

**Beijing SinoHytec Co., Ltd.**

**Articles of Association**

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# **Beijing SinoHytec Co., Ltd.**

## **Articles of Association**

### **CHAPTER 1 GENERAL PROVISIONS**

- Article 1 These Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereafter referred to as the “Securities Law”), the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Enterprises (hereafter referred to as the “Overseas Listing Administrative Measures”), the Guidelines for these Articles of Association of Listed Companies (hereafter referred to as the “Guidelines for these Articles of Association”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange STAR Market (hereafter referred to as the “SSE STAR Listing Rules”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Hong Kong Listing Rules”) and other relevant provisions for the purposes of safeguarding the legitimate rights and interests of Beijing SinoHytec Co., Ltd. (hereafter referred to as the “Company”), its shareholders and creditors as well as regulating the organization and conducts of the Company.
- Article 2 The Company was incorporated as a joint stock limited company in accordance with the Company Law and other relevant PRC laws, administrative regulations and departmental rules.
- The Company was established by way of promotion through the overall change of Beijing SinoHytec Limited, and obtained its business license after it had been registered with the Beijing Haidian District Administration for Industry and Commerce on July 12, 2012. The unified social credit code is 911101080514468626. All shareholders of Beijing SinoHytec Limited as of May 31, 2015 are the promoters of the Company.
- Articles 3 On July 13, 2020, pursuant to the registration approval by China Securities Regulatory Commission (hereinafter referred as to “CSRC”), the Company issued 17,630,523 RMB-denominated ordinary shares for initial public offering. The shares were listed on the Shanghai Stock Exchange on August 10, 2020.

Pursuant to the approval by CSRC dated October 21, 2022, the Company initially issued 17,628,000 overseas-listed foreign shares in Hong Kong (hereinafter referred to as “H shares”), and over-allotted 670,450 H shares. The aforesaid H shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on January 12, 2023 and February 8, 2023, respectively.

Article 4 The registered name of the Company:

Chinese registered name of the Company: 北京億華通科技股份有限公司  
English registered name of the Company: Beijing SinoHytec Co., Ltd.

Article 5 Company address: Room C701, 7th Floor, Block C Building B-6, Dongsheng Science Park Zhongguancun, No. 66, Xixiaokou Road Haidian District Beijing  
Postal Code: 100192  
Tel: 010-62796417  
Fax: 010-62794725

Article 6 The registered capital of the Company is RMB231,652,081. The Company is a joint stock limited company with perpetual existence.

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

Article 8 Total assets of the Company are divided into shares with same par value per share. 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 These Articles of Association shall be effective from the date upon the review and approval at the general meeting of the Company. From the effective date of these Articles of Association, the original Articles of Association of the Company shall become invalid automatically.

From the date upon which these Articles of Association come into effect, these Articles of Association shall constitute a legally binding document regulating the Company’s organization and activities, as well as the rights and obligations between the Company and its shareholders and between the shareholders.

These Articles of Association are legally binding upon the Company and its shareholders, directors, supervisors and senior management officers.

A shareholder may take a legal action against the Company pursuant to these Articles of Association; a shareholder may take a legal action against other shareholders, directors, supervisors, general manager and other senior management officers of the Company pursuant to these Articles of Association; and the Company may take a legal action against the shareholders, directors, supervisors, general manager or other senior management officers of the Company pursuant to these Articles of Association.

The “senior management officers” referred to in these Articles of Association include general manager, deputy general manager, secretary to the board of directors and chief financial officer.

Article 10 The Company is a legal person in the PRC and is subject to the jurisdiction and protection of the PRC law.

In conducting business activities, the Company must abide by PRC laws, regulations and relevant requirements, observe social morality and business ethics, be honest and trustworthy, accept the supervision of the government and the public, and assume social responsibility.

Article 11 The Company may invest in other limited liability companies and joint stock companies and is liable to the invested companies to the extent of the amount of investment. Unless otherwise specified in law, the Company may not become a capital contributor assuming joint and several liability for the debts of the invested enterprises.

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

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

Article 13 The Company’s operating objectives: our business is conducted according to the laws and regulations, with technological research and development constantly strengthened to continue improving its core competitiveness, which will provide customers with high quality and efficient products and services, maximize the value of the Company and shareholders’ rights and interests, and create good economic and social benefits.

Article 14 The Company's business scope is registered by law, including technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; information technology consulting services; computer system services; intellectual property services (except patent agency services); data processing services; computer hardware and software and peripheral equipment manufacturing; wholesale and retail of automotive parts and accessories; conference and exhibition services; import and export of goods; import and export agents; technology import and export; import and export commodity inspection and identification; industrial design services; manufacturing of auto parts and accessories. Permitted items: gas operation; and natural gas vehicles refueling operation. (Business premises: the Demonstration Vehicle Repair Shop, Beijing Hydrogen Energy Demonstration Park, Yongfeng High-tech Industrial Base, Zhongguancun Science Park, Haidian District, Beijing)

## **CHAPTER 3 SHARES**

### **Section 1 Shareholding of Shareholders**

Article 15 The shares of the Company shall be in the form of stocks.

Article 16 The issuance of shares of the Company shall be subject to the open, fair and just principles, and each share in the same class shall rank *pari passu*.

Shares issued at the same time in the same class shall be equal in price and shall be subject to the same conditions. The price paid by any organization or individual for each share shall be the same.

Article 17 The shares issued by the Company shall be denominated in Renminbi.

Article 18 Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

For the purpose of the preceding paragraph, the term "foreign investors" shall refer to those investors from foreign countries or Hong Kong, Macao or Taiwan region who subscribe for the Company's shares. The term "domestic investors" shall refer to those investors who subscribe for the Company's shares and who are from the territory of the People's Republic of China excluding the regions mentioned above.

Article 19 The shares issued by the Company to domestic investors or other qualified investors for subscription in Renminbi shall be referred to as domestic shares. The shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. The foreign shares that are listed overseas shall be referred to as overseas-listed foreign shares.

The term “foreign currencies” referred to in the preceding paragraph refer to the legal currency (other than Renminbi) of other countries or regions that are recognized by the foreign exchange administration authority of the PRC and that can be used for subscription payment of the Company’s shares.

Foreign shares issued by the Company that are listed in Hong Kong shall be referred to as H shares. H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, with nominal values denominated in Renminbi and subscribed for and traded in Hong Kong dollars.

Both holders of domestic shares and holders of foreign shares are holders of ordinary shares of the Company, and shall have and bear the same rights and obligations in respect of any distribution in the form of dividends or in other forms.

Article 20 The domestically listed domestic shares issued by the Company shall be deposited in Shanghai Branch of China Securities Depository and Clearing Company Limited in a centralized way. The H shares issued by the Company are mainly deposited in the trusted companies subordinate to Hong Kong Securities Clearing Company Limited.

Article 21 The total number of ordinary shares authorized for issuance by the Company at the time of incorporation is 13,994,700 shares, all of which are subscribed by the promoters of the Company at the time of its establishment.

The name of the Company's promoters, the number of shares subscribed, the shareholding ratio, the mode of capital contribution are set out in the following table:

<b>Name of promoter Shareholders</b>	<b>Number of shares held (shares)</b>	<b>Time of capital contribution</b>	<b>Mode of capital contribution</b>
Zhang Guoqiang (張國強)	7,000,000	July 9, 2015	Net assets converting into shares
Zhang He (張禾)	1,500,000	July 9, 2015	Net assets converting into shares
Zhou Pengfei (周鵬飛)	500,000	July 9, 2015	Net assets converting into shares
Zhou Yicong (周一聰)	400,000	July 9, 2015	Net assets converting into shares
Xiao Zhen (肖震)	139,947	July 9, 2015	Net assets converting into shares
Beijing Shuimu Sail Venture Capital Investment Center (L.P.) (北京水木揚帆創業投資中心(有限合夥))	1,428,600	July 9, 2015	Net assets converting into shares



Name of promoter Shareholders	Number of shares held (shares)	Time of capital contribution	Mode of capital contribution
Beijing Shuimu Changfeng Equity Investment Center (L.P.) (北京水木長風股權投資中心(有限合夥))	1,049,600	July 9, 2015	Net assets converting into shares
Beijing Shuimu Zhancheng Investment Center (L.P.) (北京水木展程投資中心(有限合夥))	699,700	July 9, 2015	Net assets converting into shares
Guotai Junan Innovation Investment Co., Ltd (國泰君安創新投資有限公司)	583,600	July 9, 2015	Net assets converting into shares
Beijing Shuimu Qicheng Venture Capital Center (北京水木啟程創業投資中心(有限合夥))	460,053	July 9, 2015	Net assets converting into shares
Shanghai Manlu Investment Management Partnership (L.P.) (上海曼路投資管理合夥企業(有限合夥))	233,200	July 9, 2015	Net assets converting into shares
<b>Total</b>	<b>13,994,700</b>	<b>-</b>	<b>-</b>

Article 22 Before the issuance of H Shares, the total number of shares of the Company was 99,891,387, all being RMB ordinary shares.

The Company issued 18,298,450 H shares upon approval of CSRC in 2023. After the abovementioned issuance, the total number of shares of the Company is 118,189,837, all being ordinary shares, including 99,891,387 shares of domestically listed domestic shares (A shares), accounting for 84.52% of the total share capital of the Company; 18,298,450 shares are overseas-listed foreign shares (H shares), accounting for 15.48% of the total share capital of the Company.

The Company issued 39,956,555 A Shares and 7,319,380 H Shares upon approval at the annual general meeting of the Company for 2022. After the abovementioned issuance, the total number of shares of the Company is 165,465,772, all being ordinary shares, including 139,847,942 shares of domestically listed domestic shares (A shares), accounting for 84.52% of the total share capital of the Company; 25,617,830 shares are overseas-listed foreign shares (H shares), accounting for 15.48% of the total share capital of the Company. The Company issued 55,939,177 A Shares and 10,247,132 H Shares upon approval at the annual general meeting of the Company for 2023. After the abovementioned issuance, the total number of shares of the Company is 231,652,081, all being ordinary shares, including 195,787,119 shares of domestically listed domestic shares (A shares), accounting for 84.52% of the total share capital of the Company; 35,864,962 shares are overseas-listed foreign shares (H shares), accounting for 15.48% of the total share capital of the Company.

Article 23 Neither the Company nor any of its subsidiaries (including its affiliates) shall provide any financial assistance in the form of grants, advances, guarantees, indemnities, or loans to persons purchasing or proposing to purchase the Company's shares.

Article 24 The board of directors of the Company may implement, through separate issuance, the proposals for the issuance of overseas-listed foreign shares and domestic shares as approved by the securities regulatory authority of the State Council.

The Company may implement separately its proposals for the issuance of overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authority of the State Council or in the valid period of the approval document.

Article 25 Where the Company issues overseas-listed foreign shares and domestic shares respectively within the total number of shares determined in the issuance plan, the respective shares shall be subscribed for in full at one time. If the shares cannot be subscribed for in full at one time under special circumstances, the shares may, subject to the approval of the securities regulatory authority of the State Council, be issued in separate tranches.

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

Article 26 Based on its operating and development needs, the Company may, pursuant to the laws and regulations and with the approval by resolution at the general meeting, increase its registered capital in the following ways:

- (I) public issuance of shares;
- (II) non-public issuance of shares;
- (III) issuing of bonus shares to existing shareholders;
- (IV) capitalization of common reserve fund;
- (V) other means stipulated in the laws, administrative regulations and departmental rules and approved by the relevant regulatory authorities.

The Company's increase of share capital by means of the issuance of new shares shall be conducted in accordance with the procedures prescribed by the relevant national laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed, and the Articles of Association.

Article 27 The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures set out in the Company Law, other relevant regulations and these Articles of Association.

Article 28 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days and shall publish an announcement in a newspaper within 30 days from the date of the Company's resolution to reduce registered capital. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received.

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

Article 29 The Company shall not repurchase its own shares, except in any of the following circumstances:

- (I) reducing the Company's registered capital;
- (II) merging with other companies holding shares of the Company;
- (III) using shares for employee shareholding plans or for equity incentives;
- (IV) purchasing the shares held by shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' general meeting upon their request;
- (V) using the shares for conversion of convertible corporate bonds issued by the Company;
- (VI) necessary acts by the Company to maintain its value and protect the interests of the shareholders;
- (VII) other circumstances as permitted by laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the shares of the Company are listed.

Article 30 The Company may repurchase its shares through public and centralized trading or other methods recognized by laws, administrative regulations, and the CSRC. Where the repurchase of shares by the Company falls under the circumstances stipulated in (III), (V) and (VI) of the first paragraph of Article 29 hereof, the share repurchase shall be conducted in an open and centralized manner.

Where the Company repurchases its shares, it shall fulfill the information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules and other relevant regulations.

Article 31 If the Company repurchases shares for reasons stipulated in (I) and (II) of the first paragraph of Article 29, it shall obtain approval by resolution of shareholders at the general meeting; if the Company repurchases shares for reasons set out in (III), (V) and (VI) of the first paragraph of Article 29 hereof, it shall obtain approval by resolutions of the board meeting attended by more than two-thirds of the directors in accordance with the rules of these Articles of Association or the authorization by the general meeting.

Shares repurchased by the Company under (I) of the first paragraph of Article 29 hereof shall be cancelled within 10 days from the date of acquisition; shares repurchased under (II) and (IV) of the first paragraph of Article 29 hereof shall be transferred or cancelled within 6 months; and shares acquired by the Company in accordance with (III), (V) and (VI) of the first paragraph of Article 29 hereof shall not exceed 10% of the Company's total issued shares, and the shares acquired shall be transferred or cancelled within 3 years.

Where the relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed have otherwise provisions on the relevant matters involved in the aforementioned share repurchase, those provisions shall prevail.

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

Article 32 Unless otherwise specified in the laws, administrative regulations, departmental rules and securities regulatory rules in the place where the shares of the Company are listed, the shares of the Company can be transferred according to the law.

The transfer of H shares shall be registered with the local stock registration institution entrusted by the Company in Hong Kong.

Article 33 All the H shares shall be transferred by way of written instrument of transfer in any usual or common format, or any other format acceptable to the board of directors (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). An instrument of transfer may be only executed by hand or (where the transferor or transferee is a corporation) by the effective company seal. If the transferor or transferee is a recognized clearing house as defined by the relevant regulations of the laws of Hong Kong in effect from time to time (hereinafter referred to as the “Recognized Clearing House”) or its agent, the instrument of transfer may be signed by hand or in a machine-printed form.

All the instruments of transfer shall be kept at the legal address of the Company or such address as the board of directors may specify from time to time.

Article 34 The Company shall not accept its own shares being held as security under a pledge.

Article 35 The transfer of shares of the Company shall comply with the followings:

- (I) Shares of the Company held by the promoters shall not be transferred within one year from the date of incorporation of the Company. Shares issued by the Company prior to its public offering of A shares shall not be transferred within one year from the date on which A shares of the Company are listed and traded in a stock exchange.
- (II) The directors, supervisors, senior management officers of the Company shall report their shareholdings in the Company and the respective changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the Company held by them. The shares of the Company held by them shall not be transferred within one year as of the listing date of the shares of the Company. The aforesaid personnel shall not transfer the Company’s shares held within half a year after they have terminated their employment with the Company.
- (III) The key technicians of the Company who reduce their holdings of the Company’s pre-IPO shares shall comply with the followings:
  - 1. They shall not transfer the pre-IPO shares of the Company in their possession within 12 months from the listing date of its shares or 6 months after their departure;

2. The pre-IPO shares transferred by them each year during the 4 years upon the expiry of the lock-up period for the pre-IPO shares held by them shall not exceed 25% of the total pre-IPO shares held by them when the company was listed, and such percentage may be applied on a cumulative basis;
3. The key technicians shall be subject to any other provisions of laws or regulations regarding the transfer of shares by them.

