

**Articles of Association  
of  
FOLANGSI CO., LTD  
(Draft)**

**(Applicable after the listing of H shares)**

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# Articles of Association of FOLANGSI CO., LTD

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of the Company, its shareholders and creditors, and regulate the organization and acts of the Company, the Articles of Association is formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Accounting Law of the People's Republic of China, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange Listing Rules") and other relevant requirements of the People's Republic of China (hereinafter referred to as the "PRC").

**Article 2** FOLANGSI CO., LTD (hereinafter referred to as the "Company") is a joint stock company with limited liability established in accordance with the Company Law.

The Company was established by way of conversion of net assets into shares by Guangzhou Folangsi Machinery Co., Ltd. (廣州佛朗斯機械有限公司) on an integral basis. The Company was registered with and obtained the business license from Guangzhou Municipal Administration for Market Regulation with the unified social credit code of 914401136699550284.

As approved by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") and filed with China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), the Company issued 12,136,000 overseas listed foreign shares (H shares) through its initial public offering, which were listed and traded on the main board of the Hong Kong Stock Exchange on November 10, 2023.

**Article 3** The Chinese Name of the Company: 廣州佛朗斯股份有限公司

The English Name of the Company: FOLANGSI CO., LTD

**Article 4** The domicile of the Company: No. 999, Yayun Avenue, Shiqi Town, Panyu District, Guangzhou City.

**Article 5** The registered capital of the Company is RMB87,005,704.

**Article 6** The Company is a joint stock limited liability company with perpetual existence.

**Article 7** The chairman of the board of directors is the legal representative of the Company.

**Article 8** All the assets of the Company are divided into shares of equal par value. The liability of a shareholder of the Company shall be limited to the shares subscribed by that shareholder, and the Company shall hold liable for its debt with all of its assets.

**Article 9** From its effective date, the Articles of Association of the Company shall be a legally binding document that regulates the organization and acts of the Company, and defines the rights and obligations between the Company and its shareholders and among the Company's shareholders themselves. The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors and senior management. In accordance with the Articles of Association, shareholders may institute legal proceedings against shareholders; shareholders may institute legal proceedings against the Company's directors, supervisors, general manager and other senior management; shareholders may institute legal proceedings against the Company; and the Company may institute legal proceedings against its shareholders, directors, supervisors, general manager and other senior management.

**Article 10** The senior management referred to in the Articles of Association represents the deputy general managers, secretary to the board of directors and chief financial officer of the Company.

**Article 11** The Company shall establish an organization of the Communist Party of China to carry out the activities of the Party in accordance with the Charter of the Communist Party of China. The Company shall provide the necessary support for the activities of the Party organization.

## **CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE**

**Article 12** The business objectives of the Company are to prioritize customer satisfaction, align with the market demand and utilize technological innovation to continuously enhance the Company's brand reputation and competitiveness, and improve both the Company's economic and social benefits, thereby maximizing the Company's value and delivering satisfactory returns to shareholders.

**Article 13** As registered according to law, the Company's business scope includes sales of intelligent robots; sales of intelligent warehousing equipment; sales of intelligent infrastructure manufacturing equipment; sales of machinery and equipment; sales of artificial intelligence hardware; sales of tires; sales of special equipment; sales of material handling equipment; sales of Internet of Things (IoT) devices; development of network and information security software; network technical services; manufacturing of IoT equipment; research and development of IoT technology; engaging in investment activities with its self-owned funds; specialised equipment repair; general equipment repair; information consulting services (excluding licensed information consulting services); supply chain management services; labor services (excluding labor dispatch); technical services, technical development, technical consulting, technical exchange, technical transfer and technical promotion; manufacturing of industrial robots; installation and maintenance of industrial robots; sales of lubricants; artificial intelligence general applications; development of artificial intelligence theory – and algorithm-based software; general cargo warehousing services (excluding dangerous chemicals and other items requiring permits and approval); loading and unloading services; IoT application services; blockchain technology related software and services; IoT technology services; research and development of intelligent robots; development of artificial intelligence application software; software development; sales of mechanical parts and components; sales of industrial robots; sales of mobile terminal equipment; distribution of used vehicles; rental of special equipment; battery leasing; transport equipment rental services; rental of construction engineering machinery and equipment; machinery and equipment leasing; warehousing equipment rental services; battery manufacturing; manufacturing of power transmission and distribution and control equipment; manufacturing of power distribution switch control equipment; research and development of power distribution switch control equipment; sales of power distribution switch control equipment; sales of intelligent power transmission and distribution and control equipment; sales of batteries; production of battery accessories; import and export of technology; import and export of goods; and installation, modification and repair of special equipment.

## CHAPTER 3 SHARES

### Section 1 Issuance of Shares

**Article 14** Shares of the Company shall take the form of registered share certificates.

Where the share capital of the Company includes shares which do not carry voting rights, the designation of such shares must include the words “no voting rights”. Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most privileged voting rights, must include the words “restricted voting rights” or “limited voting rights”.

The Company shall maintain a register of shareholders to contain the following information and register the particulars of shareholders as required by the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

The Company shall keep a complete register of shareholders. The register of shareholders shall include the following: i) the register of shareholders maintained at the Company’s domicile (other than those parts as described in paragraphs ii) and iii) of this Article); ii) the register of shareholders in respect of the holders of overseas listed foreign shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located; iii) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of listing of the Company’s shares. Any changes or corrections of any part of the register of shareholders shall be effected in accordance with the laws of the place where that part of the share register is kept.

Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the “original certificates”) are lost, apply to the Company for a replacement share certificate in respect of such shares (the “relevant shares”). If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the Company Law. If a holder of overseas listed foreign shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange or other relevant regulations of the place where the original register of holders of overseas listed foreign shares is maintained.

**Article 15** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same rights. Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares for which it or he or she subscribes for.

**Article 16** The shares issued by the Company shall be denominated in Renminbi. Renminbi referred to in the Articles of Association means the lawful currency of the PRC.

**Article 17** The unlisted domestic shares held by domestic shareholders prior to the Company’s overseas listing, the additional unlisted domestic shares issued in the domestic market after its overseas listing and the unlisted shares held by foreign shareholders are collectively referred to as “unlisted domestic shares”. Subject to approval by the Hong Kong Stock Exchange and compliance with the filing procedures of the CSRC, the relevant shareholders may apply to convert the aforesaid unlisted domestic shares into overseas listed foreign shares (H shares) and list and trade such shares on the Hong Kong Stock Exchange.

**Article 18** The overseas listed foreign shares (H shares) issued by the Company to the public and the shares held by relevant shareholders that are the overseas listed foreign shares (H shares) converted from unlisted domestic shares are collectively referred to “H shares”.

**Article 19** The unlisted domestic shares of the Company shall be collectively deposited with China Securities Depository and Clearing Corporation Limited according to the China’s current laws, regulations and normative documents. H Shares of the Company shall be held in custody at the authorised depository companies under Hong Kong Securities Clearing Company Limited and may also be held by the shareholders under individual names.

**Article 20** The total number of shares of the Company was 60,000,000 shares at its inception, all of which were RMB-denominated ordinary shares with each share having a nominal value of RMB1. The name of the promoters, the number of shares subscribed, the percentage of shareholding, the mode of capital contribution and the date of capital contribution are as follows:

No.	Name of promoters	Number of shares subscribed (shares)	Percentage of shareholding (%)	Mode of capital contribution	Date of capital contribution
1	Hou Zekuan	13,230,171	22.0503%	Conversion of net assets into shares	2016-07-31
2	Hou Zebing	12,702,820	21.1714%	Conversion of net assets into shares	2016-07-31
3	Guangzhou Daze Investment Partnership (Limited Partnership) (廣州達澤投資合夥企業(有限合夥))	8,905,522	14.8425%	Conversion of net assets into shares	2016-07-31
4	Shenzhen Xinyu Equity Investment Enterprise (Limited Partnership) (深圳鑫域股權投資企業(有限合夥))	7,350,094	12.2502%	Conversion of net assets into shares	2016-07-31
5	Zheng Ying	468,752	0.7812%	Conversion of net assets into shares	2016-07-31
6	Wang Jing	918,762	1.5313%	Conversion of net assets into shares	2016-07-31
7	Suzhou Eastern Bell II Investment Center (Limited Partnership) (蘇州鍾鼎創業二號投資中心(有限合夥))	13,885,413	23.1424%	Conversion of net assets into shares	2016-07-31
8	Shanghai Dingmin Investment Management Center (Limited Partnership) (上海鼎民投資管理中心(有限合夥))	230,775	0.3846%	Conversion of net assets into shares	2016-07-31
9	Shanghai Xingfu Venture Capital Management Center (Limited Partnership) (上海興富創業投資管理中心(有限合夥))	1,730,764	2.8846%	Conversion of net assets into shares	2016-07-31
10	Fujian Xinghe Equity Investment Limited Partnership (福建省興和股權投資有限合夥企業)	576,927	0.9615%	Conversion of net assets into shares	2016-07-31
Total		60,000,000	100.0000		

**Article 21** The total number of shares of the Company is 348,022,816 shares with each share having a par value of RMB0.25, all of which are RMB-denominated ordinary shares. In particular, 141,428,080 shares are unlisted domestic shares, representing 40.64% of the total number of shares of the Company; and 206,594,736 shares are H shares, representing 59.36% of the total number of shares of the Company.

**Article 22** The Company or its subsidiaries (including its affiliated companies) shall not provide any financial assistance to those who purchase or intend to purchase the Company's shares in the form of gifts, advances, guarantees, compensations or loans.

