of the Company is delivered by mail, the third working day from the date of hand over to the post office shall be the date of service; if the Company's notice be delivered by e-mail, facsimile, telephone, WeChat, the date on which it is sent shall be the date of delivery; if the notice of the Company is delivered by way of announcement, the date of publication of the first instance of the announcement shall be the date of service.

**Article 186** The accidental omission to give notice of a meeting to, or the non-receipt of notice by, any person entitled to notice shall not solely invalidate the meeting or the resolution made thereat.

## **Section 2 Announcements**

**Article 187** The Company publishes the Company's announcements and other information requiring disclosure in the newspapers, websites and other media designated by securities regulatory authorities and the stock exchange of the place where the Company's shares are listed.

Unless the context otherwise requires, in relation to the announcements made to the holders of A Shares or the announcements made within the territory of PRC as required by the relevant provisions and the Articles of Association, it refers the publication of information on the website of the SZSE and on media that meet the conditions prescribed by the CSRC; for the announcements made to the holders of H Shares or within Hong Kong as required under the relevant provisions or the Articles of Association, the announcements shall be published on the website of the Company, the website of the Hong Kong Stock Exchange and such other websites as may be required from time to time under the Hong Kong Listing Rules in accordance with the relevant provisions of the Hong Kong Listing Rules.

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

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

**Article 188** Merger of the Company may take the form of absorption or establishment of a new company.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

**Article 189** Where the consideration paid for the merger does not exceed 10% of the Company's net assets, a resolution of a shareholders' meeting may be waived, unless otherwise stipulated in the Articles of Association.

Where a shareholders' meeting is not required for a merger pursuant to the provisions of the preceding paragraph, a resolution of a board of directors shall be passed.

**Article 190** If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

**Article 191** When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

**Article 192** Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution.

**Article 193** Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

**Article 194** Where the Company reduce its registered capital, it shall prepare a balance sheet and property list.

The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital by the shareholders' meeting and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

Where the Company proposes to reduce its registered capital, it shall reduce the capital contribution amount or shares correspondingly in accordance with the shareholding percentage of the shareholders, unless otherwise stipulated by the laws or in the Articles of Association.

**Article 195** Where the registered capital is reduced in violation of the Company Law and other relevant provisions, shareholders shall refund the capital received thereby; where the shareholders' capital contributions are exempted or reduced, the original status shall be restored; where the Company suffers any loss, the shareholders and the responsible directors and senior management personnel shall bear the liability for compensation.

**Article 196** When the Company issues new shares to increase its registered capital, its shareholders do not enjoy the pre-emptive right, unless otherwise specified in the Articles of Association or decided by the resolution of a shareholders' meeting that the shareholders enjoy the pre-emptive right.

**Article 197** In the event of a merger or division of a company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; If the Company is dissolved, it shall go through the deregistration of the procedures company in accordance with the law; If a new company is established, the company establishment registration shall be completed in accordance with the law.

If the Company increases or decreases its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

## **Section 2   Dissolution and Liquidation**

**Article 198**   The Company shall be dissolved upon the occurrence of the following events:

- (I)   expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;
- (II)   a resolution on dissolution is passed by a shareholders' meeting;
- (III)   dissolution is required due to the merger or division of the Company;
- (IV)   the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (V)   the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the voting rights of the Company may plead the court to dissolve the Company.

If any of the aforementioned dissolution matters occurs, the Company shall announce to the general public through the National Enterprise Credit Information Publicity System within ten days.

**Article 199**   If the Company is in the situation as described in Item (I) and Item (II) of Article 198 and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the shareholders' meeting.

The amendment of the Articles of Association or the resolution of the shareholders' meeting as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

**Article 200**   If the company is dissolved due to the provisions mentioned in items (I), (II), (IV), and (V) of Article 198, a liquidation shall be conducted. The directors shall be the obligors for the company's liquidation and must form a liquidation group within fifteen days from the date the cause for dissolution arises to carry out the liquidation.

The liquidation group shall be composed of directors, except as otherwise provided in the Articles of Association, or as otherwise selected by a resolution of the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

**Article 201**   The liquidation group shall exercise the following functions and powers during the liquidation period:

- (I)   to dispose of the Company's assets, and respectively prepare a balance sheet and an inventory of the assets;
- (II)   to notify creditors by notice or public announcement;
- (III)   to deal with the outstanding business of the company involved in the liquidation;

- (IV) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (V) to liquidate claims and debts;
- (VI) to distribute the remaining property of the company after paying off debts;
- (VII) to participate in civil litigation on behalf of the company.