Article 36 For shareholders holding more than 5% of the Company's shares, directors, supervisors, and senior management officers of the Company, if they have sold the shares of the Company held by them or other securities with an equity nature within six months after purchasing such shares, or they have purchased the shares within six months after selling their shares, the gains obtained therefrom shall be attributed to the Company and be forfeited by the board of directors, except for a securities company holding more than 5% of the shares as a result of its underwriting of the untaken shares in an offer, and other circumstances as specified by CSRC.

For aforesaid directors, supervisors, senior management officers and natural person shareholders, the shares or other securities with an equity nature held by them include those held by their spouse, parents and children and held in accounts of others.

If the board of directors of the Company fails to comply with the provisions of the first paragraph of this Article, the shareholders shall have the rights to request the board of directors to implement the related provisions within 30 days. If the board of directors of the Company fails to implement the requirements within the specified time, the shareholders may directly institute a lawsuit in the People's Court in their own name for the benefit of the Company.

If the board of directors of the Company fails to comply with the provisions of the first paragraph of this Article, the responsible directors shall assume joint and several liabilities in accordance with the law.

## CHAPTER 4 SHAREHOLDERS AND GENERAL MEETING

### Section 1 Shareholders

Article 37 The Company shall establish the register of shareholders according to the vouchers provided by security registration institutions. The register of shareholders is the sufficient evidence to prove the holding of the shares of the Company by the shareholders. The original register of shareholders regarding holders of the shares listed on the Hong Kong Stock Exchange is kept in Hong Kong. The Company is required to keep a copy of the register of holders of overseas listed foreign shares at its domicile and must make it available for shareholders to inspect. However, the Company is permitted to temporarily suspend the registration procedures for shareholders in accordance with provisions equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by him/her. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

For holders of overseas listed H shares who have lost their share certificates and are applying for reissuance, the processing of such requests can be carried out in accordance with the laws or the rules of the stock exchanges of the jurisdiction where the original register of holders of overseas listed H shares is kept, or other relevant regulations.

Article 38 Where the Company convenes a general meeting, distributes dividends, liquidates or conducts any other acts which require the determination of shareholdings, the board of directors or the convener of general meetings shall determine a record date for the determination of shareholdings in the Company. The shareholders of the Company shall be such persons whose names appear on the register of shareholders after the close of market on such record date.

Article 39 The shareholders of the Company shall enjoy the following rights:

- (I) to receive dividends and other distributions in proportion to the shares they hold;
- (II) to file a petition according to laws, to convene, hold and attend the Shareholders' general meetings either in person or by proxy and exercise their corresponding voting right;
- (III) to supervise, present suggestions on or make inquiries about the business operations of the Company;

- (IV) to purchase, take the given shares or transfer, donate or pledge their shares in accordance with laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's Shares are listed and the Articles of Association;
- (V) to review the Articles of Association, register of shareholders, stubs of corporate bonds, minutes of shareholder meetings, resolutions of board meetings, resolutions of supervisory committee meetings, and financial accounting reports;
- (VI) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;
- (VII) to request the Company to purchase their shares for the shareholders who object to the Company's resolution on merger or division made by the general meetings;
- (VIII) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed and the Articles of Association.

Article 40 Any shareholder requesting for inspection of the relevant information as set forth in the preceding Article or for obtaining information shall furnish with the Company written document evidencing the class and number of shares of the Company he/she holds and the Company shall comply with such shareholder's request upon verification of the shareholder's identity.

Article 41 If a resolution passed at the general meeting or the meeting of the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the rights to submit a petition to the People's Court to render the same invalid.

If the procedures for convening, or the method of voting at, a general meeting or meeting of the board of directors violate the laws, administrative regulations or these Articles of Association, or the contents of a resolution violate these Articles of Association, shareholders shall have the rights to submit a petition to the People's Court to revoke such resolution within 60 days from the date on which such resolution is adopted.



Article 42 If a director and senior management officer causes losses to the Company for violation of the laws, administrative regulations or these Articles of Association during the performance of his/her duties, shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the Supervisory Committee to initiate legal proceedings in the People's Court; if the Supervisory Committee causes losses to the Company for violation of the laws, administrative regulations or these Articles of Association during the performance of its duties, the aforesaid shareholders can request the board of directors in written form to initiate legal proceedings in the People's Court.

Upon receipt of the written request by the shareholders as stipulated in the preceding paragraph, in case the board of directors and/or the Supervisory Committee refuses to initiate legal proceedings or fails to initiate legal proceedings within 30 days from receipt of such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the aforesaid shareholders shall have the right to initiate legal proceedings in the People's Court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company, thus causing losses to the Company, the shareholders specified in the first paragraph may initiate legal proceedings in the People's Court in accordance with the provisions of the preceding two paragraphs.

Article 43 In the event of violation of the laws, administrative regulations or the provisions under these Articles of Association by a director or senior management officers in performing his/her duties resulting damage to the shareholders' interest, the shareholders may initiate legal proceedings in the People's Court.

Article 44 Shareholders of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw the shares unless required by the laws, administrative regulations and departmental rules;

- (IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;
- (V) other obligations imposed by the laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's Shares are listed and the Articles of Association.

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation according to the laws.

If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts owed by the Company.

Article 45 A shareholder holding more than 5% of the Company's shares with voting rights pledges any shares in his/her possession shall submit a written report to the Company from the date when he/she pledges his/her shares.

Article 46 The controlling shareholders and de facto controllers of the Company shall not damage the interests of the Company by taking advantage of their affiliation. They shall be liable for compensation by violation of the rules for the loss suffered by the Company.

The controlling shareholders and de facto controllers of the Company shall bear the fiduciary duties to the Company and other shareholders. The controlling shareholder shall strictly exercise the rights of the investor accordance with law. The controlling shareholder shall not damage the legitimate rights and interests of the Company and other shareholders by means of profit distribution, asset restructuring, outbound investment, appropriation of capital, offering security for loans, etc., and shall not damage the interests of the Company and other shareholders by means of its controlling position.

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

Article 47 The general meeting of shareholders is the body exercising the authority of the Company and shall exercise the following duties and powers in accordance with the law:

- (I) to decide on the business guideline and investment plan of the Company;
- (II) to elect and replace directors and supervisors who are not staff representatives, and to decide on matters relating to the remuneration of the relevant directors and supervisors;
- (III) to review and approve the reports of the board of directors;
- (IV) to review and approve the reports of the Supervisory Committee;
- (V) to review and approve the annual preliminary financial budget plans and final account proposals of the Company;
- (VI) to review and approve the profit distribution plan and loss recovery plan of the Company;
- (VII) to make resolutions on the increase or reduction of the Company's registered capital;
- (VIII) to make resolutions on the issuance of corporate bonds, securities convertible into shares, options, warrants or similar rights to subscribe for any Shares or securities convertible into shares or other securities and listing;
- (IX) to make resolutions on the matters such as the merger, demerger, spin-off, dissolution, liquidation or change of corporate form of the Company;
- (X) to amend these Articles of Association;
- (XI) to make resolutions on the appointment or dismissal or non-renewal of engagement of accounting firms by the Company;
- (XII) to review proposals raised by shareholder(s), individually or collectively, representing over 3% of the Company's voting shares;
- (XIII) to review and approve of the guarantees stipulated by Article 48 hereof;

- (XIV) to review the related party transactions with the amount of transactions (except for guarantees provided by the Company) exceeds RMB30 million and represents more than 1% of total value of the latest audited net assets or market capitalization of the Company and matters subject to consideration by the general meeting under the Hong Kong Listing Rules;
- (XV) to review and approve the matters relating to the change of purpose of raised fund;
- (XVI) to review the share incentive plan and employee shareholding scheme;
- (XVII) to review the matters that the Company purchases or sells within one year any major assets with an amount exceeding 30% of the latest audited total assets of the Company;
- (XVIII) the annual general meeting of the Company may authorize the board of directors to decide the issuance of domestic shares with a total financing amount of no more than RMB300 million and no more than 20% of the net assets as at the end of the latest year to specific subscriber(s), and such authorization will expire on the convention date of the annual general meeting for the next year, subject to other laws and regulations, including the relevant regulations of the Hong Kong Listing Rules (if applicable);
- (XIX) the issuance of foreign shares made by the board of directors under the authorization by the annual general meeting of the Company shall comply with the relevant laws and regulations and the requirements of the Hong Kong Stock Exchange;
- (XX) to consider and approve the external donations by the Company which accumulatively exceed RMB5 million in an accounting year;
- (XXI) the cap of estimated margin and premium used (including value of collaterals provided for trading, credit quota granted by financial institutions expected to be used and margins reserved for emergency measures, etc.) exceeds 50% of the latest audited net profit of the Company, and the absolute amount of which exceeds RMB5 million of futures and derivatives transactions;
- (XXII) the highest value of the contract held on any trading day expected to exceed 50% of the latest audited net asset of the Company, and the absolute amount of which exceeds RMB50 million of futures and derivatives transactions;

(XXIII)the Company engages in futures and derivatives transactions which are not intended for hedging purpose;

(XXIV)to consider other matters that shall be decided by the general meetings according to the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

The aforesaid functions and powers of general meetings shall not be exercised by the board of directors or by other organizations and individuals on behalf of shareholders through authorization.

Article 48 Any guarantee provided by the Company shall be submitted to the board of directors or the general meeting for consideration.

The following external guarantees of the Company shall be considered and approved by the general meeting, in addition to the board of directors' consideration and approval:

- (I) any single guarantee with amount exceeds 10% of the latest audited net assets;
- (II) any guarantee provided by the Company and its controlled subsidiaries after the total amount of external guarantees has exceeded 50% of the latest audited net assets;
- (III) the guarantee for guarantee objects whose liability-asset ratio exceeds 70%;
- (IV) any guarantee with the accumulated amount exceeds 30% of the Company's latest audited total assets within 12 consecutive months;
- (V) any subsequent guarantee provided after the total amount of the external guarantee by the Company has exceeded 30% of the latest audited total assets;
- (VI) any guarantee provided to the shareholder, de facto controller and its related party;
- (VII) other guarantees as prescribed by stock exchanges or these Articles of Association.

If there is otherwise provision for the approval of the above matters by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, such provision shall prevail.

Where the Company provides a guarantee for a wholly-owned subsidiary, or provides guarantee for a controlled subsidiary, and the other shareholders of the controlled subsidiary provide an equivalent guarantee in proportion to the interests held by them, which is not detrimental to the interests of the Company, it may be exempted from the provisions of preceding subparagraph (I) to (III).

A guarantee which falls within the authorities of the board of directors, in addition to being required to be passed by exceeding half of all directors, requires also the approval of more than two-thirds of directors present at the board meetings. When the general meeting of the Company reviews the guarantee as set out in the preceding subparagraph (IV), it shall be subject to approval of more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the Company provides guarantee to a related party, it should be based on reasonable commercial grounds, timely disclosure is required after the consideration and approval of board of directors, and submit it to the general meeting for consideration.

When the Company provides guarantee to the controlling shareholder, the de facto controller and their related parties, they shall provide counter-guarantee. When the proposal for providing guarantees to a shareholder, de facto controller and their related party is considered at the general meeting, the shareholder or the shareholders controlled by the de facto controller shall not participate in the voting.

In case that the interests of the Company or other shareholders suffer loss as the general meetings and the board of directors of the Company provide external guarantees that are in violation of the above approval authorities or approval procedures, any shareholder or director bearing the relevant liabilities shall be responsible for commensurate compensation obligations.

Article 49 The general meetings are classified into the annual general meetings and the extraordinary general meetings. The annual general meetings shall be convened once an accounting year, and shall be held within six months from the end of the previous financial year.

Article 50 The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the following circumstances:

- (I) when the number of directors is less than the statutory minimum quorum of five provided for in the Company Law or two-thirds of the number required by these Articles of Association;

- (II) when the uncovered loss of the Company reaches one-third of the total paid-up share capital of the Company;
- (III) upon written request(s) by shareholder(s) individually or collectively holding 10% (inclusive of 10%) or above of the issued shares of the Company carrying the right to vote;
- (IV) when the board of directors deems it necessary;
- (V) when the Supervisory Committee proposes such a meeting be held;
- (VI) any other circumstances required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

The shareholdings as described in item (III) above shall be calculated as per the shares of the Company held by the shareholder on the date when such written request is made by such shareholder or upon closing of the previous trading date (in case that the date of requisition is a non-trading date).

Article 51 The venue of the general meeting convened by the Company shall be the domicile of the Company or other place specified in the notice of general meetings. After a notice of the general meeting is given, the venue of the live conference of the general meeting shall not be changed, unless with valid reasons. In case of actual needs to change, the convener shall make an announcement and explain the reasons at least 2 business days prior to the date of the live conference.

A meeting venue shall be established for the general meeting, and meetings will take the form of physical meeting. On the premise of the lawfulness and validity of general meetings, according to the laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed, the Company shall facilitate the participation of shareholders in general meetings by providing Internet, video, telephone or other means. The shareholders shall be deemed as present when participating in the general meeting via the above-mentioned methods.

Article 52 The Company shall engage lawyers to issue legal opinions in respect of the following matters relating to the holding of general meetings and make relevant announcements according to securities regulatory rules of the place where the shares of the Company are listed:

- (I) whether the convening and holding procedures of the meeting comply with the relevant laws, administrative regulations, departmental rules and these Articles of Association;
- (II) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) whether the procedures of voting at the general meeting and the voting results are lawful and valid;
- (IV) provision of any advice on any other matters requested by the Company.

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

Article 53 The general meeting shall be convened by the board of directors in accordance with law.

If the board of directors is unable to perform or does not perform the duty of convening the general meeting, the Supervisory Committee shall convene and preside over the meeting in time; if the Supervisory Committee does not convene and preside over the meeting, shareholders who individually or collectively hold more than 10 percent (inclusive of 10 percent) of the issued shares of the Company carrying the right to vote for more than 90 consecutive days may convene and preside over the meeting themselves.

Article 54 The independent non-executive directors have the right to propose to the board of directors to convene an extraordinary general meeting. For the proposal of independent non-executive directors of convening an extraordinary general meeting, the board of directors shall, in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed and these Articles of Association, give a written feedback on whether to agree or disagree with the meeting within 10 days upon receipt of the proposal.



When the board of directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. If the board of directors does not agree to convene such meeting, the reasons shall be stated and announced.

Article 55 The Supervisory Committee has the right to propose to the board of directors to convene an extraordinary general meeting, and the proposal to the board of directors shall be in writing. The board of directors shall, in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed and these Articles of Association, give a written feedback on whether to agree or disagree with the meeting within 10 days upon receipt of the proposal.

When the board of directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of the Supervisory Committee.

When the board of directors does not agree to convene an extraordinary general meeting or does not provide feedback within 10 days upon receipt of the written proposal, the board of directors shall be considered to be unable or fail to perform the duty of convening an extraordinary general meeting. The Supervisory Committee can convene and preside over the meeting on its own.

Article 56 When a shareholder requests to convene an extraordinary general meeting or a class meeting, the following procedures shall be followed:

(I) the shareholders who individually or jointly hold more than 10% (inclusive of 10%) of the issued shares of the Company carrying the right to vote shall have the right to propose to the board of directors to convene an extraordinary general meeting or a class meeting, and shall make such proposal to the board of directors in writing and illustrate the topic of the meeting. The board of directors shall, in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed, and these Articles of Association, give written feedback on approval or disapproval of the convening of an extraordinary general meeting or class meeting within 10 days after receiving the written request.