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

**Article 23** Subject to the provisions of laws and regulations, the Company may, upon resolution by a shareholders' general meeting, increase its capital on the basis of its business and development needs in the following ways:

- (I) a public offering of shares;
- (II) a private placement of shares;
- (III) distributing bonus shares to existing shareholders;
- (IV) placing new shares to existing shareholders;
- (V) converting the reserved into share capital;
- (VI) other ways as approved by laws, administrative regulations and the CSRC.

After having been approved in accordance with the provisions of the Articles of Association and the Stock Exchange Listing Rules, the increase of the Company's capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant state laws, administrative regulations and the Stock Exchange Listing Rules.

**Article 24** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law and other relevant regulations, and the Articles of Association.

**Article 25** The Company shall not buy back its own shares, except in one of the following circumstances:

- (I) reducing the registered capital of the Company;
- (II) merging with another company that holds shares in the Company;
- (III) using shares for employee stock ownership plan or equity incentives;
- (IV) shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to buy back their shares;
- (V) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (VI) where it is necessary for the Company to preserve its value and shareholders' interest.

**Article 26** The Company may repurchase its shares through public centralised trading or other methods recognised by laws, administrative regulations and the CSRC. Where the relevant laws, regulations, normative documents and the relevant provisions of the securities regulatory authority of the place where the Company's shares are listed have any other provisions in respect of the matters related to the aforesaid share repurchase, such provisions shall prevail.

The Company purchasing its own shares under any of the circumstances set forth in items (III), (V) and (VI) of Article 25 herein shall carry out trading in a public and centralised manner.

**Article 27** Where the Company repurchases its shares under the circumstances set out in items (I) and (II) of Article 25 herein, a resolution shall be passed at the general meeting of the Company. Where the Company repurchases its shares under the circumstances set out in items (III), (V) and (VI) of the first paragraph of Article 25 herein, a resolution may be passed at a board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or as authorised by the general meeting.

Where the Company repurchases its shares under the circumstances set out in item (I) of Article 25 herein, such shares shall be cancelled within 10 days from the date of repurchase; where the Company repurchases its shares under the circumstances set out in items (II) and (IV), such shares shall be transferred or cancelled within 6 months; where the Company repurchases its shares under the circumstances set out in items (III), (V) and (VI), 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 cancelled within 3 years.

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

**Article 28** The shares of the Company may be transferred legally.

Any assignment and transfer of stocks must be registered in the register of shareholders. The Company may, in accordance with any understanding or agreements between the securities regulatory authority of the State Council and overseas securities regulatory authorities, keep its original copy of the register of holders of overseas listed foreign shares outside China and entrust overseas agent(s) to manage such register. The original copy of the register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong. If there is any inconsistency between the original copy and the duplicate register of the holders of overseas listed foreign shares, the original copy shall prevail.

All transfers of H shares shall be effected by transfer instrument in writing in a general or common form or in any other form acceptable to the board of directors, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The transfer instrument may be signed by hand or stamped with the company's seal (where the transferor or transferee is a corporation) only. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the transfer instrument may be signed by hand or in printed form. All the transfer instruments shall be kept at the legal address of the Company or an address designated by the board of directors from time to time.

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

**Article 30** Shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. Shares issued by the Company prior to the public offering of shares shall not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange.

Directors, supervisors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes thereof, and shall not transfer more than 25% of the total number of shares of the Company held by them each year during their terms of office; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The above personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

**Article 31** If the Company's shareholders holding 5% or above shares of the Company, directors, supervisors, senior management officers sell shares or other securities with an equity nature within six months after buying the same or buy shares or securities within six months after selling the same, the earnings arising therefrom shall belong to the Company and the board of directors shall recover such earnings. However, the restriction shall not be applicable to any sale of shares by a securities company holding 5% or above of the Company's shares as a result of its purchase and underwriting of the untaken shares after offering and other circumstances stipulated by CSRC.

The shares or other securities with an equity nature held by directors, supervisors, senior management officers and natural person shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, children, and any of the above which is held by using others' accounts.

If the Company's board of directors does not comply with the provision of this article, the shareholders can request the board of directors to do so within 30 days. If the board of directors does not enforce such right within the aforesaid period, the shareholders are entitled to commence litigations in the people's court in their own names for the interests of the Company.

If the Company's board of directors does not enforce the provision of this article, the responsible directors shall assume joint and severally liability in accordance with the laws.

**Article 32** The Company may, in accordance with any understanding or agreements between the securities regulatory authority of the State Council and overseas securities regulatory authorities, keep its original copy of the register of holders of overseas listed foreign shares outside China and entrust overseas agent(s) to manage such register. The original copy of the register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Hong Kong branch register of shareholders must be available for inspection by shareholders, but the issuer may be allowed to suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance. The entrusted overseas agent shall ensure that the original and duplicates of the register of holders of overseas listed foreign shares are always consistent.

Where the original and duplicates of the register of holders of overseas listed foreign shares are not consistent, the original version shall prevail.

## CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

### Section 1 Shareholders

**Article 33** The Company establishes a register of shareholders based on the certificates provided by the securities registration authority. The register of shareholders shall be sufficient evidence of the shareholders' shareholding in the Company. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

**Article 34** When the Company convenes a general meeting, distributes dividends, conducts liquidation or engages in other activities that require the confirmation of the identity of shareholders, the convener of the board meeting or shareholders' general meeting shall determine the record date. Shareholders whose names appear on the register of shareholders at the close of trading on the record date shall be the shareholders entitled to relevant interests.

**Article 35** Shareholders of the Company shall enjoy the following rights:

- (I) to receive dividends and other distributions in proportion to the number of shares held;
- (II) to request, summon, preside over, attend or appoint a proxy, who need not be a shareholder of the issuer, to attend shareholders' general meetings in accordance with the laws, and to exercise the corresponding voice and voting rights; where the shareholder being a corporation, it may appoint a proxy to attend and vote at any shareholders' general meeting and such corporation shall be deemed to be present in person at any such meeting if it has appointed a proxy to attend thereat. Such corporation may execute a form of proxy by its duly authorised officer;
- (III) to supervise the operation of the Company, making suggestions or enquiries;
- (IV) to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations and the Articles of Association;
- (V) to review the Articles of Association, the register of members, counterfoils of corporate bonds, minutes of general meetings, resolutions of the board meetings, resolutions of the board of supervisors meetings and financial and accounting reports;
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (VII) to request the Company to buy back the shares of shareholders objecting to resolutions of the general meeting concerning merger or division of the Company; and
- (VIII) other rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 36** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company will provide the information as required by the said shareholder upon verification of the said shareholder's identity.

**Article 37** If any resolution of the general meeting or the board of directors violates the laws and administrative regulations, the shareholders shall be entitled to request the people's court to invalidate the said resolution.

If the convening procedure or voting method of the general meetings or board meetings violates the laws, administrative regulations or the Articles of Association, or if the contents of any resolution run counter to the Articles of Association, the shareholders shall be entitled to request the people's court to cancel such resolution within sixty days after passing the resolution.

If a director or senior management violates laws, administrative regulations or the Articles of Association in the performance of his/her duties resulting in any loss to the Company, the shareholder(s) holding individually or in aggregate no less than 1% of the Company's shares for one hundred and eighty or more consecutive days shall be entitled to request the board of supervisors in writing to institute legal proceedings to the people's court.

**Article 38** Where the board of supervisors violates laws, administrative regulations or the Articles of Association in fulfilling its duties, thereby causing any loss to the Company, the shareholders shall be entitled to request the board of directors in writing to institute legal proceedings to the people's court.

If the board of supervisors or the board of directors refuses to institute legal proceedings after receipt of the written request from the shareholders or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstance is urgent and any delay of legal proceedings may cause irreparable damage to the interests of the Company, the shareholders shall be entitled to institute legal proceedings to the people's court directly in their own names for the interests of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders may institute legal proceedings to the people's court according to this article.

**Article 39** If any director or senior management violates laws, administrative regulations or the Articles of Association, thereby causing any loss to the shareholders, the shareholders may institute legal proceedings to the people's court.

**Article 40** Shareholders of the Company shall assume the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to make divestment unless in the circumstances stipulated by laws and regulations;
- (IV) not to abuse the rights of shareholders to damage the interests of the Company or that of other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the creditors of the Company;
- (V) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders of the Company who abuse the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liabilities for the debts of the Company.

**Article 41** If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**Article 42** The controlling shareholders and de facto controllers of the Company shall not use their connected relations to damage the interests of the Company. If the violation causes losses to the Company, it shall be liable for compensation.

**Article 43** The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a capital contributor in strict compliance with the laws. The controlling shareholder shall not damage the legitimate rights and interests of the Company and public shareholders by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., and shall not use its controlling status to damage the interests of the Company and public shareholders.

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

**Article 44** The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to laws:

- (I) to decide on the Company's business policies and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives and to decide on matters relating to the remuneration of directors and supervisors;
- (III) to consider and approve reports of the board of directors;
- (IV) to consider and approve reports of the board of supervisors;
- (V) to consider and approve the annual financial budgets and final accounts of the Company;
- (VI) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (VII) to resolve on the increase or reduction of the registered capital of the Company;
- (VIII) to resolve on the issue of corporate bonds;
- (IX) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (X) to amend the Articles of Association;

- (XI) to resolve on the appointment and dismissal of the accounting firm of the Company;
- (XII) to consider the guarantee matters that require approval by the shareholders' general meeting in accordance with the provisions of the Articles of Association;
- (XIII) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (XIV) to consider and approve the change in use of proceeds;
- (XV) to consider share incentive schemes and employee share ownership plans;
- (XVI) to consider other matters required by laws, administrative regulations, departmental rules and the Articles of Association to be decided by the general meeting.