**Article 202** The liquidation group shall notify the Company's creditors within ten days as of its formation and shall make a public announcement on designated publications or on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

**Article 203** After the liquidation group has sorted out the company's assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the court for confirmation.

The Company's assets shall be used to pay the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the company's debts. The remaining assets shall be distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the aforementioned provisions have been complied with.

**Article 204** After sorting out the Company's assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company's assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law.

After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

**Article 205** Upon the completion of the company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the court for confirmation, and file it with the company registration authority to apply for the cancellation of the company registration.



**Article 206** Members of the liquidation committee shall perform liquidation duties, and have duties of loyalty and diligence.

If the liquidation group members are negligent in performing their liquidation duties, thereby causing losses to the Company, they shall be liable to compensate. They are liable to indemnify the Company and its creditors in respect of any loss arising from their willful or gross negligence.

**Article 207** If the company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

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

**Article 208** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law or other relevant laws, administrative regulations, departmental rules, normative documents and regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations, departmental rules, normative documents and regulatory rules at the place where the shares of the Company are listed;
- (II) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- (III) the shareholders' meeting has resolved to amend the Articles of Association.

**Article 209** Where the amendments to the Articles of Association passed by resolutions of the shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

**Article 210** The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

**Article 211** Any amendment to the Articles of Association that is required to be disclosed in accordance with laws and regulations shall be announced in accordance with provisions thereof.

## **CHAPTER 12 SUPPLEMENTARY PROVISIONS**

**Article 212** Definitions

- (I) the "controlling shareholder" refers to a shareholder holding shares representing over 50% of the total share capital of the Company; a shareholder holding no more than 50% of shares in the Company, but the voting rights vested by the shares held by him/her have a material effect on any resolutions made at a shareholders' meeting, or controlling shareholder as defined in the securities regulations and rules of the places where the Company's shares are listed.

- (II) the “actual controller” refers to the natural person, legal person or other organization who is able to actually dominate the conduct of the Company through investment relations, agreements or other arrangements.
- (III) the “affiliated relationship” refers to relationship between a controlling shareholder, actual controller, Director, Supervisor or senior management member of the Company and the enterprise directly or indirectly controlled by the same, or any other relationship that may give rise to a transfer of interests of the Company. However, there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State.
- (IV) the “hostile takeover” refers to a takeover conducted by the acquirer for the purpose of gaining control of a company or significant influence over a company’s decision-making without notifying the company’s board of directors and obtaining the approval of the board of directors.
- (V) In the Articles of Association, the meaning of “accounting firm” is consistent with the meaning of “auditor” in the Hong Kong Listing Rules, the meaning of “independent director” is consistent with the meaning of “independent non-executive director” in the Hong Kong Listing Rules.

**Article 213** The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 214** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles of Association and those in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered with the Administration for Industry and Commerce of Ningde City, Fujian Province shall prevail.

**Article 215** Unless otherwise specified, the expressions of “above” and “within” used in the Articles of Association shall include the original number, while the expressions of “over”, “beyond”, “less than”, “more than” and “not enough” shall not include the original number.

**Article 216** During the implementation of the Articles of Association, any dispute between the Company, its shareholders, directors and senior management members involved in the Articles of Association shall be settled through negotiation first. If the negotiation fails, a lawsuit shall be instituted in the people’s court of the place where the Company has its domicile.

**Article 217** Any matters not provided in the Articles of Association shall be implemented in accordance with relevant national laws, administrative regulations, departmental rules, regulatory documents, and securities regulatory rules of the place where the Company’s shares are listed. In the event of any inconsistency between the Articles of Association and the relevant provisions of the laws, administrative regulations, departmental rules, regulatory documents and the securities regulatory rules of the place where the Company’s shares are listed, the relevant laws, administrative regulations, departmental rules, regulatory documents and the securities regulatory rules of the place where the Company’s shares are listed shall prevail.

**Article 218** The interpretation of the Articles of Association shall be vested to the Board of the Company.

**Article 219** The appendices to the Articles of Association include the rules of procedure of the General Meeting and the rules of procedure for the Board of Directors.

**Article 220** The Articles of Association shall take effect from the date of consideration and approval by the general meeting of the Company.

(No text below)