- (II) when the board of directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders. Where the laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed have any other provisions, such provisions shall prevail.
- (III) if the board of directors does not agree to hold the extraordinary general meeting or a class meeting or fails to give a reply within 10 days after receipt of the request, shareholders severally or jointly holding more than 10% (inclusive of 10%) of the shares carrying the right to vote at the meeting sought to be held shall be entitled to propose and request in writing to the Supervisory Committee to convene an extraordinary general meeting or a class meeting.
- (IV) if the Supervisory Committee agrees to convene the extraordinary general meeting or a class meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Changes in the original requisition in the notice shall be subject to the approval of relevant shareholders.

If the Supervisory Committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, shareholders who individually or collectively hold more than 10% (inclusive of 10%) of the shares carrying the right to vote at the meeting sought to be held for more than 90 consecutive days may convene and preside over the meeting themselves.

Article 57 When the Supervisory Committee or the shareholders decide to convene the general meeting or a class meeting by themselves, they must notify the board of directors in writing and at the same time submit the relevant documentation to the stock exchange in the place where the shares of the Company are listed.

For the general meeting or a class meeting convened by the shareholders, before an announcement on resolutions of the general meeting or a class meeting is made, the shareholding percentage carrying the right to vote of the convening shareholders shall be more than ten percent (inclusive of ten percent).

The Supervisory Committee or convening shareholders shall provide relevant evidence to CSRC agency where the Company is domiciled and the stock exchange(s) where the shares of the Company are listed at the time the notice of general meeting or a class meeting is issued and an announcement on resolutions of the general meeting is made.

Article 58 The board of directors and the secretary to the board of directors shall align with the general meeting convened by the Supervisory Committee or the shareholders on their own and fulfill their information disclosure obligation in a timely manner. The board of directors shall provide the register of shareholders as at the date of record. If the board of directors fails to provide the register of shareholders, the convener may request to access the register at securities registration and clearing institution by presenting the relevant announcement of the notice of general meeting. The register of shareholders obtained by the convener shall not be used for purposes other than the convening of a general meeting.

Article 59 If the Supervisory Committee or shareholders convene the general meeting or class meeting on their own, the Company shall bear the reasonable expenses incurred thereby and deduct the expenses from the amount owed by the Company to the defaulting directors.

#### **Section 4 Proposals and Notices of the General Meeting**

Article 60 The content of the proposal should fall within the scope of the authority of the general meeting, addressing clear issues with specific resolutions, and conforming to the relevant provisions of laws, administrative regulations, and the Articles of Association.

Article 61 When the Company convenes the general meeting, the board of directors, the Supervisory Committee and shareholders holding more than 3% of the shares of the Company individually or jointly are entitled to submit proposals to the Company.

The shareholders individually or jointly holding more than 3% of the shares of the Company may raise provisional proposal and submit it to the convener in writing 10 days before the general meeting is held. Upon the satisfaction that the proposal complies with the provisions in Article 60 of these Articles of Association, the convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice of general meeting and announce the contents of the provisional proposal.

Save as specified in the preceding paragraph, the convener shall not change the proposal set out in the notice of general meeting or add any new proposals after the said notice is served.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or proposals not in conformity with Article 60 hereof.

Article 62 Where the Company convenes an annual general meeting, it shall inform each shareholder of the date and place of the meeting and matters to be considered at least 21 days prior to the date of the meeting. In case of an extraordinary general meeting, the shareholders shall be notified at least 15 days prior to the date of meeting.

The date of the meeting shall not be included when calculating the starting time.

Article 63 The notice of the general meeting shall include the followings:

- (I) the date, place and duration of the meeting;
- (II) matters and proposals to be submitted to the meeting for consideration;
- (III) contain an explicit statement that all shareholders are entitled to participate in the general meeting and they may appoint in writing one or more proxies to attend and vote at such meeting on their behalf and such proxy or proxies need not be shareholder(s) of the Company;
- (IV) the date of record for the shareholders who are entitled to attend the general meeting;
- (V) contain the name and telephone number of the regular contact person for the meeting;
- (VI) time and procedure for voting online or through other means.

The notice and the supplementary notice of the general meeting shall adequately and completely disclose the specific contents of all proposals, and all the materials or explanations necessary for the shareholders to make reasonable judgments on the matters to be discussed. If the matters to be discussed require opinions from independent non-executive directors, the opinions and reasons of independent non-executive directors will be disclosed at the time when the notice of the general meeting or the supplementary notice is issued.

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

The interval between the date of record and the date of the meeting shall be no more than 7 business days. Once the date of record is confirmed, it shall not be changed.

The “business day” as mentioned in these Articles of Association refers to any day on which the Hong Kong Stock Exchange is open for listing and trading of securities.

Article 64 When the general meeting intends to discuss the election of directors and supervisors, the notice of the meeting shall fully disclose the details of the candidates for directors and supervisors, including, as a minimum, the following contents:

- (I) personal particulars such as education background, working experience and any concurrent positions;
- (II) whether one is connected with the Company or its controlling shareholders and the de facto controller;
- (III) disclosure of their shareholdings in the Company;
- (IV) any penalties imposed by the CSRC and other relevant authorities and punishments imposed by the stock exchanges;
- (V) information required to be disclosed under the Hong Kong Listing Rules relating to the appointment, re-election or transfer of directors or supervisors.

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

Article 65 Unless otherwise specified by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the shares of the Company are listed or these Articles of Association, the notice of a general meeting shall be delivered to the shareholders (whether they have voting rights at the general meeting or not) via personal delivery, prepaid mail, facsimile or email or announcement on designated websites, public announcement on newspapers and other designated media, other methods pre-agreed by the Company and the shareholders or recognized by the notified person upon receipt of the notice, or other methods recognized by securities regulatory authorities of the places where the shares of the Company are listed or provided by these Articles of Association.

For the shareholders of H shares, the Company may also give notice of the general meeting by posting on the Company's website and the website designated by Hong Kong Stock Exchange or by such other means as may be permitted under Hong Kong Listing Rules and these Articles of Association, instead of personal delivery or prepaid mail delivery to shareholders of H shares, subject to the compliance with the laws, regulations and the listing rules of the stock exchange where the shares of the Company are listed and the performance of the relevant procedures.

After the notice of the general meeting is issued, without proper reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. In the case of any postponement or cancellation of the meeting, the convener shall notify the shareholders in writing at least 2 business days prior to the scheduled date of convening and give explanations.

### **Section 5 Holding of General Meeting**

Article 66 The board of directors and other conveners shall take necessary measures to ensure the proper order of the general meeting. They shall take measures to stop the conducts that interfere with the general meeting, seeking trouble and infringing on the legal rights and interests of the shareholders and report such act to the relevant authorities for investigation.

Article 67 All shareholders recorded in the register as at the shareholding record date or their proxies shall have the right to attend and speak at the general meeting and exercise the voting rights in accordance with the relevant provisions of laws, administrative regulations, departmental rules, listing rules of the stock exchange where the shares of the Company are listed and these Articles of Association.

Shareholders may attend the general meeting in person, and also may appoint a proxy (who may not be a shareholder) to attend and vote on his/her behalf.

Any shareholder entitled to attend the general meeting and vote has the right to appoint one person (who is not necessary to be a shareholder) as his/her proxy (proxies) to attend and vote on his/her behalf. Such proxy is entitled to exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (I) the same right as the shareholder to speak at the general meeting;
- (II) the right to require, alone or together with others, voting by ballot;
- (III) exercise the right to vote.

If the shareholder is a recognized clearing house (or its agent) as defined in the relevant laws and ordinances of the place where the shares of the Company are listed, the shareholder may authorize one or more persons as he/she deems appropriate to act as his/her representative at any meeting (including but not limited to the general meeting and a creditor meeting). However, if more than one person is authorized, the power of attorney shall state the number and class of shares in respect of which each such person is authorized and shall be signed by the authorized officer of the recognized clearing house. The authorized persons may attend the meeting (without presenting proof of shareholding, notarized authorization and/or further evidence to prove they have obtained official authorization) and exercise rights equivalent to the statutory rights given to other shareholders (including the rights to speak and cast votes) on behalf of a recognized clearing house (or its agent) as if he/she were an individual shareholder of the Company.

Article 68 An individual shareholder who attends the meeting in person shall present his/her own ID card or other valid documents or proof evidencing his/her identity. If a proxy is appointed to attend the meeting on his or her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder.

Corporate shareholders shall attend the meeting by legal representatives or proxies appointed by legal representatives (which is deemed as attending such meeting in person if attended by legal representatives or general partners). When the legal representative attends the meeting, he/she shall present his/her ID card, the valid evidence that proves his/her qualification as the legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder (except for the Recognized Clearing House or its agent).

Article 69 The shareholders shall appoint their proxies in writing, the power of attorney issued by a shareholder to appoint a proxy to attend the general meeting shall contain the following information:

- (I) the name of the proxy;
- (II) the number of shares of the principal as represented by the proxy, and whether or not the proxy has the voting right;
- (III) separate instructions as to whether to cast affirmative, negative or abstention votes on each and every matter under consideration listed on the agenda of the general meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature by the principal or the agent he/she entrusts in writing. If the principal is a legal person, the corporate seal shall be affixed or signed by its director or duly appointed agent.

The power of attorney shall specify whether the proxy may vote as he/she thinks fit in the absence of specific instructions from the shareholder.

Article 70 If the power of attorney for proxy voting is signed by the authorized person of the principal, the letter of authority for signing or other authorization documents shall be notarized. Without prejudicing the relevant laws, regulations, and regulatory rules of the place where the shares of the Company are listed, the notarized letter of authority or other authorization documents and the power of attorney for proxy voting shall be maintained at the domicile of the Company or other place specified in the notice of the meeting before the relevant meeting or within the time period specified by the Company.



If the principal is a legal person, its legal representative or the person authorized by the board of directors or other decision-making authorities shall attend the general meeting of the Company on its behalf.

Article 71 The meeting register for the attendees shall be prepared by the Company. The meeting register shall specify the name of the attendees (or the entity name), the ID card number, the domicile address, the number of shares with voting rights he/she holds or represents, names of the principals (or the entity name) and other relevant matters.

Article 72 The convener and the lawyer engaged by the Company shall jointly verify the qualification of the shareholders according to the register of shareholders provided by the securities depository and clearing institution and shall register the names of each shareholder and the number of shares with voting rights he/she holds. The meeting registration shall be terminated by the time the chairman of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights held by them.

Article 73 When the general meeting is held, all the directors, supervisors and secretary to the board of directors of the Company shall attend the meeting, while the general manager and other senior management officers shall be present at the meeting.

Article 74 The general meeting shall be presided over by the chairman of the board of directors. When the chairman of the board of directors is unable or fails to perform his/her duty, a director jointly elected by more than half of the directors shall preside over the meeting.

At the general meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee shall preside over the meeting. When the chairman of the Supervisory Committee is unable or fails to perform his/her duty, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

If the general meeting is convened by shareholders, the convener shall elect a representative to preside over the meeting. If the convener fails to elect a representative to preside over the meeting for any reason, the shareholder (including proxy) holding the most voting shares thereat shall preside over the meeting.

When the general meeting is held, if the chairman of the meeting violates the rules of procedure, making the continuance of the meeting impossible, with the consent of the shareholders holding more than half of the voting rights present at the meeting, the meeting may elect a person to serve as the chairman of the meeting and the meeting shall continue.

Article 75 The Company shall formulate rules of procedure for the general meeting and specify the convening and voting procedures of the general meeting, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing and publication thereof, as well as the principle of authorization of the general meeting to the board of directors. The content of authorization shall be clear and specific. The rules of procedure for the general meeting shall be annexed to these Articles of Association and shall be prepared by the board of directors and approved by the general meeting.

Article 76 At the annual general meeting, the board of directors and the Supervisory Committee shall report on their works in the past year to the general meeting. Each independent non-executive director shall also report on their performance of duty.

Article 77 The directors, supervisors and senior management officers shall provide explanations and statements relating to the queries and suggestions put forward by the shareholders at the general meeting.

Article 78 The chairman of the meeting shall declare the number of attending shareholders and proxies and the total number of shares with voting rights they hold prior to voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

Article 79 The general meeting shall have meeting minutes, and the secretary to the board of directors shall be responsible for the meeting minutes. The meeting minutes shall contain the following contents:

- (I) the time, venue of, and the agenda for, the meeting, and the name or title of the convener;
- (II) names of the chairman of the meeting and the directors, supervisors and senior management officers attending the meeting or attending the meeting as non-voting attendee;

- (III) the number of shareholders and proxies present at the meeting, the total number of voting shares held and their respective proportions in the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) the inquiries or suggestions of the shareholders and the corresponding answers or explanations;
- (VI) names of lawyer, counting officer and scrutineer;
- (VII) other contents that should be included in the meeting minutes as required by the general meeting or according to these Articles of Association.

Article 80 The convener shall guarantee the authenticity, accuracy and integrity of the contents of the meeting minutes. The directors, supervisors, secretary to the board of directors, convener or their representatives who attended the meeting, and the chairman of the meeting shall sign the meeting minutes. The meeting minutes shall be maintained together with the meeting register, the power of attorney for proxy attendance, and the valid documents relating to the online voting and other forms of voting at the domicile of the Company for a period of 10 years.

Article 81 Shareholders may have access to copies of the meeting minutes free of charge during the office hours of the Company.

Article 82 The convener shall ensure that the general meeting is held continuously until the final resolution is made. If the general meeting is suspended or the resolution cannot be made due to force majeure or other special causes, necessary measures shall be taken to resume the general meeting as soon as possible or directly terminate the general meeting, and an announcement shall be made promptly. Meanwhile, the convener shall report to the local office of the CSRC in the locality of the Company as well as the stock exchange where the shares of the Company are listed.

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

Article 83 The resolutions of the general meeting are classified into ordinary resolutions and special resolutions.

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

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

Article 84 The following matters shall be passed by way of an ordinary resolution of the general meeting:

- (I) work reports of the board of directors and the Supervisory Committee;
- (II) profit distribution plan and loss recovery plan of the Company;
- (III) the appointment, dismissal and remuneration of the members of the board of directors and the Supervisory Committee and the method of payment of the remuneration;
- (IV) the Company's annual financial budget plans, final accounting plans, balance sheet, income statement and other financial statements;
- (V) annual report of the Company;
- (VI) the appointment, removal, or termination of accounting firms, and determination of their remunerations;
- (VII) any other matters other than those which are required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place on which the shares of the Company are listed or by these Articles of Association to be passed by way of a special resolution.

Article 85 The following matters shall be passed by way of a special resolution of the general meeting:

- (I) the increase or reduction of the Company's registered capital;
- (II) the division, spin-off, merger, dissolution, liquidation or change of organizational form of the Company;
- (III) the amendment to these Articles of Association;
- (IV) equity incentive scheme;

- (V) the purchase and disposal of material assets, or guarantee by the Company within one year, in which the amount exceeds 30% of the audited total assets in the most recent period of the Company;
- (VI) any other matter as specified by the laws, administrative regulations, departmental rules, securities regulatory rules of the place on which the shares of the Company are listed and these Articles of Association which, considered by the shareholders at the general meeting and resolved by way of an ordinary resolution, may have a material impact on the Company and shall be adopted by way of a special resolution.

Article 86 Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent, and each share shall carry one voting right.

Votes for medium and small investors shall be separately counted when any material matter affecting their interests is considered at the general meeting. The results of separate vote counting shall be disclosed publicly in a timely manner according to relevant laws, regulations and securities regulatory rules of the place on which the shares of the Company are listed.