**Article 45** The following external guarantees of the Company, excluding guarantees for its controlled or wholly-owned subsidiaries, shall be submitted to the shareholders' general meeting for consideration and approval:

- (I) any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls has exceeded 50% of the latest audited net assets of the Company;
- (II) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the latest audited total assets of the Company;
- (III) the amount guaranteed by the Company within one year exceeds 30% of the latest audited total assets of the Company;
- (IV) any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (V) any single guarantee for an amount more than 10% of the latest audited net assets of the Company;
- (VI) any guarantee to be provided for a shareholder, a de facto controller or their respective related party.

The matters relating to external guarantees required to be considered at a shareholders' general meeting shall be considered and approved by the board of directors before submitted to the general meeting for consideration.

**Article 46** General meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

**Article 47** The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (I) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;

- (II) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (III) when shareholders individually or jointly holding 10% or more of the Company's shares so request;
- (IV) when deemed necessary by the board of directors;
- (V) when proposed by the board of supervisors;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 48** The venue of the shareholders' general meeting of the Company shall be the domicile of the Company or other place determined by the board of directors of the Company. The general meeting shall have a venue and be held on-site. The board of directors of the Company may, based on the specific conditions and in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the Stock Exchange Listing Rules, or the Articles of Association, take other voting methods, if appropriate, to facilitate the shareholders' attending the general meeting. A shareholder who attends the general meeting in the aforesaid manner shall be deemed to be present at the meeting.

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

**Article 49** General meetings shall be summoned by the board of directors, unless otherwise provided by the laws or the Articles of Association.

**Article 50** The independent directors are entitled to propose to the board of directors to convene an extraordinary general meeting. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receiving the proposal from the independent directors. If the board of directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the board of directors is passed. If the board of directors does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

**Article 51** The board of supervisors shall have the right to propose to the board of directors to convene an extraordinary general meeting in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the board of directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the board of directors is passed. Any changes to the original proposal made in the notice shall be approved by the board of supervisors.

If the board of directors does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days after receiving the proposal, the board of directors shall be deemed to be unable or fail to perform the duty of convening the general meeting, and the board of supervisors may summon and preside over the meeting on its own.

**Article 52** Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the board of directors in writing to convene an extraordinary general meeting. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the board of directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the board of directors is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors does not agree to convene an extraordinary general meeting or does not reply within 10 days upon receipt of the proposal, the shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the board of supervisors to convene an extraordinary general meeting, and such proposal shall be made in writing.

If the board of supervisors agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the board of supervisors fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the board of supervisors will not convene and preside over the general meeting, and shareholders individually or jointly holding 10% or more of the Company's shares for more than 90 consecutive days may summon and preside over the meeting by themselves.

**Article 53** If the board of supervisors or shareholders decide to convene a shareholders' general meeting by itself/themselves, it/they shall notify the board of directors in writing.

Where shareholders convene a shareholders' general meeting by themselves, the shareholding of the convening shareholders shall not be less than 10% from the date of convening the general meeting to the announcement of the resolution.

**Article 54** With regard to the general meeting convened by the board of supervisors or shareholders by itself/themselves, the board of directors and the secretary to the board of directors shall offer cooperation. The board of directors shall provide the register of shareholders as at the record date.

**Article 55** If the board of supervisors or shareholders convene a general meeting by itself/themselves, the expenses necessary for the meeting shall be borne by the Company.

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

**Article 56** The contents of a proposal shall fall within the scope of functions and powers of the shareholders' general meeting, with clear agenda and specific matters for a resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 57** When the Company convenes a general meeting, the board of directors, the board of supervisors, and shareholder(s) severally or jointly holding more than 3% shares of the Company shall have the right to make proposals to the Company.

Shareholders individually or jointly holding 3% or more of the Company's shares may submit ad hoc proposals in writing to the convener 10 days before a general meeting is convened. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposal to announce the contents of the provisional proposal.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the general meeting or add any new proposals after issuing the notice of the general meeting.

Proposals not listed in the notice of general meeting or not satisfying the criteria prescribed in Article 55 herein shall not be voted or resolved at the general meeting.

**Article 58** The convener shall notify all shareholders by way of announcement 20 days before the annual general meeting and shall notify all shareholders by way of announcement 15 days before the extraordinary general meeting.

**Article 59** A notice of general meeting shall include the following contents:

- (I) the time, venue, and duration of the meeting;
- (II) the matters and proposals to be considered at the meeting;
- (III) a prominent written statement as follows: all shareholders are entitled to attend the general meeting, and may authorise in written form a proxy, who need not necessarily be a shareholder of the Company, to attend and vote at the meeting;
- (IV) the record date for determining those shareholders who have the right to attend the general meeting;
- (V) the names and telephone numbers of the permanent contact persons of the meeting;
- (VI) the voting time and voting procedures online or by other means.

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

The interval between the record date and the meeting date shall not be more than seven business days. The record date shall not be changed once fixed.

**Article 60** If the matters relating to the election of directors or supervisors are proposed to be discussed at a shareholders' general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for directors or supervisors, which shall, among others, include:

- (I) personal particulars, including educational background, working experience, and part-time jobs;
- (II) any connected relationship with the Company, its controlling shareholders and de facto controllers;
- (III) disclosure of the number of shares of the Company held by him/her;
- (IV) whether he/she was subject to any punishment or enforcement action by the CSRC, other relevant authorities and the stock exchange.

Unless a director or supervisor is elected by adopting the cumulative voting system, the proposal on each candidate for directors or supervisors shall be put forward individually.

**Article 61** After the notice of general meeting is issued, the general meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two business days prior to the date on which the meeting is originally scheduled. In the case of postponement, the notice shall state the adjourned date.

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

**Article 62** The board of directors of the Company or any other conveners shall take necessary measures to ensure the good order of the general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles and infringing the legitimate rights and interests of any shareholder, and shall report such act to the relevant authority for investigation and punishment in a timely manner.

**Article 63** All shareholders registered on the record date or their proxies are entitled to attend the general meeting and shall exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association (except for a recognized clearing house as defined by relevant ordinances in force from time to time in accordance with Hong Kong laws or its proxies).

If a shareholder is a recognised clearing house as defined by relevant ordinances in force from time to time in accordance with Hong Kong laws or its proxies, he/she may authorise one or more proxy(ies) as he/she thinks fit to act as his/her proxy or representative at any shareholders' general meeting or class meeting. However, if more than two proxies are appointed, the proxy form or power of attorney shall specify the number and class of shares represented by each of such proxies under the authorisation. Such authorised proxies are entitled to exercise the rights on behalf of the recognised clearing house or their proxies (without presentation of evidence of their shareholding, notarized authorisation and/or further proof demonstrating the duly granting of the same), as if they were the individual shareholders of the Company.

Any shareholder who are entitled to attend and vote at the shareholders' general meeting has the right to appoint one or more persons (such person needs not be a shareholders) as his/her proxies to attend and vote on his/her behalf.

**Article 64** Shareholders may attend and vote at general meetings either in person or by proxies.

**Article 65** Individual shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual shareholders shall produce their valid identity cards and the proxy form of the shareholder.

Shareholder that is a legal person shall be represented at the meeting by its legal representative or a proxy appointed by it. If a legal representative attends the meeting, he/she should produce his/her identity card and valid proof that he/she is a legal representative; if a proxy attends the meeting, the proxy should produce his/her identity card and the proxy form duly issued by the legal representative of such legal person.

**Article 66** The proxy form issued by a shareholder to appoint a proxy to attend a general shareholders' meeting shall specify:

- (I) the name of the proxy;
- (II) whether or not the proxy has any voting right;
- (III) instruction of voting for or against or abstain from voting on each and every matter under consideration included in the agenda of the general meeting;
- (IV) the date of issue and validity period of the proxy form;
- (V) signature (or seal) of the principal. If the principal is a legal person shareholder or shareholder organised by a non-legal person, the corporate seal shall be affixed.

**Article 67** The proxy form shall contain a statement that in the absence of instructions from the shareholder the proxy may vote as he/she thinks fit.

**Article 68** The proxy form shall be deposited at the domicile of the Company or such other place specified for that purpose in the notice of convening the meeting, not less than twenty-four hours prior to convening of the meeting at which the proxy proposes to vote, or twenty-four hours before the time appointed for voting. If the proxy form is signed by a person authorised by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents and the instrument appointing a proxy shall be placed at the domicile of the Company or at such other place as specified in the notice convening the meeting.

If the principal is a legal person, its legal representative or such person as is authorized by resolution of its board of directors or other governing body to act as its representative may attend the general meeting of the Company.

**Article 69** A registration record for attendees at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of voting shares held or represented and names of appointers (or name of organizations).

**Article 70** The convener shall examine the legality of shareholders' qualifications according to the register of shareholders provided by the securities registrations and clearing organizations. The names of shareholders and the number of voting shares shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held.

**Article 71** All directors, supervisors and secretary to the board of directors shall attend general meetings of the Company, and the general manager and other senior management shall be present at the meetings.

**Article 72** General meetings shall be presided over by the chairman of the board of directors. Where the chairman is unable or fails to fulfill his duties, the meeting shall be presided over by a director jointly elected by an absolute majority of directors.