Shares held by the Company shall not carry any voting right and shall not be counted into the total shares with voting rights represented by shareholders attending the general meeting.

If a shareholder buys voting shares of the Company in violation of the provisions of Articles 63(1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not be entitled to exercise voting rights for a period of thirty-six months after the purchase, and shall not be counted in the total number of voting shares represented by shareholders attending the general meeting.

The board of directors, independent non-executive directors, shareholders holding more than 1% of voting shares or investor protection institutions established in accordance with the laws, administrative regulations or provisions of the CSRC may collect votes from shareholders publicly. While collecting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being collected. Solicitation of shareholders' voting rights in a paid or disguised paid way shall be prohibited. Save for statutory conditions, the Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.

Article 87 When related transactions are considered at the general meeting, the related shareholders shall not participate in voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes. The announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

When related transactions are considered at the general meeting, the board of directors of the Company shall remind the related shareholders to abstain from voting prior to voting by shareholders; the related shareholders shall proactively declare the relationship to the general meeting and abstain from voting. If the board of directors does not give any reminder and a shareholder does not take the initiative to abstain, other shareholders may request him/her to explain the relationship and abstain. The convener shall review whether the shareholder is a related shareholder and whether the shareholder should abstain in accordance with relevant regulations.

Related shareholders who should abstain can participate in the discussion of related transactions involving themselves and can provide explanations and descriptions to the general meeting on matters such as the reasons for the related transactions, the basic conditions of the transactions, and whether the transactions are fair and legal.

Article 88 Unless the Company is in a crisis or under other special circumstances, the Company shall not, without the approval by special resolutions at the general meeting, enter into contracts with persons other than directors and senior management officers granting those persons responsibility for the management of all or part of the Company's material business.

Article 89 The list of candidates for directors and supervisors shall be submitted by way of proposal for voting at the general meeting.

The nomination methods and procedures of directors and supervisors are set out below:

- (I) Any shareholders holding 3% or above of the shares individually or in aggregate or the board of directors may propose a resolution for the nomination of directors at the general meeting, while any shareholders holding 3% or above of the shares individually or in aggregate or the Supervisory Committee may propose a resolution for the nomination of supervisors at the general meeting.

- (II) the staff representatives of the Supervisory Committee are elected by the staff of the Company at the staff representative meeting, staff meeting, or by other democratic means.
- (III) candidates for independent non-executive directors are nominated by the board of directors or the Supervisory Committee of the Company, or any shareholders holding 1% or above of the issued shares of the Company individually or in aggregate.

In considering the proposal for the election of directors and supervisors, the general meeting shall vote on each candidate for director and supervisor one by one. The board of directors shall inform the shareholders of the resumes and basic information of the candidates for directors and supervisors.

When voting on the election of two or more directors or supervisors to be represented by the shareholders at the general meeting, cumulative voting system may be implemented in accordance with the provisions of these Articles of Association or the resolutions at the general meeting. Cumulative voting system shall be adopted for a company in which a single shareholder and its parties acting in concert are interested in 30% or above of the total shares of the company. Cumulative voting system shall be implemented for a general meeting of the Company in which two or more independent non- executive directors are elected.

The cumulative voting system mentioned in the preceding paragraph means that when directors or supervisors are being elected at the general meeting, each share carries a number of voting right equivalent to the number of directors or supervisors to be elected, and the shareholders' voting rights may be used in a concentrated manner.

When electing directors and implementing cumulative voting system, the election of independent non-executive directors shall be separated from the election of other directors to ensure the proportion of independent non- executive directors in the board of directors of the Company.

The specific procedures and requirements in execution of the cumulative voting system for the election of directors and supervisors are as follows:

- (I) when electing directors and supervisors at the general meeting, the voting shareholders must write down all the names of directors and supervisors they elect and write down the number of voting rights casted to each director and supervisor;

- (II) if a shareholder's voting rights exercised on the votes exceed the total number of his legitimate voting rights, such votes are invalid; otherwise, the votes are valid;
- (III) upon completion of voting, the scrutineer shall count the votes and announce the voting results for each director or supervisor candidate;
- (IV) the election of director candidates or supervisor candidates shall be determined based on the number of votes they have obtained, provided that the number of votes obtained by each elected director or supervisor must exceed one half of the total number of shares with voting rights represented by the shareholders attending the general meeting (based on the total number of shares before cumulation).

In the event that two or more candidates receive the same number of votes and the number of votes is the lowest among the candidates to be elected, if all of them are elected, the number of elected candidates will exceed the number of directors or supervisors to be elected, another election for the above-mentioned candidates for directors or supervisors with the same number of votes shall be conducted at the next general meeting.

If the number of elected directors and supervisors is less than the required number, another election shall be conducted at the next general meeting for the vacant seats.

If, as a result, the number of the board of directors or the Supervisory Committee is less than two-thirds of the number stipulated in these Articles of Association, the next general meeting shall be held within two months after the conclusion of such general meeting.

Where there are special provisions stipulated in the laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the shares of the Company are listed, those provisions shall prevail.

Article 90 In addition to the cumulative voting system, the general meeting shall resolve on all the proposals separately. In the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is suspended or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.



Article 91 No amendment shall be made to a proposal when it is considered at the general meeting; otherwise, such amendments shall be deemed as a new proposal and shall not be voted at the current meeting.

Article 92 Voting at the general meeting shall be conducted by open ballot.

Article 93 The same voting right can only be exercised in only one form: onsite, 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 94 Before proposals are voted on at the general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. When any shareholder has connection to any matter under consideration, the said shareholder and proxy thereof shall not participate in vote counting or scrutinizing.

At the time of deciding on a proposal by voting at the general meeting, lawyers, shareholder representatives and supervisor representatives shall count and scrutinize the votes jointly and announce the voting results forthwith. The voting results in connection with the resolution shall be recorded in the meeting minutes.

Shareholders or their proxies voting via the network or other means shall have the right to check their voting results via the corresponding voting system.

Article 95 An on-site general meeting shall not end before that held on-line or through other means, and the chairman of the meeting shall announce the voting status and results of each proposal and announce whether the proposal is adopted or not based on the voting results.

Prior to the formal announcement of voting results, the relevant parties involved in relation to the on-site voting or through other means at the general meeting, including the Company, the persons responsible for counting votes and scrutinizing the voting, and the substantial shareholders, shall be obliged to keep the voting status confidential.

Article 96 The shareholders attending the general meeting shall express one of the following opinions on the proposal to be voted on: for, against, or abstain, save for the circumstance under which the securities registration and settlement institution acting as the nominal holder of shares under the mutual stock market access between the Mainland and Hong Kong makes reporting in accordance with the instruction of the de facto holders of relevant shares.

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

If in accordance with the Hong Kong Listing Rules, any shareholder is required to abstain from voting or is restricted to voting for or against any individual resolution, any vote by the shareholder (or proxies) in contravention thereof shall not be counted into the voting result.

Article 97 If the chairman of the meeting has any doubts 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 chairman of the meeting has not counted the votes, any shareholder present in person or by proxy who objects to the result announced by the chairman of the meeting may, immediately after the declaration, demand that the votes be counted, and the chairman of the meeting shall have the votes counted immediately.

If the votes are counted at the general meeting, the result shall be recorded in the meeting minutes.

Article 98 Resolutions of general meetings shall be announced in a timely manner in accordance with the relevant laws, regulations, and securities regulatory rules of the place where the shares of the Company are listed and the provisions of these Articles of Association. The announcements shall set forth the number of shareholders and proxies present at the meeting, the total number of voting shares held and the proportion to the total number of voting shares of the Company, the voting method, the voting results on each proposal and the details of each of the resolutions passed.

Article 99 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 100 If the general meeting passes a proposal concerning the election of directors or supervisors, the directors elected or supervisors elected shall take office immediately after the general meeting or at such time specified in the resolution adopted at the general meeting.

Article 101 If the general meeting passes a proposal on cash dividends, bonus shares or conversion of capital reserve into share capital, the Company shall implement the specific scheme within 2 months after the end of the general meeting.

## **Section 7 Special Voting Procedures for Shareholders of Different Classes**

Article 102 Shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations, departmental rules and these Articles of Association.

In addition to holders of other classes of shares, holders of domestic shares and H shares shall be deemed to be shareholders of different classes.

Article 103 If the Company intends to change or abrogate the rights of class shareholders, it may do so only with the approval of a special resolution of shareholders in the general meeting and by relevant class shareholders at a separate meeting conducted in accordance with Articles 105 to 109 of these Articles of Association.

Article 104 The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, or distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) to effect an exchange of all or part of the shares of such class into shares of another class, or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (III) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (IV) to reduce or remove a dividend preference or property distribution preference during the liquidation of the Company attached to shares of such class;
- (V) to add, remove or reduce share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (VI) to remove or reduce rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (VIII) to restrict or impose additional restrictions on the transfer or ownership of shares of such class;

- (IX) to issue rights to subscribe for, or convert into, shares of such class or another class;
- (X) to increase the rights and privileges of shares of another class;
- (XI) to restructure the Company where the proposed restructuring will result in different classes of shareholders having to bear liability to different extents;
- (XII) to amend or cancel the articles of this section.

Article 105 Shareholders of the affected class, whether or not originally having the right to vote at general meetings, shall have the right to vote at class meetings in respect of matters referred to in items (II) to (VIII) or (XI) to (XII) of Article 104 of these Articles of Association, except that the interested shareholders shall not have the right to vote at the class meetings.

The term “interested shareholders” referred to in the preceding paragraph shall have the following meanings:

- (I) if the Company has made a repurchase offer to all shareholders in the same proportion or has repurchased its own shares through public trading on a stock exchange in accordance with Article 29 of these Articles of Association, the controlling shareholders as defined in Article 220 hereof shall be the “interested shareholders”;
- (II) if the Company has repurchased its own shares by agreement outside a stock exchange in accordance with Article 29 of these Articles of Association, shareholders related to such agreement shall be the “interested shareholders”;
- (III) in the case of a restructuring of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be the “interested shareholders”.

Article 106 Resolutions of class meeting may be passed only by affirmative votes representing more than two-thirds of the voting rights of shareholders of that class present at the meeting who, in accordance with Article 105, are entitled to vote thereat.

Article 107 To hold a class meeting, the Company shall notify all shareholders at least 21 days before the date of the annual class meeting; a written notice of an extraordinary class meeting shall be given to all shareholders at least 15 days prior to the date of meeting, so as to notify all the shareholders of the relevant class listed on the register of the matters to be considered at the meeting and the meeting date and place.

If there are special provisions stipulated in the laws, administrative regulations, departmental rules and rules governing securities of the place where the shares of the Company are listed, such provisions shall prevail.

Article 108 The notice of a class meeting shall be served only to the relevant class shareholders entitled to participate at such a meeting.

Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. Provisions of these Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class meetings.

Article 109 The special voting procedures for approval by a class of shareholders shall not apply:

- (I) where, as approved by way of a special resolution of the general meeting, the Company issues, either separately or concurrently, domestic shares and overseas listed foreign shares every twelve months, and the number of the domestic shares and overseas listed foreign shares intended to be issued does not exceed 20% of the issued and outstanding shares of the respective class;
- (II) where the plan for issuance of domestic shares and overseas listed foreign shares upon the establishment of the Company is completed within fifteen months after being approved by the securities regulatory agency under the State Council or the validity period of the relevant approval document;
- (III) where, with the approval of the securities regulatory agency under the State Council, the shareholders of domestic shares of the Company transfer all or part of the shares held by them to foreign investors and list them overseas.

## CHAPTER 5 BOARD OF DIRECTORS

### Section 1 Directors

Article 110 A director of the Company, as a natural person, may not serve as a director of the Company in one of the following circumstances:

- (I) A person who loses or has limited capacity for civil conduct;
- (II) A person who has been imposed criminal penalty due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting the order of socialist market economy, where less than five years have elapsed since completion of the enforcement of the criminal penalty; or is deprived of political rights due to offence, where less than five years have elapsed since completion of the enforcement of the penalty;
- (III) A person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (IV) A person who is a former legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to violation of law and who are personally liable therefor, where less than three years have elapsed since the date of the revocation of the business license;
- (V) A person who has a large amount of outstanding debts which have become overdue;
- (VI) A person who is under a penalty of prohibited access to the securities market imposed by the CSRC, which is still effective;
- (VII) Other circumstances required by laws, administrative regulations, departmental rules or the listing rules of the stock exchange of the place where the Company's Shares are listed.

In case that the election or appointment of any director is in violation of the provisions in this Article, the said election, appointment or engagement shall be invalid. Where any of the circumstances herein happens to any director during his/her term of office, the Company shall remove him/her from such office.

Article 111 The directors shall be elected or replaced by the general meeting, and may be relieved of their duties by ordinary resolution at the general meeting before the term of office of any director (including managing director or other executive director, wherever appropriate) expires (provided that such removal will not affect any claim made by such director for damages according to any contract). The directors serve for a term of office of three years. Upon the expiration of the term, the directors may be re-elected and serve consecutive terms.

The term of office of directors shall last from the date on which the directors take office to the expiration of the term of office of the current board of directors. If the term of office of a director expires but the director is not re-elected in time, the former director shall still perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association before the newly elected director takes office.

A director may be the general manager or a senior management officer concurrently, provided that the number of directors who serve as general manager or other senior management officers concurrently and the directors who are staff representatives, shall not exceed one half of the number of directors of the Company.

Directors are not required to hold shares in the Company.

The general meeting may, subject to the provisions of relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed, remove by ordinary resolution any director whose term of office has not yet expired (provided that claims of the director under any contract shall not be affected by this).

Unless otherwise provided by laws and regulations, if the term of the board of directors expires or re-election is conducted earlier, at least two-thirds of original members of the board of directors shall be re-appointed in the new members of the board of directors, and the number of directors replaced by the Company within each consecutive 36-month period shall not exceed one-third of the total number of directors.

Article 112 The directors shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association, and shall fulfill the fiduciary obligation to the Company as follows:

- (I) not to take advantage of his/her functions and powers to accept bribes or other illegal income, and not to misappropriate the property of the Company;
- (II) not to misappropriate the funds of the Company;
- (III) not to deposit the Company's assets or funds in an account opened in his/her own name or in the name of any other individual;
- (IV) not to lend the Company's funds to others or using the Company's assets as security for others in violation of these Articles of Association and without the prior approval 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 provisions of these Articles of Association, or without the consent of the general meeting;
- (VI) not to take advantage of his/her position to seek business opportunities that should belong to the Company for himself/herself or others, or engage in business similar to that of the Company for himself/herself or others, without the prior approval of the general meeting;
- (VII) not to accept and embezzle commissions from transactions between other persons and the Company;
- (VIII) not to disclose the secrets of the Company without authorization;
- (IX) not to damage the interests of the Company by taking advantage of his/her affiliation;
- (X) other fiduciary obligations stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

The income derived by the directors in violation of this Article shall be returned to the Company. If losses are caused to the Company, they shall be liable for compensation.



Article 113 The directors shall comply with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association, and bear the following responsibilities of diligence to the Company:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations, departmental rules and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;
- (II) to be fair to all shareholders;
- (III) to timely understand the business operations and management of the Company;
- (IV) to sign a written confirmation to the Company's periodic reports, to ensure that the information disclosed by the Company is true, accurate and complete;
- (V) to provide the status reports and information to the Supervisory Committee honestly, and not to hinder the Supervisory Committee or supervisors from exercising their powers;
- (VI) other responsibilities of diligence stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

Article 114 Means and procedures for nomination of directors:

- (I) candidates for independent non-executive directors shall be nominated by the board of directors, Supervisory Committee or shareholders individually or jointly holding more than 1% of shares issued by the Company. The investor protection institution established in accordance with the law may publicly request the shareholders to entrust them to exercise the right to nominate independent non-executive directors on their behalf. The nominator shall not nominate persons with interests or other close associates who may affect the performance of their duties as independent director candidates. Candidates for other directors shall be nominated by the board of directors or the shareholders individually or jointly holding more than 3% of shares of the Company;

- (II) a written commitment shall be made by the candidate prior to the notice of the general meeting is issued, expressing his/her willingness to accept the nomination, promising to publicly disclose his/her information truthfully and completely and warranting to faithfully fulfill his/her obligations as a director after election; the nominator for independent non-executive directors shall obtain the consent of the nominee before nomination. The nominator shall have sufficient information of the nominee's occupation, education background, professional title, detailed working experience, all part-time jobs, whether there are any spotty records such as serious dishonesty issue, etc., and shall give opinions on his/her independence and other conditions for serving as an independent director. The nominee shall make a public declaration as to his/her independence and other conditions for serving as an independent director;
- (III) In the event of a hostile takeover as provided herein, in order to ensure the stability of operation of the Company after the takeover and safeguard the long-term interests of the Company and all shareholders, the candidates for non-independent director nominated by the acquirer and/or parties acting in concert with it shall, in addition to possessing professional competence and knowledge appropriate to the performance of their duties as directors, have served as directors or senior management officers in a large company with the same principal business as the Company for more than five years. The candidates for directors nominated by the acquirer and/or parties acting in concert with it shall, when the general meeting or the board meeting is held for considering the proposal for their appointment, attend the meeting in person and explain their qualifications for appointment, professional competence, experience in the industry, violations of laws and regulations, existence of any conflict of interest with the Company, and their relationship with the controlling shareholders, the de facto controller and other directors, supervisors and senior management of the Company.

Article 115 If the director fails to attend the board of directors meeting in person or entrust any other directors to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the board of directors shall advise the general meeting to remove such director.

Article 116 The director may resign before the expiration of his/her term. The director shall submit a written resignation report to the board of directors. The board of directors will disclose the relevant information within 2 days as soon as possible.

If the resignation of a director causes the Company's board of directors to be below the minimum quorum, the former director shall, before the newly elected director takes office, still perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

Without prejudicing the relevant laws, regulations, and regulatory rules of the place where the shares of the Company are listed, any person appointed by the board of directors as a director to fill a casual vacancy or increase the number of directors shall serve only until the first annual general meeting of the Company following his or her appointment and shall in that time be eligible for re-election. All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Except as provided in the preceding paragraph, the resignation of directors shall come into force upon the delivery of the resignation report to the board of directors.

Article 117 Upon a director's submission of his/her resignation or at the expiry of his/her office, he/she shall complete all of the handover procedures with the board of directors, and his/her fiduciary obligations to the Company and the shareholders shall not necessarily cease before his/her resignation report becoming effective or within a reasonable period after it becoming effective or after the termination of tenure. The duty of confidentiality in relation to trade secrets of the Company shall survive upon termination of his/her tenure up until the disclosure of such trade secrets. The duration of other obligations shall be determined on the principle of fairness.

Article 118 Without the legal authorization by these Articles of Association or the board of directors, no director shall act on behalf of the Company or the board of directors in his/her own name. Where a director acts in his/her own name, the director shall declare in advance his/her position and identity in the case that a third party would reasonably believe that the director is acting on behalf of the Company or the board of directors.

Article 119 A director that violates laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association and causes losses to the Company in performing duties of the Company shall be liable for compensation.

## **Section 2 Independent Non-executive Directors**

Article 120 The Company shall have independent non-executive directors. An independent non-executive director is a director who does not hold any other office in the Company other than as an independent non-executive director and who has no relationship with the Company or its major shareholders that may interfere with his/her independent and objective judgment.

The independent non-executive directors are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. Independent non-executive directors shall account for at least one third of the number of members of the board of directors, and be no less than three. At least one of the independent non-executive directors shall have suitable professional qualification or have suitable accounting or relevant financial management expertise, and there shall be at least one independent non-executive director who generally resides in Hong Kong.

Article 121 Independent non-executive directors shall qualify for position and have independence as prescribed by laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The independent non-executive director shall not simultaneously hold the post of independent non-executive director in more than three companies in principle, and he/she should ensure that he/she has sufficient time and energy to effectively perform his/her duties as an independent non-executive director.

Article 122 The term of office of the independent non-executive director is the same as that of other directors of the Company. Upon expiration of the term, the independent non-executive director may be re-elected, provided that the term of office shall not exceed six years.

Prior to the expiry of the term, the independent non-executive directors shall not be removed without proper reasons. In case of early dismissal, the company shall disclose it as a special disclosure.

If an independent non-executive director fails to attend the board of directors meeting in person for two consecutive times and has not appointed other independent non-executive director to attend the board of directors meeting on his/her behalf, the board of directors shall propose to convene a general meeting to remove the independent non-executive director from his/her position with 30 days after the date of occurrence.

If the independent non-executive directors of the Company at any time do not meet the requirements for the number of people, qualification or independence specified in Hong Kong Listing Rules, the Company must inform Hong Kong Stock Exchange immediately, and explain the details and reason by means of announcement, and shall, within sixty days after noncompliance with the relevant provisions, appoint enough independent non-executive directors to meet the requirements of Hong Kong Listing Rules.

Article 123 An independent non-executive director may resign before the end of his/her tenure. The independent non-executive director shall submit a written resignation report to the board of directors, stating any circumstances relating to his/her resignation or which he/she considers necessary to bring to the attention of the Company's shareholders and the creditors. The Company shall disclose the reasons of resignation of the independent non-executive directors and other matters concerned.

If the resignation of an independent non-executive director will result in the proportion of independent non-executive directors in the board of directors or its special committees not being in compliance with the listing rules of the place where the Company's shares are listed or these Articles of Association, or if there is a lack of accounting professionals among the independent non-executive directors, the independent non-executive director who intends to resign shall continue to perform his/her duties until the date on which the new independent non-executive director is elected. The Company shall complete the by-election within 60 days from the date of resignation of the independent non-executive director.

Article 124 Independent non-executive directors shall, in accordance with the requirements of relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed, earnestly perform their duties, safeguard the overall interests of the Company, and especially strive to protect the legitimate rights and interests of the minority shareholders. Independent non-executive directors shall perform their duties independently and shall not be influenced by the Company, its substantial shareholders and de facto controllers or other units or individuals having interests in the Company, its substantial shareholders and de facto controllers.

The Company shall provide the independent non-executive directors with the necessary working conditions and personnel support to perform their duties, and the secretary to the board of directors and corresponding departments relating to securities of the Company should assist the independent nonexecutive directors in the performance of their duties.

The secretary to the board of directors shall ensure the unimpeded access to information between the independent non-executive directors and other directors, senior management and other relevant persons, and ensure that the independent non-executive directors are able to obtain adequate resources and necessary professional opinions when performing their duties.

Article 125 Where it is not expressly provided for in this section in relation to independent non-executive directors, the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association concerning the directors of the Company shall apply.

### **Section 3 The Board of Directors**

Article 126 The Company shall have a board of directors accountable to the general meeting and reporting work to the meeting.

The board of directors is composed of 9 directors, including 1 chairman.

Article 127 The board of directors shall perform the following duties and powers:

- (I) to convene general meetings and report to general meetings;
- (II) to implement the resolutions of the general meeting;
- (III) to determine business operation plans and investment plans of the Company;
- (IV) to formulate the annual financial budget plans and final accounting plans of the Company;
- (V) to formulate the profit distribution plans and loss recovery plans of the Company;
- (VI) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (VII) to formulate plans for substantial acquisition, repurchase of shares, or merger, division, dissolution and change of corporate form of the Company;

- (VIII) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations etc. of the Company within the authority granted by the general meeting;
- (IX) to determinate the setup of the Company's internal management structure;
- (X) to determine the appointment or removal of the Company's general manager, secretary to the board of directors and other senior management, and to determine their remuneration, rewards and punishments; based on the nominations of the general manager, to determine the appointment or removal of vice-general manager, the officer in charge of finance and other senior management and to determine their remuneration, rewards and punishments;
- (XI) to formulate the basic management system of the Company;
- (XII) to formulate the amendment to these Articles of Association;
- (XIII) to manage the information disclosure of the Company;
- (XIV) to request the general meeting to engage or replace the accounting firm that provides audits for the Company;
- (XV) to listen to the work report of the general manager of the Company and examine the general manager's work;
- (XVI) to review and approve transactions under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules;
- (XVII) other duties and powers that should be exercised by the board of directors stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

The above resolutions adopted by the board of directors, except those in items (VI), (VII) and (XII), as well as the requirements of the laws, regulations, and the listing rules of a stock exchange at the place where the shares are listed must be approved by not less than a two-thirds vote of the directors, may be approved by more than half of the votes by the directors.

If any matter of authority to be exercised by the board of directors above or any transaction or arrangement of the Company, any events beyond the authorization scope of the general meeting or any transaction or arrangement of the Company, shall be subject to review by the general meeting according to the securities regulatory rules of the place where the shares of the Company are listed, such matters shall be submitted to the general meeting for review.

Article 128 The board of directors shall make explanations to the general meeting on the non- standard audit opinions issued by the certified public accountants on the Company's financial reports.

Article 129 The board of directors shall formulate the Rules of Procedures of the board of directors, which shall prescribe procedures for convening and voting of the board of directors to ensure the implementation of resolutions of the general meeting, enhance the working efficiency and ensure the scientific decision making.

The Rules of Procedures of the board of directors shall be prepared by the board of directors, approved at the general meeting, and attached to these Articles of Association as an appendix.

Article 130 The board of directors shall establish special committees such as strategy committee, audit committee, nomination committee and remuneration and appraisal committee etc. according to the relevant resolutions of the shareholder's general meeting. All members of special committees are comprised of directors. Independent non-executive directors shall be the majority in the audit committee, nomination committee, remuneration and appraisal committee and shall serve as conveners. The audit committee shall be comprised of all non-executive directors and at least one independent non-executive director who is an accounting professional and serves as the convener. The board of directors shall be responsible for formulating the working rules of the special committees and regulating their operation.

Article 131 The Board shall determine the license in respect of external investment, acquisition and disposal of assets, asset mortgage, external guarantees, consigned financial management, connected transactions, external donations and borrowings, establish strict inspection and decision-making procedures and formulate relevant systems. Major investment projects shall be assessed and examined by relevant experts and professionals and shall be approved at the general meeting.



Article 132 In addition to the matters that should be considered and approved at the general meeting as stipulated in these Articles of Association and other internal systems of the Company, when disposal and acquisition of assets and external investment of the Company meets one of the following criteria (if the data involved in the calculation of the above indicators is negative, the absolute value of such data shall be used), it shall be submitted to the board of directors for consideration and approval:

(I) When a transaction of the Company (except for provision of guarantees) meets the following criteria, it shall be submitted to the board of directors for consideration and approval:

1. the total assets involved in the transaction (if the total assets have both carrying value and appraised value, the higher of which shall be used for calculation) account for more than 10% of the total audited assets of the Company in the latest period;
2. the transaction amount accounts for more than 10% of the market value of the Company;
3. the net assets of the transaction subject (such as equity) in the latest accounting year accounts for more than 10% of the market value of the Company;
4. the business income of the transaction subject (such as equity) in the latest accounting year accounts for more than 10% of the audited business income of the Company in that year, and exceeds RMB10.00 million;
5. the profits from the transaction account for more than 10% of the audited net profit of the Company in the latest accounting year, and exceed RMB1.00 million;
6. the net profits from the transaction subject (such as equity) in the latest accounting year account for more than 10% of the audited net profit of the Company in that year, and exceed RMB1.00 million.

If it is otherwise specified in provisions of the laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed on the approval authority of the matters involved in the aforementioned, such provisions shall prevail.

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

The transaction mentioned in this Article refers to purchase or sale of assets (excluding purchase of raw materials, fuels and power, and sale of products or commodities, and other transactions that are related to ordinary operation); external investment (except for the purchase of wealth management products of banks); transfer or acquisition of research and development projects; signing license agreements; providing guarantees; lease-in or lease-out of assets; appointing or being appointed by others to manage assets and businesses; giving or being given assets as gifts; restructuring of claims or debts; providing financial support; and other transactions as stipulated by the relevant laws and regulations of the place where the shares of the Company are listed.

The market capitalization stipulated in this Article refers to the arithmetic mean of the closing market value for the 10 trading days prior to the transaction.

If the Company implements the installment transactions, this Article shall apply on the basis of the total amount of the transaction.

If the Company and the same counterparty have transactions of the same type as required in this Article and in opposite directions at the same time, this Article shall apply based on the unidirectional amount thereof.

Except for the provision of guarantees, entrusted wealth management and other matters stipulated in this Article, if the Company conducts the same type of transactions as required in this Article and related to the subject matter, this Article shall apply on the principle of accumulative calculation for consecutive 12 months. If the obligations have been performed in accordance with these Articles, the transaction shall not be aggregated.

- (II) Any external donation made by the Company with an asset value of RMB1 million or more but not exceeding RMB5 million in an accounting year shall be submitted to the Board for consideration and approval.

If it is otherwise specified in provisions of the laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed on the approval authority of the matters involved in the aforementioned, such provisions shall prevail.

Article 133 Except for the related party transactions that shall be considered and approved by the general meeting as stipulated in these Articles of Association and other internal systems of the Company, transactions (excluding the provision of guarantees) between the Company and related parties that meet one of the following conditions shall be considered and approved by the board of directors and shall be disclosed in a timely manner:

- (1) a transaction with related natural person(s) with a transaction amount of more than RMB0.3 million;
- (2) a transaction with related legal person(s) with the transaction amount accounting for more than 0.5% of a listed company's latest audited total assets or market value, and exceeding RMB3 million.

If it is otherwise specified in provisions of the laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed on the approval authority of the matters involved in the aforementioned, such provisions shall prevail.

Article 134 Any guarantee to be provided by the Company shall be submitted to the board of directors or the general meeting for consideration and be disclosed in time. Other external guarantees shall be submitted to the board of directors for consideration and approval, except for the external guarantees that shall be considered and approved by the general meeting as stipulated in these Articles of Association and other internal systems of the Company.

The resolutions of the board of directors in respect of guarantee matters within the scope of authority of the board of directors shall, in addition to being passed by more than one half of the directors, require the affirmative vote of not less than two-thirds of the directors attending the board meeting.

If it is otherwise specified in provisions of the laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed on the approval authority of the matters involved in the aforementioned, such provisions shall prevail.

Article 135 The chairman of the board of directors shall be a director of the Company and be elected and removed by more than half of all the directors. The chairman of the board of directors shall serve a term of three years, and is eligible for re-election.

Article 136 The chairman of the board of directors shall exercise the following duties and powers:

- (I) presiding over the general meetings and convening and presiding over board meetings;
- (II) procuring and examining the implementation of resolutions of the board of directors;
- (III) other powers granted by the board of directors.

Article 137 Where the chairman of the board of directors is unable or fails to perform duties, more than half of the directors shall elect one director to perform its duties.

Article 138 The board meetings comprise regular board meetings and extraordinary board meetings.

Regular board meetings are required to be held at least four times a year, and shall be convened by the chairman of the board of directors. Notices of regular board meetings and meeting documents shall be delivered to all directors and supervisors at least 14 days before the meeting (not including the day of the meeting). The board of directors should have arrangements to ensure that all directors have the opportunity to propose matters for discussion on the agenda of regular board meetings.