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

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

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

**Article 73** The Company shall formulate rules of procedure for general meetings which shall specify the convening and voting procedure of general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing and announcements thereof, and the principle and contents of authorisation of the board of directors on the general meetings. The rules of procedures for general meetings shall be attached as an appendix to the Articles of Association, formulated by the board of directors and approved by the general meeting.

**Article 74** The board of directors and the board of supervisors shall report their work for the past year to the general meeting at the annual general meeting. Each independent director shall also submit his/her work report to the general meeting.

**Article 75** Directors, supervisors and senior management shall answer and explain inquiries and proposals made by shareholders at the general meeting.

**Article 76** The presider of the meeting shall, prior to voting, announce the number of shareholders and proxies present at the meeting as well as the total number of voting shares, which shall be the number of shareholders and proxies present at the meeting and the total number of their voting shares as indicated in the meeting's registration record.

**Article 77** Minutes of a general meeting shall be prepared by the secretary to the board of directors. The minutes of the meeting shall specify:

- (I) the time, venue and agenda of the meeting, and the name of the convener;
- (II) the name of the presider, and the names of the directors, supervisors, general manager and other senior management attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of their voting shares to the total number of shares of the Company;
- (IV) the process of review and discussion, summary of any speech and voting results with respect to each proposal;
- (V) shareholders' inquiries, opinions or suggestions and corresponding answers or explanations;
- (VI) the names of vote counters and scrutinizers of the voting; and
- (VII) other contents that required to be recorded in the minutes as stipulated in the Articles of Association.

**Article 78** The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, the supervisors, the secretary to the board of directors, the convener or representative thereof, and the presider of the meeting shall sign on the minutes of the meeting. The minutes of meeting shall be kept together with the attendees' register of the attending shareholders, the power of attorney of the proxies and the valid information of online voting and other means of voting for a term of not less than ten years.

**Article 79** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or for other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or directly terminate the meeting and publish an announcement in a timely manner.

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

**Article 80** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

Special resolutions shall be passed by votes representing two-thirds or more of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

**Article 81** The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the board of directors and the board of supervisors;
- (II) profit distribution plans and loss recovery plans formulated by the board of directors;
- (III) appointment and removal of members of the board of directors and the board of supervisors, their remuneration and method of payment;
- (IV) annual budget and final accounts of the Company;
- (V) annual reports of the Company;
- (VI) subject to applicable laws and administrative regulations, any director whose term of office has not expired may be removed by ordinary resolution (but without prejudice to the director's claim for damages under any contract);
- (VII) matters other than those required by the laws, administrative regulations or the Articles of Association to be adopted by special resolution.

**Article 82** The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or reduction of the registered capital of the Company;
- (II) division, spin-off, merger, dissolution and liquidation of the Company;
- (III) amendments to the Articles of Association;
- (IV) purchase or disposal of material assets or provision of guarantee by the Company within 12 consecutive months with the accumulated amount exceeding 30% of the latest audited total assets of the Company;
- (V) share incentive scheme;
- (VI) other matters stipulated by laws, administrative regulations or the Articles of Association, and other matters considered by the general meeting, by way of ordinary resolution, to have a material impact on the Company and need to be approved by special resolution.

**Article 83** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote. When voting, the shareholders (including proxies thereof) entitled to two or more votes are not required to cast all votes for or against in the same way. Shareholders shall be entitled (1) to speak at the general meetings and (2) to vote at the general meetings unless individual shareholders are required by the listing rules of the stock exchange where the shares of the Company are listed to abstain from voting on particular matters.

Where any shareholder, under applicable laws and regulations and the listing rules of the stock exchange where the shares of the Company are listed, is required to abstain from voting on or restricted to voting only for or only against any individual resolution, any votes cast by a shareholder (or his/her proxy) in contravention of such requirement or restriction shall not be counted as part of the voting result.

Votes of medium and small investors shall be separately counted when any material matter affecting their interests is considered at the general meeting. The separate counting results shall be disclosed timely and publicly. Shareholders holding a minority interest in the issuer must be allowed to call an extraordinary general meeting and to include a motion in the agenda of the meeting. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer.

The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting. The controlling subsidiary of the Company shall not acquire the shares of the Company. If the controlling subsidiary holds shares for special reasons, the circumstances shall be eliminated in accordance with the law within one year. Before the aforesaid circumstances are eliminated, the relevant subsidiary shall not exercise the voting rights corresponding to the shares held by it, and such shares shall not be counted in the total number of shares with voting rights present at the shareholders' general meeting.

The board of directors, independent directors, shareholders holding more than 1% of the total voting shares of the Company or investor protection corporation established in accordance with laws, administrative rules and the provisions of the China Securities Regulatory Commission may publicly collect voting rights from shareholders. They shall adequately disclose specific information including voting intents to the persons whose voting rights are collected when collecting voting rights from shareholders. It is prohibited to collect voting rights from shareholders with compensation or compensation in disguised form. Save for the statutory conditions, the Company shall not set minimum shareholding percentage limit for collection of voting rights.

In addition, Hong Kong Exchanges and Clearing Limited must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies/corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote.

**Article 84** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares they represent shall not be counted in the total number of valid voting shares; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

**Article 85** When voting on any connected transactions at a shareholders' general meeting, the procedures for abstention of voting and voting of connected shareholders are as follows:

- (I) If a proposal to be considered at the general meeting is related to a shareholder, such shareholder shall disclose its connected relationship to the board of directors of the Company before the date of convening the general meeting;
- (II) When the general meeting considers the connected transactions, the presider of the meeting shall announce the connected shareholders, and explain and state the connected relationship between the connected shareholders and the matters related to connected transactions;
- (III) The presider of the meeting announces the abstention of the connected shareholders, and the non-connected shareholders shall consider and vote on the connected transactions;
- (IV) An ordinary resolution on a connected transaction at a general meeting shall be valid if it is duly passed by non-connected shareholders representing more than half of the voting rights of the non-connected shareholders present at the general meeting; a special resolution shall be valid only if it is duly passed by non-connected shareholders representing more than two-thirds of the voting rights of the non-connected shareholders present at the general meeting;
- (V) If the connected shareholders fail to disclose the connected relationship or abstain from voting according to the above procedures, the resolution on the management matters shall be invalid and shall be voted again.

**Article 86** Unless the Company is in a crisis or any special circumstance, the Company may not enter into any contract with anyone other than a director, general manager or other senior management to have all or significant part of the Company's business in the care of the said person, unless with the approval by special resolutions at a general meeting.

**Article 87** The list of candidates for directors and supervisors shall be submitted to the general meeting for voting by way of proposal. When a voting is made on election of directors or supervisors at a general meeting, the cumulative voting system may be adopted in accordance with the requirement of the Articles of Association or the resolutions of the general meeting.

The “cumulative voting system” as referred to in the preceding paragraph means that when a general meeting elects directors or supervisors, each share shall carry the same number of voting right as the number of directors or supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used. The board of directors shall announce the resumes and basic information of the director or supervisor candidates to shareholders.

Cumulative voting system shall be adopted if a single shareholder and its parties in concert are interested in 30% or above of the shares of the Company.

**Article 88** The methods and procedures for the nomination of candidates to directors and supervisors are as follows:

- (I) The candidate for shareholder representative director shall be nominated and recommended in writing to the board of directors by the shareholders who individually or jointly hold more than 3% of the shares, and the relevant shareholders shall submit the resumes and basic information of the candidates of director nominated and recommended by them to the board of directors which shall be submitted to the general meeting for election after the qualification review by the board of directors;
- (II) The candidate for shareholder representative supervisor shall be nominated and recommended in writing to the board of supervisors by the shareholders who individually or jointly hold more than 3% of the shares, and the relevant shareholders shall submit the resumes and basic information of the candidates of supervisor nominated and recommended by them to the board of directors which shall be submitted to the general meeting for election after the qualification review by the board of supervisors;
- (III) Candidates for directors and supervisors shall make written commitments as required by the Company, including but not limited to agreeing to accept the nomination, undertaking that the personal information submitted by them is true and complete, and warranting that they will earnestly perform their duties after being elected.

The employee representatives of the board of directors and the board of supervisors shall be democratically elected by the Company's employees at the employee representative assembly, employee meeting or otherwise.

At the general meeting for the election of directors and supervisors, the presider of the meeting shall explain the specific content and voting rules of the cumulative voting system to the shareholders, and inform them of the voting rights of each share in the election of directors and supervisors.

When implementing the cumulative voting system, the voting shareholders must indicate all the directors and supervisors they elect on one ballot, and indicate the number of voting rights they use behind each director and supervisor they elect. If the total number of voting rights used by the shareholder on the ballot exceeds the total number of voting rights legally owned by such shareholder, the ballot will be invalid.

When counting the votes, the total number of voting rights obtained by each candidate for director and supervisor shall be counted to determine the election of directors and supervisors.

**Article 89** Save under the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is terminated 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 general meeting.

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

**Article 91** The same voting right can only be exercised in only one form: on-site, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 92** The voting at the general meeting will be taken by way of registered poll.

**Article 93** Before proposals are voted on at the general meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. Where any shareholder has connected relations with any matter considered, the said shareholder and proxy thereof shall not participate in vote counting and scrutinizing.

When proposals are voted on at the general meeting, the shareholders' representative and supervisors' representative shall be jointly responsible for vote counting and scrutinizing and shall announce the voting results on the spot, and the voting results of the resolutions shall be recorded in the meeting minutes.