Regular meetings may not be convened by way of written resolution.

The board meetings shall follow the principle of on-site convening. On the premise of ensuring the directors to fully express their opinions, the board meetings may, if necessary, be convened by voting via video, telephone, fax or e-mail with the consent of the convener (chairman of the meeting) or the proposer. The board meetings may also be held by the on-site method in parallel with other methods.

The notice of extraordinary board meetings shall be delivered to all the directors 3 days before convening the meeting; with the approval of all the directors of the Company, the above notice time limit may be waived.

In case of emergency and it is necessary to convene an extraordinary board meeting as soon as possible, the meeting notice may be sent by telephone or other oral means at any time, provided that the convener shall make explanations at the meeting.

The meeting notice shall be deemed to have been given to the directors who are present at the meeting and do not raise an objection that they have not received the notice of the meeting before or at the meeting.

Article 139 Under one of the following circumstances, the chairman of the board of directors shall convene an extraordinary board meeting within 10 days after the proposal is received:

- (I) proposed by the shareholders representing more than 10% (inclusive of 10%) of the shares with voting rights of the Company;
- (II) jointly proposed by one-third or more of the directors;
- (III) proposed by the Supervisory Committee;
- (IV) considered by the chairman of the board of directors to be necessary;
- (V) proposed by no less than half of the independent non-executive directors;
- (VI) proposed by the general manager;
- (VII) requested by securities regulatory authorities.

Article 140 Notice of regular or extraordinary board meetings shall be delivered by personal delivery, fax, e-mail, announcement, or other methods, except for extraordinary board meetings in case of emergency.

The notice of the board meeting shall contain the following contents:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) form of convening the meeting;
- (IV) reason to convene such meeting and proposals;
- (V) date of issue of notice.

Article 141 The board meeting shall be held upon the attendance of more than half of the directors.

“One person, one vote” is performed for the vote on resolutions of the board of directors. Unless otherwise provided by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and these Articles of Association, all resolutions of the board of directors may be passed by the majority of all directors.

Article 142 The board meeting shall make minutes for the decisions of the matters discussed in the meeting, and the attending directors and the minute-taker shall sign the meeting minutes. After the board meeting, the first draft and the final draft of the meeting minutes shall be sent to all the directors within a reasonable period of time. The first draft is for the directors to express their opinions, and the final draft is for their record.

The minutes of the board meeting shall be kept as corporate files for a term of ten years. If any director gives reasonable notice, the meeting minutes shall be made available for inquiry at any reasonable time.

Article 143 Voting on board meetings may be conducted by registered ballot, a show of hands (including email), fax, communication (including telephone, voice, video, etc.) or in other forms stipulated in these Articles of Association. The extraordinary board meetings may be held and pass resolutions by means of communication, with the resolutions signed by the attending directors, provided that the directors fully express their opinions.

Article 144 A director shall attend the board meeting in person. If a director is unable to attend a board meeting for some reason, he/she may appoint another director by a written power of attorney to attend on his/her behalf. The power of attorney shall specify the name of the proxy, the matters entrusted, the scope of authorization and the term of validity, and shall be signed or sealed by the principal.

The director attending the meeting as a proxy shall exercise the rights of the directors within the scope of authorization. The director not attending the board meeting and not entrusting a proxy to attend the meeting shall be deemed to have waived the right to vote at the meeting.

Article 145 The board meeting shall make meeting minutes, and the attending directors and the minute-taker shall sign the meeting minutes. After the board meeting, the first draft and the final draft of the meeting minutes shall be sent to all the directors within a reasonable period of time. The first draft is for the directors to express their opinions, and the final draft is for their record.

The minutes of the board meeting shall be kept as corporate files for a term of ten years. If any director gives reasonable notice, the meeting minutes shall be made available for inquiry at any reasonable time.

Article 146 The minutes of the board meeting shall contain the following information:

- (I) date and venue of the meeting and the name of the convener;
- (II) name of the directors present and name of the directors (proxies) appointed by others to attend the board meeting;
- (III) agenda of the meeting;
- (IV) main points of the statements of directors (including any concerns or objections expressed by directors);
- (V) the voting method and results of each resolution (the results shall indicate the number of votes approved, opposed or abstained);
- (VI) other matters that should be recorded in the opinion of the attending directors.

Article 147 The directors shall sign and be responsible for the resolutions passed at board meetings. If any resolution of the board meetings runs counter to the laws, administrative regulations, or these Articles of Association, thereby incurring losses to the Company, the directors adopting the said resolution shall be liable for compensating the Company. However, if a director has been proved as having expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, he/she may be exempt from liability.

## **CHAPTER 6 SENIOR MANAGEMENT OFFICERS**

Article 148 The Company shall have one general manager and several deputy general managers as appointed or dismissed by the board of directors.

The general manager, deputy general manager(s), person(s) in charge of finance and secretary(ies) to the board of directors of the Company are the senior management officers of the Company.

Article 149 The circumstances stipulated in the Article of Association with respect to disqualified directors of the Company shall be applicable to senior management officers of the Company.

The fiduciary duties and duties of diligence regarding the directors set out in Article 112 and items (IV) to (VI) of Article 113 respectively shall be applicable to senior management officers.

Article 150 The senior management officers of the Company shall not hold any positions other than directors or supervisors in, or receive remuneration from, the controlling shareholder, de facto controller or any other enterprises under their control. The financial personnel of the Company shall not work part-time in the controlling shareholder, de facto controller or any other enterprises under their control.

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

Article 151 The general manager shall have a term of three years, eligible for reappointment.

Article 152 The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (I) to supervise the production, operation and R&D management of the Company and to report to the board of directors;
- (II) to organize and implement the resolutions adopted by the board of directors, to organize the implementation of the annual business plans and investment plans of the Company;
- (III) to draft schemes for the establishment of the Company's internal management departments;
- (IV) to draft the basic management systems of the Company;
- (V) to formulate the specific rules of the Company;
- (VI) to propose to the board of directors to appoint or dismiss senior management officers other than the secretary to the board of directors;
- (VII) to decide to appoint or dismiss other employees of the Company other than those to be appointed or dismissed by the board of directors;
- (VIII) to determine the remuneration, welfare, reward and punishment policies and plans of the Company's employees other than senior management officers;



(IX) functions and powers granted by the General Manager Working Rules;

(X) other functions and powers granted by these Articles of Association or the Board.

The general manager of the Company shall attend board meetings, and, if he/she is not a director, shall not have any voting rights at the board meetings.

In exercising his or her power, the general manager shall fulfill a fiduciary obligation and have a duty of due diligence pursuant to the requirements of laws, administrative regulations and these Articles of Association of the Company.

Article 153 Transactions less than the amount specified in Article 133 of these Articles of Association and subject to deliberation by the board of directors, shall be reviewed and approved by the general manager authorized by the board of directors.

“Transactions” in this article shall have the same meaning as the “transactions” set out in Article 132 of these Articles of Association.

Article 154 The general manager shall formulate the General Manager Working Rules which shall be implemented after approval by the board of directors.

The General Manager Working Rules shall include the followings:

(I) the conditions and procedures for convening meetings of the general manager and eligible participants of the meetings;

(II) specific duties and responsibilities of the general manager and other senior management officers;

(III) authority on the utilization of capital and assets of the Company and execution of major contracts and the reporting duty to the board of directors and the Supervisory Committee;

(IV) other matters considered necessary by the board of directors.

Article 155 The general manager may resign before the expiration of his/her term of office in accordance with the resignation procedure and method set out in the contract of employment between the general manager and the Company.

The contract for remuneration entered into between the Company and its senior management officers shall provide that where our Company is to be acquired, the senior management officers shall be entitled to compensation or other payments for loss of office or retirement from office subject to the approval of the Board in advance.

The acquisition referred to in the preceding paragraph shall have the same meaning as defined in Article 175 hereof.

Article 156 The Company shall have the secretary to the board of directors, who shall be a senior management officer of the Company.

Article 157 The secretary to the board of directors shall be a natural person who has the requisite professional knowledge and experience and shall be appointed and dismissed by the board of directors. His/her main duties include:

- (I) ensure the completeness of the constitutional documents and records of the Company;
- (II) ensure the Company prepares and submits the reports and documents legally required by the competent authorities;
- (III) ensure the register of shareholders is properly established and those who have rights to obtain the relevant records and documents of the Company can receive them in time;
- (IV) be responsible for preparing general meetings and board meetings, keeping documents and managing the shareholders' information of the Company;
- (V) be responsible for the disclosure of information of the Company to ensure the timely, accurate, legal, true and complete information disclosure;
- (VI) perform other duties as granted by the board of directors and required by the stock exchange at the place where the shares of the Company are listed.

The Company shall set up a securities affairs representative to assist the secretary to the board of directors in performing his or her duties. When the secretary to the board of directors is unable to perform his or her duties or the securities representative is authorized by the secretary to the board of directors, securities affairs representative shall perform such duties on his or her behalf. During this period, the duties of the secretary to the board of directors for the disclosure of information about the Company are not necessarily exempted.

The secretary to the board of directors and the securities affairs representative are appointed by the board of directors of the Company.

The secretary to the board of directors shall abide by relevant regulations under the laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed and these Articles of Association.

Article 158 If any senior management officer violates the laws, administrative regulations, departmental rules or these Articles of Association in performing his/her duties, thereby incurring any loss of the Company, the said senior management officers shall be liable for compensation.

The senior management officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management officers of the Company cause damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his or her fiduciary duties, he or she shall be liable for compensation in accordance with the laws.

## **CHAPTER 7 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

Article 159 The Supervisory Committee shall consist of shareholder representatives and staff representatives. Supervisors assumed by the Company's staff representatives shall not be less than one-third of the total number of supervisors. The shareholder representatives shall be elected and removed by the shareholders in general meeting. The staff representatives within the Supervisory Committee are elected by the Company's staff through the staff representative meeting, staff meeting or other democratic method.

The nomination method and procedures of the Shareholder Representative Supervisors are set forth as follows:

- (I) the candidates for the post of Shareholder Representative Supervisor shall be nominated by the Supervisory Committee or the shareholders individually or jointly holding 3% or more of the shares of the Company carrying voting rights, and shall be elected by the general meeting of the Company;

(II) the candidates for shareholder supervisors shall, before the notice of the general meeting is sent, provide written undertakings that they accept the nomination, that the information announced about them is true and complete, and they will diligently fulfil the duties as supervisors if elected;

(III) the Supervisory Committee shall disclose detailed information relating to candidates for shareholder supervisors to the shareholders 10 days before the notice of the general meeting is sent, so that the shareholders will have sufficient understanding of the candidates in voting.

Article 160 The circumstances stipulated in these Articles of Association with respect to disqualified directors of the Company shall be applicable to the supervisors of the Company.

Directors and senior management officers shall not concurrently serve as supervisors.

Article 161 The term of the Supervisory Committee shall be three years. Supervisors may be re-elected upon expiry of the term.

Article 162 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign written confirmation opinions on regular reports.

Supervisors may attend board meetings, and raise questions or proposals regarding resolutions of the board meetings.

Article 163 Supervisors may attend board meetings, and raise questions or proposals regarding resolutions of the board meetings.

Article 164 Supervisors shall faithfully and diligently fulfil their obligations to the Company. The supervisors shall not take advantage of their positions in accepting bribes or any other illegal income, and shall not seize Company assets. The supervisors shall not damage the Company's interests by taking advantage of their connection relationships and shall be liable to compensate the Company for any loss so caused.

Supervisors who are in breach of laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed or these Articles of Association in the course of performing their duties shall be liable to compensate the Company for any loss so caused.

## **Section 2 Supervisory Committee**

Article 165 The Company shall establish a Supervisory Committee, which comprises three (3) supervisors. The Supervisory Committee shall have one (1) chairman, and may have vice chairman. The chairman of the Supervisory Committee shall be elected with a majority vote of all supervisors.

The chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. If the chairman of the Supervisory Committee cannot or fails to perform his/her duties, the vice chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. If the vice chairman of the Supervisory Committee cannot or fails to perform his/her duties, one supervisor shall be elected jointly by more than half of the supervisors to convene and preside over the meeting of the Supervisory Committee.

Article 166 The Supervisory Committee shall perform the following duties:

- (I) to review the Company's periodical reports prepared by the board of directors and to express its comments in writing;
- (II) to inspect the Company's financial position;
- (III) to supervise the behaviour of the directors and senior management officers in performing their duties, and to advise on dismissal of any directors and senior management officers who are in breach of laws, administrative regulations, departmental rules, these Articles of Association or resolutions of the general meetings;
- (IV) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by certified public accountants or practicing auditors;
- (V) to demand the directors and senior management officers to rectify their errors if they have acted in a harmful manner to the Company's interest;

- (VI) to propose to convene an extraordinary general meeting, and where the board of directors fails to perform the duties in relation to convening or presiding over a general meeting as required by the Company Law, to convene and preside over the general meeting;
- (VII) to propose motions at a general meeting;
- (VIII) to represent the Company in negotiations with directors or senior management officers, or to take legal actions against directors and senior management officers in accordance with Section 151 of the Company Law;
- (IX) to initiate investigations into any irregularities identified in the operation of the Company and, where necessary, to engage professional institutions such as firms of accountants and lawyers to assist their work at the Company's expense;
- (X) to exercise other authorities as authorized by the laws, administrative regulations, departmental rules, these Articles of Association or the general meeting.

Supervisors shall attend board meetings.

Article 167 The Supervisory Committee shall meet at least once every six months and the meetings shall be convened by the chairman of the Supervisory Committee and notice of the meeting shall be sent to all supervisors in writing 10 days before convening the meeting.

Supervisors may propose to convene extraordinary meetings of Supervisory Committee. The notice of the extraordinary meeting shall be sent to all supervisors in writing 5 days before convening the meeting. Where a provisional meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means.

The notice of meeting of the Supervisory Committee shall include: date and venue of the meeting and meeting duration, reasons of and matters for discussion, and date of the notice.

Article 168 The Supervisory Committee shall formulate the Procedures of Meetings of the Supervisory Committee and specify the methods of discussion and procedures of voting so as to ensure that the Supervisory Committee operates effectively and makes decisions rationally. The Procedures of Meetings of the Supervisory Committee shall be attached to these Articles of Association as appendix and shall be formulated by the Supervisory Committee and approved at the general meeting.

Article 169 Minutes shall be prepared for the meeting of the Supervisory Committee, and supervisors and the person taking the minutes present at the meeting shall sign thereon. Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of Supervisory Committee meetings shall be kept as archives of the Company for 10 years.

### **Section 3 Resolutions of the Supervisory Committee**

Article 170 Voting at the Supervisory Committee meetings shall be conducted by open ballot or a show of hands, and each supervisor shall have the right to one vote. Relevant specific methods are stipulated by the Procedures of Meetings of the Supervisory Committee.

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

## **CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS OF THE COMPANY**

Article 171 A person may not serve as a director, supervisor, general manager or other senior management officer of the Company if any of the following circumstances applies:

- (I) A person who loses or has limited capacity for civil conduct;
- (II) A person who has been imposed criminal penalty due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting the order of socialist market economy and it is less than five years since completion of the enforcement of the criminal penalty; or is deprived of political rights due to offence and it is less than five years since completion of the enforcement of the penalty;

- (III) A person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (IV) A person who is a former legal representative of a company or enterprise that the business license of which was revoked or which was ordered to close down due to violation of law and who are personally liable therefor, where less than three years have elapsed since the date of the revocation of the business license;
- (V) A person who has a large amount of outstanding debts which have become overdue;
- (VI) A person who is under a penalty of prohibited access to the securities market imposed by the securities regulatory authority of the State Council, which penalty is still effective;
- (VII) A person other than a natural person;
- (VIII) A person who has other contents specified in laws, administrative regulations, departmental rules or securities regulatory rules of the places where the shares of the Company are listed.

In case that the election, appointment or engagement of any director, supervisor or senior management officer is in violation of the provisions in this Article, the said election, appointment or engagement shall be invalid. Where any of the circumstances herein happens to any director, supervisor or senior management officer during his/her term of office, the Company shall remove him/her from such office.

Article 172 If a director, supervisor, general manager or other senior management officers of the Company has directly or indirectly been vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except for his/her employment contract with the Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.



The director shall not vote on any contract or arrangement or any other proposed resolution of the Board in which he/she has a material interest through himself/herself or any of his/her close associates (as defined in the Hong Kong Listing Rules); nor shall he/she be counted when determining whether a quorum is present at the meeting. Unless the interested director, supervisor, general manager or other senior management officers of the Company has disclosed such interest to the board of directors as required under the preceding paragraphs of this Article and the matter has been approved by the board of directors at a meeting in which he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except for exemptions under Rule 13.44 of the Hong Kong Listing Rules.

A director, a supervisor, general manager or other senior management officers of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a connected person of that director, supervisor, general manager or other senior management officers has an interest.

Article 173 The Company shall enter into a contract in writing with each of the directors, supervisors, general manager and other senior management officers containing at least the following provisions:

- (I) the directors, supervisors, general manager and other senior management officers undertake to the Company that they will comply with the Company Law, the Overseas Listing Administrative Measures, these Articles of Association, the Code on Takeovers and Mergers approved (as amended from time to time) by the Securities and Futures Commission of Hong Kong, the Code on Share Repurchases, and other provisions of the Hong Kong Stock Exchange, and agree that the Company will enjoy the remedies provided for in these Articles of Association and that the contract and the post shall not be assignable;
- (II) the directors, supervisors, general manager and other senior management officers undertakes to the Company that he/she will observe and perform his/her duties to shareholders under these Articles of Association;
- (III) the following arbitration clauses:

1. If any dispute or claim arises between (i) the Company and the directors, supervisors, general manager and other senior management officers of the Company; and (ii) a shareholder of overseas listed foreign shares and a director, supervisor, general manager or other senior management officer of the Company, in connection with the rights and obligations relating to the Company's affairs and as provided by written contracts, these Articles of Association, the Company Law or other relevant laws, administrative regulations and departmental rules, the parties concerned shall submit the dispute or claim for arbitration;

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons being the Company or the shareholders, directors, supervisors, general manager or other senior management officers of the Company that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall submit to the arbitration.

Disputes concerning the definition of the shareholders and the register of shareholders are not required to be settled by means of arbitration.

2. A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must participate in the arbitration in the arbitration institution selected by the applicant. If the arbitration applicant selects arbitration by the Hong Kong International Arbitration Center, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center;
3. Unless otherwise prescribed by laws, administrative regulations or departmental rules, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of the disputes or claims referred to in item (I);
4. The award made by the arbitration institution shall be final and binding on all the parties involved;

5. The said arbitration agreement is reached between the Directors or senior management officers and the Company, with the Company representing both itself and each of its shareholders;
6. Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.

Article 174 Unless otherwise specified by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the shares of the Company are listed, the Company shall enter into a written contract with each director and supervisor concerning his/her remuneration with the prior approval of a general meeting. The above-mentioned remuneration shall include:

- (I) remuneration in respect of his/her service as a director, supervisor or senior management officer of the Company;
- (II) remuneration in respect of his/her service as a director, supervisor or senior management officer of the subsidiary of the Company;
- (III) remuneration in connection with other services he/she provides for the management of the Company or any subsidiary thereof;
- (IV) funds as compensation for loss of office or retirement for the director or supervisor.

A director or supervisor may not sue the Company for benefits due to him/her on the basis of the above-mentioned matters, except under a contract as mentioned above.

Article 175 The contracts for remunerations entered into between the Company and its directors or supervisors shall provide that in the event of a takeover of the Company, the directors and supervisors of the Company shall, subject to prior approval of the shareholders at the general meeting, have the right to receive compensation or other payment for loss of the position or retirement.

A takeover of the Company as referred to above means any one of the following situations:

- (I) anyone making a takeover offer to all the shareholders;
- (II) anyone making a takeover offer with the purpose of making the offeror a controlling shareholder. The definition of controlling shareholders is in line with the definition in the Article 177 of these Articles of Association.

If the relevant director or supervisor fails to comply with this Article, any fund received by him/her shall belong to the persons who have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in the distribution of such funds on a proportional basis shall be borne by the relevant director or supervisor and may not be paid out of such funds.

## **CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEMS, DISTRIBUTION OF PROFITS AND AUDIT**

### **Section 1 Financial and Accounting Systems**

Article 176 The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations, departmental rules and rules of the relevant authorities of the State.

Article 177 The Company shall file and disclose its annual report to the CSRC and stock exchanges within four months from the end of each financial year; and shall file and disclose its interim report to the regional office of the CSRC and stock exchanges within two months from the end of the first half of each financial year. The securities regulatory authorities of the places where the shares of the Company are listed have otherwise provisions, those provisions shall prevail.

The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, requirements of the CSRC and stock exchanges.

Article 178 The Company shall deposit its financial reports at the Company for inspection by the shareholders at least 20 days before the convening of the annual general meeting. Each shareholder of the Company shall be entitled to obtain financial reports mentioned in this Chapter.

Subject to the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory authorities of the places where the shares of the Company are listed, the Company can provide its financial reports by way of public announcement (including publication on the website of the Company and/or on newspapers), unless otherwise provided for in these Articles of Association.

Article 179 The Company shall not establish an accounting book other than those required by laws. No assets of the Company shall be deposited under any account opened in the name of any individual.

Article 180 When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund of the Company. If the accumulated amount of the statutory reserve fund reaches 50% or more of the registered capital of the Company, the Company is released from the obligation of withholding such statutory reserve fund.

Where the Company's statutory reserve fund is insufficient to cover the previous year's losses, the Company shall first use the profits of the current year to cover the losses before withholding the statutory reserve fund according to the provisions of the previous paragraph.

After the Company withholds the statutory reserve fund from the after-tax profit, it may also withhold optional reserve fund from the after-tax profit upon the resolution of the general meeting.

The remaining after-tax profits of the Company after making up the losses and withdrawing the reserve funds may be distributed according to the proportion of shares held by the shareholders.

Where the general meeting, in violation of the provisions of the preceding paragraph, distributes the profits to the shareholders before the Company makes up the losses and withholds the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not participate in the distribution of profits.

Article 181 The reserve fund of the Company shall be used to cover the Company's losses, expand its production and operation or to increase its capital. However, the capital reserve fund shall not be used to cover the loss of the Company.

When the statutory reserve fund is converted into capital, the remaining statutory reserve fund shall be no less than 25% of the registered capital of the Company before the capital increase.

Article 182 Principles for profit distribution of the Company:

(I) The Company shall attach great importance to the reasonable returns to investors, especially small and medium investors, and shall formulate a continuous and stable profit distribution policy, and distribute dividends to the shareholders every year according to the stipulated proportion of distributable profits realized in the current year;

- (II) The Company shall maintain a consistent and stable profit distribution policy. After the profit distribution policy is determined, it shall not be adjusted at will to reduce the level of return to the shareholders;
- (III) The profit distribution policy of the Company shall take into account the long-term interests of the Company, the interests of all shareholders as a whole and the sustainable development of the Company. The Company shall formulate the profit distribution plan based on the profitability of the Company, taking into account the capital requirements of the Company's operation and the shareholders' return plan, social capital costs and external financing environment and other factors;
- (IV) The Company shall give priority to dividend distribution in cash.

Article 183 Policies for profit distribution of the Company:

- (I) Forms of profit distribution: The Company distributes profits in cash, stock or a combination of cash and stock. Among them, the cash dividend policy aims at steady growth of dividends. Among the profit distribution forms, the Company shall give priority to distribution of profits in cash over stock. The Company shall make annual profit distribution when the conditions for which are met, and the Company may make interim profit distribution. The Company shall make cash distribution in annual profit distribution proposal if the conditions of cash dividend are met. Cash dividends and other payments by the Company to holders of domestic shares shall be paid and made in Renminbi, whereas those to holders of foreign shares shall be denominated and declared in Renminbi and paid in foreign currency. The foreign currency for the cash dividends and other payments by the Company to holders of foreign shares shall be handled in accordance with state regulations on foreign exchange control.
- (II) Specific conditions and proportion of cash dividends: in the event that the Company's audited net profit for the year is positive and the conditions for dividend stipulated in the Company Law are met, the Company shall make cash distribution in an amount of no less than ten percent of the distributable profit realized for the year in each year.
- (III) Conditions for the distribution of stock dividends

1. Conditions for the distribution of stock dividends: the Company shall include true and reasonable factors such as growth of the Company, the sound operation condition and dilution of net assets per Share. The Company can propose a stock dividend distribution proposal when the aforesaid conditions are satisfied and the board of directors believes that the Company's stock price does not match the Company's share capital and that issuing stock dividends is beneficial to the overall interests of all shareholders of the Company, under the premise that the above-mentioned conditions for cash dividends are met.
2. When intending to distribute profits in stock, the Company shall comprehensively consider the characteristics of the industry, the development stage, business model, profit level of the Company, whether there is a major capital expenditure arrangement and other relevant factors and at the same time make profit distribution in cash: (1) If the development stage of the Company is in the mature stage and there is no significant capital expenditure arrangement, when making profit distribution, the lowest proportion of cash dividends in the profit distribution for the year shall be at least 80%; (2) If the development stage of the Company is in the mature period and there are major capital expenditure arrangements, when making profit distribution, the proportion of cash dividends in the profit distribution for the year shall be at least 40%; (3) If the development stage of the Company is in the growth stage and there are major capital expenditure arrangements, when making profit distribution, the proportion of cash dividends in the profit distribution for the year shall be at least 20%; (4) If it is difficult to distinguish the Company's stage of development but if it has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

Above mentioned significant cash expenditure arrangement refer to the proposed external investment or acquisition of assets by the Company in the coming twelve months with an accumulated expenditures amounting to or exceeding 30% of the latest audited total assets of the Company.

3. In the event that the Company's audit report for the latest year is modified or an unqualified opinion with significant uncertainties related to going concern is made, the profit distribution may not be made.

Article 184 Decision-making mechanism and procedures for profit distribution of the Company:

- (I) The policy and proposal for profit distribution of the Company shall be formulated by the board of directors;
- (II) The board of directors of the Company shall seek for the opinions of shareholders, especially the public shareholders when determining the profit distribution proposal according to the established profit distribution policy. The profit distribution proposal shall provide continuous, stable and reasonable return to all shareholders;

The profit distribution proposal should include an explanation for the use of retained undistributed profits, and if the Company's profit distribution proposal does not include a cash dividend, the board of directors should provide a special explanation of the specific reasons, the exact use of the Company's retained earnings, the expected investment income and other matters. If an independent non-executive director believes that the specific plans for distribution of cash dividends may impair the rights and interests of listed companies or minority shareholders, he/she shall have the right to express his/her independent opinions. If the board of directors fails to adopt or does not fully adopt the opinions of the independent non-executive directors, it shall record the opinions of the independent non-executive directors and the specific reasons for non-adoption in the resolution of the board of directors and disclose the same.

- (III) The board of directors shall carefully study and discuss the timing, conditions, and minimum proportion of cash dividend of the Company, conditions for adjustment, and requirements for decision-making procedures, etc. when considering the specific proposal of cash dividend. The board of directors shall record in detail the advice of the management, key points of the speeches of the directors present at the meeting, voting results of the board of directors, etc. and form written minutes to be properly kept as the Company's records;

The profit distribution proposal of the Company shall be submitted to the general meeting for consideration only after it has been approved by more than half of all directors, and after a special resolution has been formed by the board of directors of the Company. In the event that the Company does not make cash dividends due to the circumstances stipulated in this Article, the profit distribution proposal shall be submitted to the general meeting for consideration.



The Company may distribute interim dividends. The board of directors may propose to distribute interim dividends based on the Company's capital needs and submit to the general meeting of the Company for approval. When the Company convenes the annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, maximum percentage, amount limit of interim cash dividends for the next year. The interim dividends limit for the following year considered at the annual general meeting shall not exceed the net profits attributable to shareholders of the Company during the corresponding period. The board of directors shall, in accordance with the resolution of the general meeting, develop a specific interim plan for distribution of dividends in line with the conditions of profit distribution.

- (IV) The Supervisory Committee shall consider the profit distribution proposal prepared or amended by the board of directors which shall be approved by at least two-thirds of the supervisors;

If the Company makes annual profits but does not propose a cash dividend proposal, the Supervisory Committee shall issue special explanations and opinions on the implementation of relevant policies and plans.

The Supervisory Committee shall supervise the implementation of the profit distribution proposal and the shareholder return plan.

- (V) The Company shall provide various channels including telephone, fax, e-mail and interactive platform, etc., to communicate and interact with shareholders, listen to their suggestions on the Company's dividends, and opinions of the medium and minority shareholders shall be fully heard, with their concern addressed in a timely manner so as to effectively protect the right of public shareholders to participate in the general meetings.

In the event that the Company achieves profitability during the reporting period but the board of directors does not make a profit distribution proposal in cash, the board of directors shall explain the reasons. In addition to on-site meetings, the Company shall provide shareholders with an online voting platform when convening the general meetings for consideration.

The profit distribution proposal of the Company shall be passed by more than half of the voting rights held by the shareholders (including their proxies) present at the general meeting.

(VI) Changes of profit distribution policy of the Company :

1. The profit distribution policy of the Company shall not be changed at will, and the Company shall strictly implement the cash dividend policy stipulated in these Articles of Association and the specific proposal of cash dividend considered and approved at the general meeting.
2. If the production and operation of the Company is seriously affected by war, natural disasters and other force majeure or the changes in external operation conditions of the Company, the Company may change its profit distribution policy.
3. The board of directors shall, in the process of revising the profit distribution policy, take the protection of the shareholders' rights and interests as the starting point and fully listen to the opinions of shareholders (especially public shareholders). In the event that the board of directors proposes to adjust or change the profit distribution policy, it shall give detailed arguments and reasons, and the Supervisory Committee shall express special opinions on the proposal to adjust or change the profit distribution policy.

When the Company makes any adjustment to the plan for the use of retained undistributed profits, it shall re-submit the proposal to the board of directors and the general meeting for approval, and shall demonstrate and explain in detail the reasons for such adjustment.

4. If it is really necessary to adjust or change the cash dividend policy determined by these Articles of Association, the conditions stipulated in these Articles of Association shall be met, and the board of directors must make a special discussion to give detailed justification, and submit a written justification report to the general meeting for consideration with the approval of more than half of all directors. The report shall be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

When the general meeting considers the change to the profit distribution policy, the Company must make Internet voting accessible to the shareholders.

Article 185 When a resolution is made by the general meeting on the profit distribution proposal or the board of directors of the Company develops a specific plan based on the conditions and maximum limit for the distribution of interim dividends for the next year considered and approved at the annual general meeting, the board of directors of the Company shall complete the dividend (or Share) distribution in two months after the general meeting.

Article 186 The Company shall appoint collection agents for the shareholders of overseas listed foreign shares. The collection agents shall collect the dividends and other payable amounts by the Company in respect of the overseas listed foreign shares on behalf of the shareholders concerned.