Shareholders of the Company or proxies thereof voting over the network or by other means shall have the right to check their voting results via the corresponding voting system.

**Article 94** A general meeting shall not conclude earlier at the venue than over the network or otherwise, and the presider of the meeting shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result.

Before the voting result is announced, the relevant parties including the Company, counting officer, monitoring officer, substantial shareholders and network service provider involved at the venue, over the network or otherwise shall have the confidentiality obligation.

**Article 95** A shareholder attending a general meeting, other than those shall abstain from voting, shall express one of the following opinions on any proposal to be voted on: pro, con or abstention, except declaration is made in accordance with the actual holder's intent where the securities registration and clearing organization shall be the nominal holder of shares under the Mainland China and Hong Kong Stock Connect scheme.

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

**Article 96** If the presider of the meeting has any doubt as to the result of a resolution which has been put to vote at the general meeting, he/she may have the votes counted. If the presider has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the result, demand that the votes be counted and the presider shall have the votes counted immediately.

**Article 97** Resolutions of the general meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every proposal and the details of each of the resolutions passed.

**Article 98** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 99** Where a proposal on election of directors or supervisors is passed at the general meeting, the directors elected or supervisors elected shall take office on the date determined for taking office by the relevant election resolution. Where the relevant election proposal does not specify the date of taking office by the new directors and supervisors, the newly elected directors and supervisors shall take office on the date when the relevant election proposal is passed at the general meeting.

**Article 100** Where a proposal on cash dividends, bonus shares or increase of equity capital by way of transfer from capital reserves is passed at a general meeting, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

## CHAPTER 5 BOARD OF DIRECTORS

### Section 1 Directors

**Article 101** Directors shall be natural persons. A person shall be disqualified from being a director of the Company in each of the following circumstances:

- (I) a person who suffers from any incapacity or restricted capacity from undertaking civil liabilities;
- (II) a person who has been convicted of and sentenced for offences relating to corruption, bribery, trespass to assets, misappropriation of assets or causing socialist market economic disorder or who has been deprived of his/her political rights as a result of him/her having committed an offence and, in each case, a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation;
- (III) a person who was a director or factory manager or manager of a company or enterprise which had become insolvent and liquidated and who incurred personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise;
- (IV) a person who was a legal representative of a company or enterprise, the business license of which was revoked on the grounds of contravention of law and which is ordered to close down, and who incurred personal liability therefor, and a period of 3 years has not elapsed since the date of revocation of the business license of that company or enterprise;
- (V) a person who has failed to repay his/her relatively large amount of debts when due;
- (VI) he/she has been imposed by the CSRC or any of its delegated agencies with measures prohibiting access into the securities market or determined as an ineligible person, who is still in the period of penalty;
- (VII) any other circumstances provided by laws, administrative regulations or departmental rules.

Where the Company elects or appoints any director by violating the provisions in this Article, such election, appointment or hiring shall be deemed invalid. Where any director, during his/her term of office, is under any of the circumstances as mentioned in this Article, the Company shall remove him/her from his/her post.

**Article 102** Directors shall be elected or replaced by the shareholders' general meeting, and may be removed by the shareholders' general meeting before the expiry of their terms of office. The term of office of the directors shall be 3 years, and they may be re-elected and re-appointed.

The term of office of the directors shall commence from the date of their appointment until the expiry of the term of the current session of the board of directors. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected. Subject to the relevant laws, regulations and regulatory rules of the place where the Company 's shares are listed, if the board of directors appoints a new director to fill a casual vacancy on the board of directors, such appointed director shall hold office only until the first general meeting after his/her appointment and may be re-elected.

The general manager or other senior management may concurrently serve as directors, provided that the total number of directors who concurrently serve as the general manager or other senior management and directors who are employee representatives shall not exceed half of the total directors of the Company.

**Article 103** The directors shall comply with the laws, administrative regulations, and the Articles of Association. They shall bear the obligations of fidelity to the Company:

- (I) not to exploit their official functions and powers to receive bribes or other unlawful income, and not to expropriate the Company's property;
- (II) not to misappropriate the Company's funds;
- (III) not to open in their own name or in another person's name any bank account for the purpose of depositing any of the Company's assets or funds;
- (IV) not to lend the Company's funds to any other person or not to use the Company's assets to provide any guarantee for any other individual in violation of the Articles of Association or without the consent of the general meeting or the board of directors;
- (V) not to enter into any contract or transaction with the Company in violation of the Articles of Association or without the consent of the general meeting;
- (VI) not to seek business opportunities accounted to the Company for themselves or any other persons by exploiting their official functions, or run the same businesses as those of the Company for themselves or for others, without the consent of the general meeting;
- (VII) not to receive commissions arising from transactions with the Company and appropriate to themselves;
- (VIII) not to disclose the Company's confidential information arbitrarily;
- (IX) not to infringe upon the interests of the Company by taking the advantage of their connected relationship with the Company;
- (X) other obligations of fidelity provided by laws, administrative regulations, departmental rules and the Articles of Association.

The income incurred in violation of this Article shall be accounted to the Company; for any loss caused to the Company, they shall be liable for compensation.

**Article 104** Directors shall abide by laws, administrative regulations and the Articles of Association and perform the following duties of diligence:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;
- (II) to treat all shareholders impartially;

- (III) to keep informed of the operation and management conditions of the Company;
- (IV) to confirm any regular reports of the Company by signing on such reports and to ensure truthfulness, accuracy and completeness of the information disclosed;
- (V) to honestly provide the board of supervisors with relevant information, not to prevent the board of supervisors or supervisors from exercising its/their functions and powers;
- (VI) to fulfill other duties of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 105** If any director fails to attend board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the board of directors shall suggest that the general meeting remove the said director.

**Article 106** A director may resign before his/her term of office expires. When a director resigns, he/she shall submit a written resignation notice to the board of directors. The board of directors will disclose the relevant information within 2 days.

If the members of the board of directors falls below the quorum as a result of any resignation, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the board of directors.

**Article 107** A director shall complete all of the handover procedures with the board of directors once his/her resignation becomes effective or his/her term of office expires. The fiduciary duties to the Company and the shareholders are not necessarily released upon expiry of his/her term of office, but shall remain effective in a term of twelve months.

**Article 108** In the absence of specification in these Articles of Association or legitimate authorization by the board of directors, no director shall act in his/her personal capacity on behalf of the Company or the board of directors. When a director acts in his/her personal capacity, but a third party may reasonably believe that the director is representing the Company or the board of directors, that director shall declare his/her stance and capacity in advance.

**Article 109** If a director breaches the laws, administrative regulations, departmental rules or the Articles of Association when carrying out his/her duties and causes loss to the Company, he/she shall be responsible for damages.

**Article 110** The independent directors shall perform their duties in accordance with laws, administrative regulations and relevant provisions of the CSRC and the stock exchange.

## **Section 2 Board of Directors**

**Article 111** The Company shall have a board of directors which shall be accountable to the general meeting.

**Article 112** The board of directors shall consist of 9 directors, including 3 independent non-executive directors. The members of the board of directors shall be elected by the general meeting in accordance with the law.

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

- (I) to summon general meetings and report its work to the general meetings;
- (II) to implement the resolutions of the general meeting;
- (III) to decide on the Company's business plans and investment plans;
- (IV) to formulate the Company's annual financial budgets and final accounts;
- (V) to formulate the Company's profit distribution plans and loss recovery plans;
- (VI) to formulate proposals for the increase or reduction of the Company's registered capital, the issue of bonds or other securities and listing plans;
- (VII) to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution and change of corporate form of the Company;
- (VIII) to decide on the Company's external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions, external donations and other matters within the scope authorised by the general meeting;
- (IX) to decide on the establishment of the Company's internal management structure;
- (X) to decide on the appointment or dismissal of the Company's general manager, and secretary to the board of directors based on the nomination of the chairman of the board of directors, and decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;
- (XI) to formulate the basic management system of the Company;
- (XII) to formulate proposals for any amendment to the Articles of Association;
- (XIII) to manage the information disclosure of the Company;
- (XIV) to propose to the general meeting the appointment or replacement of the accounting firm that audits the Company;
- (XV) to listen to the work report of the general manager of the Company and inspect the work of the general manager;
- (XVI) other functions and powers conferred by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 114** The board of directors of the Company shall establish special committees such as audit, strategy, nomination, remuneration and appraisal committees. The special committees are accountable to the board of directors and perform their duties in accordance with the Articles of Association and the authorization of the board of directors, and their proposals shall be submitted to the board of directors for consideration and decision. The members of such special committees comprise only directors. Independent directors shall account for the majority in each of the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee, and serve as the convener. At least one independent non-executive director of the Audit Committee shall be an accounting professional. The board of directors is responsible for formulating the working procedures of the special committees and regulating the operation of the special committees.

**Article 115** The board of directors of the Company shall give explanations at the general meeting on the qualified audit opinions issued by certified public accountants on the Company's financial report.

**Article 116** The board of directors shall formulate the rules of procedures for the board of directors to ensure its implementation of the resolutions passed at the general meeting to enhance efficiency and to ensure scientific decision-making.

**Article 117** The decision-making authority of the Company on material investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions, debt financing and other matters is as follows:

- (I) Decision-making authority for material investment, acquisition and disposal of assets of the Company:
  - 1. When the single transaction amount of material investment, acquisition and disposal of assets of the Company meets one of the following criteria, it shall be decided by the board of directors:
    - (1) the total assets involved in the transaction account for more than 10% of the latest audited total assets of the Company, and the total assets involved in the transaction have both book value and appraised value whatever is higher shall be taken for calculation;
    - (2) the operating revenue related to the subject of the transaction (such as equity interest) for the latest accounting year accounts for more than 10% of the Company's audited operating revenue for the latest accounting year, with an absolute amount exceeding RMB100 million;
    - (3) the net profit related to the subject of the transaction (such as equity interest) for the latest accounting year accounts for more than 10% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMB10 million;
    - (4) the final price of the transaction (including debt and expenses) accounts for more than 10% of the Company's latest audited net assets, with an absolute amount exceeding RMB100 million;

In case the figure involved in the above index calculation is negative, the absolute value thereof shall be taken for calculation.

2. When the single transaction amount of material investment, acquisition and disposal of assets of the Company meets one of the following criteria, it shall be decided by the general meeting:
  - (1) the total assets involved in the transaction account for more than 50% of the latest audited total assets of the Company, and the total assets involved in the transaction have both book value and appraised value whatever is higher shall be taken for calculation;
  - (2) the operating revenue related to the subject of the transaction (such as equity interest) for the latest accounting year accounts for more than 50% of the Company's audited operating revenue for the latest accounting year, with an absolute amount exceeding RMB300 million;
  - (3) the net profit related to the subject of the transaction (such as equity interest) for the latest accounting year accounts for more than 50% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMB30 million;
  - (4) the final price of the transaction (including debt and expenses) accounts for more than 50% of the Company's latest audited net assets, with an absolute amount exceeding RMB300 million;
  - (5) the transaction involves funds raised from securities issuance;
  - (6) other material investments that must be approved by the general meeting in accordance with relevant regulations.

In case the figure involved in the above index calculation is negative, the absolute value thereof shall be taken for calculation.

3. Material investment, acquisition and disposal of assets other than those mentioned in items 1 and 2 above shall be decided by the general manager's office meeting and reported to the board of directors for record.

(II) Decision-making authority for mortgage and pledge of assets:

The mortgage and pledge of assets with a single amount of more than 30% of the latest audited net assets of the Company shall be decided by the general meeting; the mortgage and pledge of assets with a single amount of more than 10% and less than 30% of the latest audited net assets of the Company shall be decided by the board of directors; the mortgage or pledge of other assets shall be decided by the general manager office meeting and reported to the board of directors for filing.

The above-mentioned term “more than” shall include the figure mentioned and the term “less than” shall not include the figure mentioned.

(III) Decision-making authority for external guarantees:

The general manager office meeting shall make decisions on other external guarantee matters other than the external guarantees to be considered and approved at the general meeting and by the board of directors as stipulated in the Articles of Association.

The external guarantee matters that shall be considered and approved by the board of directors shall be approved by more than two-thirds of the directors present at the board meeting and by more than two-thirds of all independent directors before a resolution is made.

(IV) Decision-making authority for entrusted wealth management:

The Company shall not engage in entrusted wealth management.

(V) Decision-making authority for connected transactions:

Connected transactions other than those with a transaction amount of more than RMB50 million and accounting for more than 10% of the absolute value of the net assets in the consolidated financial statements of the Company for the latest accounting year (excluding cash donations received by the Company and guarantees provided by the Company) shall be decided by the general meeting, while other connected transactions shall be decided by the board of directors.

(VI) Decision-making authority for debt financing:

Debt financing (excluding the issuance of bonds) with a single amount of more than RMB300 million or the Company’s gearing ratio of more than 75% after financing shall be decided by the general meeting; debt financing matters (excluding the issuance of bonds) with a single amount of more than RMB100 million and less than RMB300 million (inclusive) and the Company’s gearing ratio ranging from 65% to 75% after financing shall be decided by the board of directors. Debt financing with a single amount of less than RMB100 million (inclusive) shall be decided by the general manager’s office meeting.

Matters that must be submitted to the general meeting for consideration in accordance with the relevant laws, regulations, rules, normative documents and the Articles of Association shall be submitted to the general meeting for consideration, and shall not be subject to the provisions of the preceding paragraphs.

The board of directors shall formulate a strict approval and decision-making procedure and matters beyond its authority shall be proposed to the general meeting for approval. Material investment projects shall be reviewed by relevant experts and professionals.

**Article 118** The board of directors shall have a chairman, who shall be elected with approval of more than half of all directors.

**Article 119** The chairman of the board of directors shall perform the following duties and powers:

- (I) to preside over the general meetings and to convene and preside over board meetings;
- (II) to supervise and monitor the implementation of resolutions of board meetings;
- (III) other duties and powers as authorised by the board of directors.

**Article 120** If the chairman is unable or fails to perform his/her duties, a director shall be elected jointly by more than half of all directors to perform such duties.

**Article 121** The board of directors shall hold at least 2 regular meetings each year. Board meetings shall be convened by the chairman and written notice of the meeting shall be served on all directors and supervisors 10 days before the date of the meeting.

**Article 122** An extraordinary board meeting may be held upon requisition by either the shareholders representing more than 10% of voting rights, one-third or more of the directors or the board of supervisors. The chairman shall convene and preside over a board meeting within ten days after receipt of the proposal.

**Article 123** The notice of the board meeting shall be delivered by hand, mail, e-mail, fax or other means specified in the Articles of Association.

Time limit for notice of the board meeting: ten days prior to the convening of a regular meeting and three days prior to the convening of an extraordinary meeting. The first meeting of each session of the board of directors may be notified to all directors on the date of the meeting.

Where it is necessary to convene an extraordinary meeting of the board of directors as soon as possible, with the unanimous consent of all directors, the notification method and time limit of the extraordinary meeting of the board of directors shall not be subject to the preceding two paragraphs, but the convener shall make an explanation at the meeting and record it in the minutes of the meeting. Notice shall be deemed to have been given to a director who has attended a meeting and has not objected to the receipt of notice of the meeting before or at the time of the meeting.

**Article 124** The notice of a board meeting shall specify:

- (I) the date and venue of the meeting;
- (II) the duration of the meeting;
- (III) the reason and proposals;
- (IV) the date on which the notice is sent.

**Article 125** Board meeting shall be attended by more than half of the directors. Resolutions made by the board of directors shall be approved by more than half of all directors.

Resolutions of the board of directors shall be voted on as per “one person, one vote” system.

**Article 126** If any director has connection with the matters to be resolved at the board meeting, he/she shall abstain from voting and shall not exercise his/her voting rights on the resolution, nor shall he/she exercise the voting rights on behalf of other directors. The board meeting may be held if more than half of the non-connected directors are present, and the resolutions considered at the board meeting must be passed by more than half of the non-connected directors. If the number of the non-connected directors present at the board meeting is less than three, the matter shall be submitted to the general meeting for deliberation.

**Article 127** The resolution of the board of directors shall be voted by open ballot or by a show of hands.

On the premise that the directors can fully express their opinions, the extraordinary meeting of the board of directors may be conducted by means of communication and resolutions may be made, and the resolutions shall be signed by the directors attending the meeting, but the resolutions and records of the board of directors shall be signed afterwards.

**Article 128** Directors shall attend board meetings in person. Where a director is unable to attend a meeting for any reason, he/she may by a written power of attorney appoint another director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and the period of the validity, which shall be signed or officially sealed by the principal. A director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authorization. Where a director is unable to attend a board meeting and has not appointed a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

**Article 129** The board of directors shall cause minutes to be kept for decisions made in relation to matters considered at the meetings, and the minutes shall be signed by the directors attending the meeting.

Minutes of board meetings shall be kept as the Company’s files for a period of at least 10 years.

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

- (I) the date, venue and convener’s name of the meeting;
- (II) the names of directors present at the meeting and directors (proxies) present at such meeting on behalf of other directors;
- (III) the agenda of the meeting;
- (IV) the summary of points raised by directors;
- (V) the manner and result of voting on each matter resolved (and the voting results shall set out the number of affirmative, negative and abstention votes on a particular resolution);
- (VI) Other matters that the directors present at the meeting deem necessary to be recorded.

## CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

**Article 131** The Company shall have one general manager, who shall be appointed or dismissed by the board of directors.

The Company may have a number of deputy general managers according to its operational needs, who shall be appointed or dismissed by the board of directors.

The general manager, deputy general managers, financial controller and secretary to the board of directors shall serve as senior management of the Company.

The Company shall set up the general manager office, the members of which shall be composed of the general manager and other senior management.

**Article 132** The circumstances of disqualification for directors prescribed in Article 99 of the Articles of Association shall be applicable to senior management.

Provisions regarding the duty of fidelity of directors under Article 101 and of diligence of directors under items (IV), (V) and (VI) of Article 102 hereof shall be applicable to senior management.

**Article 133** Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company shall not serve as a senior management of the Company.

The senior management only receive remuneration from the Company, shall not be paid by the controlling shareholders on its behalf.

**Article 134** The term of office of the general manager shall be three years, renewable upon reappointment.

**Article 135** The general manager shall be accountable to the board of directors and exercise the following powers:

- (I) to be in charge of the production, operation and management of the Company, organise the implementation of the resolutions of the board of directors and report to the board of directors;
- (II) to organise the implementation of the Company's annual business plan and investment plan;
- (III) to draft plans for the establishment of the Company's internal management structure;
- (IV) to draft the basic management system of the Company;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the board of directors to appoint or dismiss deputy general managers and financial controller of the Company;
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (VIII) to exercise other powers conferred by the Articles of Association or the board of directors.