The collection agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the stock exchange(s) where the shares of the Company are listed. The collection agent appointed by the Company for the shareholders of the H foreign shares shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Article 187 Special provisions for disclosure of profit distribution of the Company:

- (I) The Company shall disclose the implementation of the profit distribution policy and cash dividend policy in its annual and semi-annual reports, and explain whether it is in compliance with the provisions of this Articles of Association or requirements of the resolutions of the general meeting, whether the criteria and proportion of dividend distribution is specific and clear, whether the relevant decision-making procedures and mechanism are complete, whether medium and small shareholders have opportunities to fully express their opinions and requests, and whether the legitimate interests of medium and small shareholders are fully protected. Where the Company adjusts or changes its cash dividend distribution policy, it shall explain in detail as to whether the conditions and procedures of such adjustments or changes are in compliance with relevant regulations and transparent;
- (II) When the board of directors of the Company choose not to distribute cash dividend, it shall disclose the reasons in the regular report, and give special explanations on the specific reasons for not distributing cash dividend, the exact use of the Company's retained earnings, the expected investment income and other matters, which shall be submitted to the general meeting for consideration, and then disclosed on the designated media of the Company.

## **Section 2 Internal Audit**

- Article 188 The Company shall adopt an internal audit system with full time auditors to supervise the internal audits of incomes and expenses as well as the business activities of the Company.
- Article 189 The internal audit system of the Company and the duties of auditors shall come into effect upon approval of the board of directors. The person in charge of audits shall be accountable and report to the board of directors.

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

- Article 190 The auditing fee of the accounting firm shall be determined by the general meeting.
- Article 191 The Company shall appoint an accounting firm which meets the requirements of the Securities Law and the Hong Kong Listing Rules to audit the accounting statements and verify the net assets of the Company and to provide other relevant consultation services. The accounting firm shall be engaged with a term of one year from the conclusion of the current annual general meeting of the Company until the conclusion of the next annual general meeting, which is renewable upon reappointment.
- Article 192 Employing an accounting firm for the Company must be decided by an ordinary resolution passed at the general meeting. The board of directors shall not appoint an accounting firm before the general meeting is held, except in circumstances as specified in these Articles of Association.
- Article 193 The Company shall ensure that the accounting documents, books of accounts, financial reports and other accounting information provided to the accounting firm appointed is true and complete without any refusal, concealment or false statement.
- Article 194 When the Company dismisses or does not renew the employment of an accounting firm, it shall give a prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a voting process concerning the dismissal of such accounting firm is carried out.

If an accounting firm resigns from its position, it shall make representations at the general meeting whether there has been any impropriety on the part of the Company.

## CHAPTER 10 NOTICES AND ANNOUNCEMENTS

### Section 1 Notices

Article 195 Subject to the laws, administrative regulations, departmental rules and relevant regulations of the securities regulatory authorities where the shares of the Company are listed, notices of the Company may be delivered by the following means:

- (I) by personal delivery;
- (II) by post;
- (III) by fax or email;
- (IV) by publishing them on the website of the Company and the website designated by the stock exchange(s) in accordance with laws, administrative regulations, departmental rules, and listing rules of the stock exchange(s) where the shares of the Company are listed and these Articles of Association;
- (V) by way of an announcement;
- (VI) by other means agreed by the Company or the addressee in advance or approved by the addressee upon receipt of the notice;
- (VII) by other means acceptable to the securities regulatory authorities of the place where the shares of the Company are listed or stipulated in these Articles of Association.

For the purpose of the method for the Company to provide or send any communications of the Company to shareholders of H Shares as required by the Hong Kong Listing Rules, subject to laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed as well as these Articles of Association, all communications of the Company may be provided or sent to such holders of H Shares through the websites designated by the Company and/or the website of the Hong Kong Stock Exchange or by other electronic means. All notices or other documents required to be lodged with the Hong Kong Stock Exchange under Chapter 13 of the Hong Kong Listing Rules shall be written in English or accompanied by a signed and certified English translation.

Corporate communications referred to in the preceding paragraph means any document issued or to be issued by the Company for the information or action of the holders of H shares or other persons required by the Hong Kong Listing Rules, including but not limited to:

1. annual report of the Company (including report of the board of directors, annual accounts accompanied by auditors' report, audit report and summary of financial report of the Company (if applicable));
2. interim report and summary of interim report of the Company (if applicable);
3. notices of meetings;
4. listing documents;
5. circulars;
6. proxy forms (as defined in the listing rules of the stock exchange where the shares of the Company are listed).

Where a notice is given by way of announcement under authorisation conferred by these Articles of Association, such announcement shall be published in accordance with the methods prescribed in the Hong Kong Listing Rules.

- Article 196 If a notice of the Company is sent by way of announcement, once an announcement is made, it is deemed that all relevant personnel have received the notice.
- Article 197 Any notice for convening a general meeting of the Company shall be given by way specified in Article 63 of these Articles of Association.
- Article 198 Any notice for convening a meeting of the board of directors of the Company shall be given by hand, by fax, by e-mail, or by other ways.
- Article 199 Any notice for convening a meeting of the Supervisory Committee of the Company shall be given by hand, by fax, by e-mail, or by other means.

- Article 200 If the notice of the Company is delivered by hand, the addressee shall sign (or stamp) on the receipt of service, and the date of signature of the addressee shall be the date of service; if a notice of the Company is sent by mail, the date of service shall be the fifth business day after the date of delivery to the post office; if the notice of the Company is sent by fax, the date of delivery shall be the sending date (as shown in the fax report); if the notice of the Company is sent by mail, the date of the entrance of the email in the mail system designated by the recipient shall be the date of service; if a notice of the Company is sent by way of announcement, the date of publication of the first announcement shall be the date of service.
- Article 201 The meeting and the resolution of the meeting shall not be null and void if the notice of the meeting fails to be delivered to or received by any person entitled to the notice due to accidental omission.
- Article 202 Where the listing rules of the place where the shares of the Company are listed require the Company to send, mail, distribute, issue, publish or otherwise provide the relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangements to determine whether its shareholders wish to receive only the English version or the Chinese version and, to the extent permitted by and in accordance with applicable laws and regulations, the Company may send only the English version or only the Chinese version to the relevant shareholder (at the shareholder's stated wish).

## **Section 2 Announcement**

- Article 203 The website of information disclosure of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and newspapers meeting the conditions required by CSRC are designated by the Company to publish company announcements and other information that needs to be disclosed to domestic shareholders.

If an announcement is to be made to the shareholders of H Shares under these Articles of Association, such an announcement shall also be published in accordance with the method set out in the Hong Kong Listing Rules. The information disclosed by the Company in other public media shall not precede the designated newspapers and websites, and the Company announcements shall not be replaced by other forms of disclosure such as press release or interview with reporters.

## **CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION**

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

Article 204 The Company may carry out merger or division in accordance with the law.

Merger of the Company may take two forms: merger by absorption and merger by new establishment. A company that absorbs another company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by new establishment whereby the merged companies shall be dissolved.

Article 205 In the case of a merger, the parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the merger is passed and publish announcements on the merger in newspaper or by other means within 30 days. The creditors shall, within 30 days since the date of receiving a written notice or within 45 days since the date of the public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts or to provide a corresponding guarantee.

In the case of a merger, the credits and liabilities of each of the merging parties shall be assumed by the company in existence or the newly established company after the merger.

Article 206 If the Company is to be divided, its property shall be divided accordingly.

For the division of the Company, a balance sheet and a schedule of assets shall be prepared. The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the division is made and publish announcements on the division in newspaper or by other means within 30 days.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division jointly and severally, except as otherwise stated in the written agreement entered into between creditors and the Company for debt service prior to the division.



Article 207 Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The increase or reduction of the Company's registered capital shall be registered with the company registry according to law.

## **Section 2 Dissolution and Liquidation**

Article 208 The Company shall be dissolved if:

- (I) business term specified in these Articles of Association expires or other dissolution reasons as stipulated in these Articles of Association arise;
- (II) a resolution on dissolution is passed by more than two-thirds of the voting rights held by the shareholders present at the meeting at the general meeting;
- (III) dissolution is required due to merger or division of the Company;
- (IV) the Company is declared bankrupt according to law because it is unable to pay its debts as they fall due;
- (V) the Company is revoked of business license, ordered to close or canceled according to law;
- (VI) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over 10% (including 10%) of the whole voting rights can make a petition to the People's Court to dissolve the Company;
- (VII) other dissolution reasons as stipulated in these Articles of Association arise.

Article 209 Upon the occurrence of item (I) as described in the preceding Article, the Company may continue to exist by amending these Articles of Association.

Amendments to these Articles of Association pursuant to the preceding Article shall be approved by votes representing two-thirds or more of the voting rights held by the shareholders present at the general meeting.

If the Company is dissolved under items (I), (II), and (VI) as described in the preceding Article, a liquidation committee shall be set up to start liquidation within 15 days from the date of occurrence of the cause for dissolution. The members of such liquidation committee shall be determined by the board of directors or the general meeting. If the liquidation committee is not established within the prescribed period, the creditors can submit an application to the People's Court for appointing relevant officers to establish the liquidation committee to carry out the liquidation.

If the Company is dissolved under item (IV) as described in the preceding Article, the People's Court shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to carry out liquidation.

If the Company is dissolved under item (V) as described in the preceding Article, relevant competent authorities shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to carry out liquidation.

Where the Company is declared bankrupt according to the law, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.

Article 210 The liquidation committee shall exercise the following functions and powers during liquidation:

- (I) thoroughly examining the assets of the Company and preparing a balance sheet and a schedule of assets respectively;
- (II) notifying the creditors by a notice or public announcement;
- (III) handling the outstanding business of the Company in connection with liquidation;
- (IV) repaying all outstanding tax payment and the tax payment which arise in the course of the liquidation process;
- (V) clearing up claims and debts;
- (VI) dealing with the remaining assets after full payment of the Company's debts;
- (VII) participating in civil litigation on behalf of the Company.

Article 211 The liquidation committee shall notify the creditors within a period of 10 days since the date it is established, and publish the relevant announcements in newspaper or other means within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or for creditors who do not receive the notice, within 45 days since the date of the public announcement, report their creditors' rights to the liquidation committee.

When reporting creditors' rights, the creditor shall provide an explanation of matters relevant to the creditor's rights and provide the supporting evidence. The liquidation committee shall register the creditors' rights. In the course of reporting the creditors' rights, the liquidation committee shall not repay the creditors.

Article 212 After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed by the class of shares held by the shareholders and in proportion to the number of shares held by the shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to the shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

Article 213 If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy. After the People's Court has ruled for the Company to declare itself bankrupt, the Company's liquidation committee shall refer the liquidation matters to the People's Court.

Article 214 Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, submit the same to the general meeting or the People's Court for confirmation, and deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

Article 215 Members of the liquidation committee are required to discharge their duties in good faith and perform liquidation in compliance with the laws. Members of the liquidation committee shall be prohibited from abusing their authority to accept bribes or other unlawful income and from misappropriating the Company's properties.

Members of the liquidation committee are liable to indemnify the Company and its creditors in respect of any loss arising from their willful or material default.

## **CHAPTER 12 AMENDMENTS OF THESE ARTICLES OF ASSOCIATION**

Article 216 The Company may amend these Articles of Association based on the provisions of the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and Articles of Association.

In any of the following circumstances, the Company shall amend these Articles of Association:

- (I) if upon amendments to the Company Law, relevant laws, administrative regulations, departmental rules or securities regulatory rules of the place where the shares of the Company are listed, any terms contained in these Articles of Association become inconsistent with the provisions above mentioned;
- (II) a change in our Company causes inconsistency with those contained in these Articles of Association;
- (III) the general meeting resolves to amend these Articles of Association.

Article 217 The Board shall amend these Articles of Association in accordance with the resolutions of the general meeting and the approval opinions of relevant competent authorities.

Article 218 Where disclosure of the revision of these Articles is required under laws and provisions, it shall be announced in accordance with the relevant provisions.

## **CHAPTER 13 SUPPLEMENTARY PROVISIONS**

Article 219 Definitions:

- (I) Controlling Shareholder shall cover a shareholder who meets any of the following conditions:
  - 1. When acting alone or in concert with others, he/she may elect more than half of the directors;
  - 2. When acting alone or in concert with others, he/she may exercise more than 30% (including 30%) of the voting rights of the Company or may control more than 30% (including 30%) of the voting rights of the Company;

3. When acting alone or in concert with others, he/she holds more than 30% (including 30%) of the outstanding shares issued by the Company;
  4. When acting alone or in concert with others, he/she has de facto control over the Company in any other way;
  5. Circumstances specified in Rule 19A.14 of the Hong Kong Listing Rules.
- (II) A de facto controller means a person who, although not a shareholder of the Company, is able, through investment relationships, agreements or other arrangements, to actually control the conduct of the Company.
- (III) Affiliation refers to the relationship between the controlling shareholders, de facto controllers, directors, supervisors and senior management officers of the Company and the enterprise directly or indirectly controlled by the Company, and other relationships that may lead to the transfer of interests of the Company, provided that the state-controlled enterprises are not affiliated because they are controlled by the state.
- (IV) A hostile takeover refers to a takeover effected by an acquirer and/or the parties acting in concert with it by way of, amongst others, secondary market purchase, transfer of shares of the Company by way of agreement, transfer of shares of the Company by way of judicial auction, and acquisition of shares of the Company through undisclosed parties acting in concert with it, for the purpose of gaining control of the Company or significant influence over the decisions of the Company, without written notice to and discussion and approval by the board of directors of the Company. Where there is any disagreement as to whether an acquisition is a hostile takeover as described in these Articles of Association, the board of directors shall be entitled to consider and resolve on the matter. A determination by the board of directors by way of an ordinary resolution shall be the final basis for determining whether an acquisition constitutes a hostile takeover as described in these Articles of Association. If the securities regulatory authorities provide a clear definition of “hostile takeover” in the future, the scope of hostile takeover as defined herein shall be adjusted in accordance with the provisions of the securities regulatory authorities.
- (V) An acquirer refers to any investor who is identified having made a hostile takeover bid in accordance with the foregoing provisions.

Article 220 The board of directors may formulate detailed rules for these Articles of Association in accordance with the provisions of these Articles of Association. The detailed rules for these Articles of Association shall not be in conflict with the provisions of these Articles of Association.

Annexes to these Articles of Association include the rules of procedure of the general meeting, the rules of procedure of the board of directors and the rules of procedure of the Supervisory Committee.

Article 221 These Articles of Association are prepared in Chinese. In case of any inconsistency between the Articles of Association and the Articles of Association in any other language or of a different version, the latest Chinese version of these Articles of Association approved by and registered with the company registry shall prevail.

Article 222 Unless otherwise stipulated by these Articles of Association, the expressions of “more than”, “below”, and “within” used in these Articles of Association shall include the original number, while the expressions of “beyond”, “less than”, “over” and “under” shall not include the figure mentioned.

The meaning of “accounting firms” referred in this Articles of Association is the same as that of “auditors”. The meaning of “independent non-executive directors” referred in this Articles of Association is the same as that of “independent directors”, unless otherwise specified by relevant national laws, administrative regulations and regulatory rules of the place where the shares of the Company are listed.

Article 223 In case of any inconsistency between these Articles of Association and the laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are listed, the laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are listed shall prevail.

Any other matters concerned shall follow the laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are listed.

Article 224 The interpretation of these Articles of Association shall be vested to the board of directors of the Company.

Beijing SinoHytec Co., Ltd.

*NOTE:* If there is any discrepancy between the English version and the Chinese version of these Articles of Association, the Chinese version shall prevail.