The general manager shall be present at board meetings without voting rights.

**Article 136** The general manager shall formulate the working rules of the general manager, which shall be implemented after being approved by the board of directors.

**Article 137** The general manager's working rules include the following contents:

- (I) convening conditions, procedures and participants of the manager's meeting;
- (II) responsibilities and work allocation of the general manager and other senior management;
- (III) use of funds and assets of the Company, scope of authority to enter into material contracts and policies regarding reporting to the board of directors and the board of supervisors;
- (IV) other matters which the board of directors deems necessary.

**Article 138** The general manager and other senior management may resign before expiry of his/her term of office. The specific procedures and methods for the resignation of the senior management shall be specified in the employment contract concluded by the senior management and the Company.

**Article 139** The deputy general managers and the financial controller of the Company shall be nominated by the general manager, and appointed by the board of directors. The deputy general managers and financial controller shall assist the general manager in his/her work, and exercise functions and powers in accordance with the division of work as specified in the working rules of the general manager and matters authorized by the general manager.

**Article 140** The Company shall have a secretary to the board of directors, who shall be nominated by the chairman, and appointed by the board of directors. The secretary to the board of directors shall be responsible for the preparation of the general meetings and board meetings of the Company, keeping of documents, management of shareholders' information of the Company and handling matters such as information disclosure.

The secretary to the board of directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

**Article 141** If any senior management violates laws, administrative regulations, departmental rules or the Articles of Association when performing his/her duties in the Company, such senior management shall indemnify the Company against losses incurred due to such violation.

**Article 142** Senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all the shareholders. If the Company's senior management fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.

## CHAPTER 7 BOARD OF SUPERVISORS

### Section 1 Supervisors

**Article 143** The circumstances of disqualification for directors prescribed in Article 99 of the Articles of Association shall be applicable to supervisors.

The directors, general manager and other senior management of the Company shall not act concurrently as supervisors.

**Article 144** The supervisors shall observe laws, administrative regulations and the Articles of Association. They shall shoulder the duties of loyalty and care to the Company, and shall not accept any bribery or other illegal income by using his/her powers and position, or seize the assets of the Company.

**Article 145** Each supervisor shall serve for a term of three years, which term is renewable upon reelection upon expiry.

**Article 146** Where the tenure of supervisors expires and re-election has not yet been made, or where a supervisor resigns during his/her tenure resulting in the number of supervisors falls below the necessary quorum of the board of supervisors, the original supervisors shall (before the re-election of the new supervisors) continue to perform their duties as supervisors pursuant to the provisions of laws, administrative regulations and the Articles of Association.

**Article 147** A supervisor shall ensure that information disclosed by the Company is true, accurate and complete and he/she shall sign on the periodical report with written confirmation.

**Article 148** Supervisors may attend board meetings and may raise queries or proposals regarding matters resolved at such meetings.

**Article 149** Supervisors shall not prejudice the interests of the Company by means of their connected relationship or they shall be liable for compensation for any loss caused to the Company.

**Article 150** If supervisors have violated the provisions of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties, which has caused losses to the Company, they shall be liable for compensation.

### Section 2 Board of Supervisors

**Article 151** The Company shall have a board of supervisors. The board of supervisors shall consist of three supervisors and shall have one chairman. The election of the chairman of the board of supervisors shall be determined by more than half of the members of the board of supervisors. The meetings of the board of supervisors shall be convened and chaired by the chairman of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a supervisor nominated by half or more of the supervisors.

The board of supervisors shall comprise supervisors who represent the shareholders and the employees, and the proportion of the employee representative supervisors shall be 1/3 or more. The employee representatives in the board of supervisors shall be democratically elected by the employee representative congress, the employee congress or other means.

**Article 152** The board of supervisors exercises the following powers:

- (I) to review the securities offering documents and the regular reports of the Company prepared by the board of directors and to provide written review opinions;
- (II) to examine the financial affairs of the Company;
- (III) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' general meetings;
- (IV) to demand rectification from a director or senior management when the acts of such persons are detrimental to the interests of the Company;
- (V) to propose the convening of extraordinary general meetings and to summon and preside over general meetings when the board of directors fails to perform the duty of summoning and presiding over general meetings under the Company Law;
- (VI) to submit proposals to the general meeting;
- (VII) to initiate proceedings against directors and senior management in accordance with Article 151 of the Company Law;
- (VIII) to investigate any irregularities identified in the operation of the Company; if necessary, to engage professional institutions such as accounting firms and law firms to assist its work at the expense of the Company.

**Article 153** Meetings of the board of supervisors shall be held at least once every six months. Any of the supervisors may propose to hold extraordinary meetings of the board of supervisors.

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

**Article 154** The board of supervisors shall formulate procedural rules of the board of supervisors, and specify the method for conducting business and the voting procedures of the board of supervisors, so as to ensure the working efficiency and scientific decision making of the board of supervisors.

**Article 155** The board of supervisors shall cause decisions made during the meeting to be produced to minutes of meetings, and supervisors present shall sign on such minutes.

A Supervisor is entitled to request the points made by him/her as expressed in his/her discussion to be recorded as representations made in the meeting. Minutes of meetings of the board of supervisors shall be kept in the files of the Company for at least ten years.

**Article 156** A notice of meeting of the board of supervisors shall include the following:

- (I) date and venue of meeting and duration of the meeting;

(II) matters and agenda;

(III) date of issue of the notice.

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

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

**Article 157** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the accounting standards developed by the competent department in charge of finance under the State Council.

**Article 158** The board of directors shall place before the shareholders at every annual general meeting a financial report prepared by the Company as required by relevant law, administrative regulations, the Stock Exchange Listing Rules or normative documents promulgated by the regional government and regulatory authorities.

**Article 159** The Company shall not keep separate books of account apart from its statutory books of account. The asset of the Company shall not be deposited in any account opened in the name of any individual.

**Article 160** Where the Company distributes its after-tax profits of the current year, it shall allocate 10 percent of the after-tax profits as the Company's statutory common reserve, provided that no allocation is required if the accumulated statutory common reserve represents no less than 50 percent of the registered capital of the Company.

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

After statutory common reserve is withdrawn out of the after-tax profits, discretionary common reserve may also be withdrawn out of the same as per a resolution made at a general meeting.

The after-tax profits remaining after recovery of losses and withdrawal of common reserve may be distributed to the shareholders in proportion to their shareholding percentages, apart from those not distributed in proportion to their shareholding percentages as stipulated in the Articles of Association.

Where the general meeting is in breach of the provisions of the preceding paragraph by approving the distribution of profits to shareholders before the Company has made up its losses and made appropriation to the statutory common reserve, the shareholders shall return the profit distributed to the Company.

The Company shall not participate in profit distribution in respect of shares held under its name.

**Article 161** The Company's common reserves shall be used for making up accrued losses, expanding the business operations or increasing the capital of the Company, but the capital common reserve shall not be used for making up the Company's losses.

When the statutory common reserve is converted into capital, the balance of such reserve shall not be less than 25% of the registered capital prior to the conversion.

**Article 162** After the passing by the shareholders in any general meeting of a resolution on the proposal for profit distribution, the distribution of dividend (or shares) under such proposal shall be completed by the board of directors of the Company within two months after the date of the relevant general meeting.

**Article 163** The Company may distribute dividends in cash or shares or a combination of both, details of which are set out as follows:

- (I) The principle of profit distribution of the Company: the Company implements a dividend distribution policy which entitles the shareholders to the same rights and same dividends, under which shareholders are entitled to receive dividends and other kinds of distribution of interests based on the number of shares held by them. The Company adopts an active profit distribution policy, which emphasizes investors' reasonable investment returns while maintaining a consistent and stable return mechanism. The Company may distribute profits by way of cash or shares, and the profit distribution shall not exceed the accumulative distributable profit nor impair the Company's going-concern ability. The board of directors, the board of supervisors and the general meeting of the Company shall give full consideration to the opinions of the independent non-executive directors, external supervisors (if any) and the public investors during the decision-making and discussion process on the profit distribution policy.
- (II) The basic form of profit distribution of the Company is to distribute dividends in cash, shares or a combination of both. When the Company meets the conditions for cash dividends, the Company may consider giving priority to cash dividends for profit distribution.

Cash dividends and other payments made by the Company to holders of domestic unlisted shares shall be paid in Renminbi. Cash dividends and other payments made by the Company to holders of H Shares shall be denominated and declared in Renminbi and paid in foreign currencies or Renminbi. The foreign currency required by the Company for the payment of cash dividends and other payments to the holders of H Shares shall be handled in accordance with the relevant provisions of the state on foreign exchange control.

- (III) Specific conditions for the Company to distribute dividends in cash: if the Company is profitable in the current year and has distributable profits after making up losses and making appropriation to the statutory common reserve and surplus reserve in accordance with the law, the Company may consider distributing dividends in cash.

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

The receiving agent appointed by the Company shall comply with the laws and relevant requirements of the stock exchange of the place where the shares of the Company are listed.

## **Section 2 Internal Audit**

**Article 165** The Company shall conduct internal audit system and assign dedicated auditors to conduct internal audit and supervision on the revenues and expenditures and economic activities of the Company.

**Article 166** The Company's internal auditing system and the responsibilities of the auditing personnel shall be carried out after obtaining approval by the board of directors. The head of the Audit shall be accountable and report to the board of directors.

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

**Article 167** The Company shall engage accounting firms that are qualified under the Securities Law to audit its financial statements, verify its net assets, and provide other relevant consulting services. The accounting firms shall serve a term of one year and may be reengaged.

**Article 168** The appointment of accounting firms of the Company shall be subject to the approval of the general meeting, prior to which the board of directors shall not appoint any accounting firm.

**Article 169** The Company shall undertake to provide the accounting firms with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 170** The appointment and dismissal of the accounting firm, its remuneration and the method of payment shall be decided by an ordinary resolution at the general meeting.

**Article 171** When the Company is to dismiss or not to reappoint an accounting firm, it shall give thirty days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

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

## CHAPTER 9 NOTICE AND ANNOUNCEMENT

### Section 1 Notice

**Article 172** Subject to laws, regulations, rules, the relevant requirements of the stock exchange, a notice of the Company may be given in the following manner:

- (I) by hand;
- (II) by mail;
- (III) by fax or e-mail;
- (IV) by announcement;
- (V) other means agreed upon by the company or notified person in advance or recognized by the notified person after receiving the notice;
- (VI) other means recognized by regulatory authority of the place where the Company's shares are listed or the Articles of Association.

Unless otherwise specified in the Articles of Association, the notice of convening the general meeting, the meetings of the board of directors and the board of supervisors of the Company may be issued in one or more of the above ways.

**Article 173** The notice, information or written statement of the general meeting issued by the Company to the shareholder of H Shares shall be served in any of the following ways:

- (I) to be served by hand or by post to the registered address of each shareholder of overseas listed foreign shares;
- (II) in compliance with applicable laws, administrative regulations and the Stock Exchange Listing Rules, to make an announcement on the website designated by the securities regulatory authority or stock exchange of the place where the shares of the Company are listed;
- (III) to issue according to other requirements of the Stock Exchange Listing Rules.

**Article 174** If a notice of the Company is served by announcement, the said notice shall be deemed as received by all relevant persons once the said notice is announced.

**Article 175** Where a notice is served by hand, the addressee shall sign his/her name (or affix his/her chop) on the receipt, and the date on which the addressee signs the receipt shall be the date of service; where the notice is delivered by post, the date of service shall be deemed to be the third working days after the date of deposit at the post office; where the notice is delivered in the form of announcement, the date of service is the date when such announcement is first published.

**Article 176** The accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

## **Section 2 Announcement**

**Article 177** The Company designates the websites of the Hong Kong Stock Exchange and the Company as the media for publishing the Company's announcements and other information to be disclosed.

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

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

**Article 178** Merger of the Company may take the form of absorption or establishment of a new company.

One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is a consolidation, and the companies being consolidated shall be dissolved.

**Article 179** In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify creditors within ten days after adoption of the merger resolution and shall make announcements in newspapers within thirty days.

The creditors may require the Company to repay debts or provide corresponding guarantees within thirty days after receipt of the notice or within forty-five days after the announcement if the creditors haven't received the notice.

**Article 180** The credits and debts of the parties concerned during merger shall be inherited by the company subsisting after merger or by the newly established company.

**Article 181** If the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify all creditors within ten days after adoption of the division resolution and shall make announcements in newspapers within thirty days.

**Article 182** The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

**Article 183** Where the Company needs to decrease the registered capital, the Company shall prepare a balance sheet and a property inventory.

The Company shall notify the creditors within ten days after adoption of the resolution to decrease the registered capital and shall make announcements in newspapers within thirty days. A creditor may, within thirty days from the date of receipt of the written notice or, if he did not receive a written notice, within forty-five days from the date of the announcement, require the Company to repay debts or provide corresponding guarantees.

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

**Article 184** Change in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to law. If the Company is dissolved, it shall be deregistered according to law. If a new company is established, such establishment shall be registered according to law.

Increase or decrease of the registered capital of the Company shall be registered with the companies registration authority according to law.

## **Section 2 Dissolution and Liquidation**

**Article 185** The Company shall be dissolved for the following reasons:

- (I) the term of its operations as is stipulated in the Articles of Association has expired or events of dissolution specified in the Articles of Association have occurred;
- (II) the shareholders' general meeting resolves to dissolve the Company;
- (III) dissolution is necessary due to merger or division of the Company;
- (IV) the Company's business licence is revoked, the Company is ordered to close down or be revoked in accordance with the law;
- (V) Where the Company encounters serious difficulties in its operation and management and its continuous existence will cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the voting rights of all shareholders of the Company may request the people's court to dissolve the Company.

**Article 186** Where any of the circumstances as prescribed in Article 183 (1) of the Articles of Association occurs, the Company may continue to exist by amending the Articles of Association.

To amend the Articles of Association according to the provisions of the preceding paragraph, the consent of shareholders representing no less than two-thirds of voting rights held by all shareholders present at the meeting.

**Article 187** Where the Company is dissolved under subparagraphs (I), (II), (IV) and (V) of Article 183, a liquidation committee shall be set up within fifteen days from the occurrence of the dissolution to commence liquidation, and its member shall be determined by the board of directors or general meeting. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee so as to proceed with the liquidation.

**Article 188** During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) to examine and take possession of the assets of the Company and prepare the balance sheet and a property inventory;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Company relating to liquidation;
- (IV) to pay off outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle credits and debts;
- (VI) to dispose of the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

**Article 189** The liquidation committee shall notify creditors within ten days after its establishment and shall make announcements in newspapers within sixty days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within forty-five days after announcement if the creditors haven't received the notice.

The creditor shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 190** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for confirmation.

The Company shall, according to the proportion of the shares held by the shareholders, distribute the properties of the Company remaining after payment of the liquidation expenses, employees' salaries, social insurance expenses and statutory compensations, outstanding taxes, and the Company's debts.

The Company shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation.

Before liquidation as specified in the preceding paragraphs, the assets of the Company shall not be distributed to shareholders.

**Article 191** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts, it shall apply to the people's court to declare the Company bankrupt according to law.

Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

**Article 192** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, and submit the same to the general meeting or the people's court for confirmation, the liquidation committee shall submit the aforesaid report to the company registration authority, apply for deregistration of the Company and announce termination of the Company.

**Article 193** Any member of the liquidation committee shall dutifully and lawfully fulfill the liquidation obligation.

Any member of the liquidation committee shall not abuse his/her powers to accept bribes or other unlawful gains, and not to expropriate the Company's assets.

Where any member of the liquidation committee causes any loss to the Company or the creditors with will or serious negligence, the said member shall be liable for compensation.

**Article 194** Where the Company declares bankrupt according to law, bankruptcy liquidation shall be conducted pursuant to laws on bankruptcy of enterprises.

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

**Article 195** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) due to the amendments of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association conflict with the provisions of the amended laws and related administrative regulations;
- (II) where a change happens in the Company's situation leads to inconsistency with the matters stated in the Articles of Association;
- (III) the general meeting decides to amend the Articles of Association.

**Article 196** Amendments to the matters of the Articles of Association adopted by a resolution of the shareholders' general meeting which are subject to approvals from relevant competent authority shall be submitted to the competent approval authority for approval; if there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the law.

**Article 197** The board of directors shall amend the Articles of Association in accordance with the resolution of the general meeting and the comments of the relevant competent authority.

**Article 198** Where amendments of the Articles of Association are required to be disclosed by laws and regulations, the Company shall make public announcement in accordance with the provisions.

## CHAPTER 12 SUPPLEMENTARY PROVISIONS

**Article 199** Definitions:

- (I) Controlling shareholder refers to a shareholder whose shares account for more than 50% of the total share capital of the Company, or a shareholder whose shares account for less than 50% of the total share capital of the Company, but whose voting rights attached to their shares are sufficient to have a significant impact on the resolutions of the general meeting.
- (II) De facto controller: A person who is not a shareholder of the Company but can effectively control the Company through investment, agreement or other arrangement.
- (III) Connected relations: Relations between a controlling shareholder, de facto controller, director, supervisor or senior management officer of the Company and the enterprise directly or indirectly controlled by the same, and other relations that may give rise to a transfer of interests of the Company, provided however that there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the state.

**Article 200** The board of directors may formulate rules of articles of association in accordance with the Articles of Association. The rules shall not conflict with the Articles of Association.

**Article 201** The Articles of Association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the Chinese version of Articles of Association latest approved and registered by market supervision bureau shall prevail.

**Article 202** For the purpose of the Articles of Association, references to “more”, “within” and “less” shall include the actual figures, while references to “other than”, “lower than” and “more than” shall exclude the actual figures.

**Article 203** The board of directors of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 204** Appendixes to the Articles of Association include rules of procedure for general meetings, rules of procedure for board meetings and rules of procedure for meetings of the board of supervisors.

**Article 205** Any matters unspecified in the Articles of Association shall be executed in accordance with the laws, administrative regulations and the relevant provisions of the securities regulatory authority of the place where the Company's shares are listed in combination with the actual situation of the Company. In case of any conflict between the Articles of Association and the laws, administrative regulations, relevant provisions or rules of relevant securities registration and clearing institutions, other relevant normative documents and the Stock Exchange Listing Rules, the laws, administrative regulations, relevant provisions or rules of relevant securities registration and clearing institutions, other relevant normative documents and the Stock Exchange Listing Rules shall prevail.

**Article 206** The Articles of Association shall be considered and approved at the general meeting of the Company, and shall take effect from the date when the foreign shares (H shares) issued by the Company are publicly listed on the main board of the Hong Kong Stock Exchange. From the effective date of the Articles of Association, the previous Articles of Association of the Company shall become void automatically.