

**Articles of Association  
of  
Tianqi Lithium Corporation**

**Note:** The Articles of Association of Tianqi Lithium Corporation are prepared in Chinese and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

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## 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 (中華人民共和國公司法) (hereinafter referred to as the “**Company Law**”), Securities Law of the People’s Republic of China (中華人民共和國證券法) (hereinafter referred to as the “**Securities Law**”), the Trial Administrative Measures of Overseas Offering and Listing by Domestic Companies (境內企業到境外發行證券和上市管理試行辦法), Guidelines on the Articles of Association of Listed Companies (hereinafter referred to as the “**Articles Guidelines**”), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other relevant national provisions, to safeguard the legitimate rights and interests of Tianqi Lithium Corporation (hereinafter referred to as the “**Company**”), its shareholders and creditors, and to regulate the organization and activities of the Company.

**Article 2** The Company is a company limited by shares incorporated pursuant to the *Company Law* and other relevant provisions.

The Company was incorporated by means of sponsorship on December 25, 2007, registered with and obtained the Business License from Suining City Administration for Industry and Commerce, with Unified Social Credit Code 91510900206360802D.

**Article 3** On August 9, 2010, with the approval of Zheng Jian Xu Ke [2010] No. 1062 issued by China Securities Regulatory Commission (the “**CSRC**”), the Company issued 24,500,000 RMB-denominated ordinary shares to the public for the first time, which were listed on the Shenzhen Stock Exchange (hereinafter referred to as the “**SZSE**”) on August 31, 2010.

The Company issued 164,122,200 overseas listed foreign shares (hereinafter referred to as the “**H shares**”) upon the approval of the CSRC on May 31, 2022 and H shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) on July 13, 2022.

**Article 4** Registered name of the Company: 天齊鋰業股份有限公司

Full name in English: Tianqi Lithium Corporation

**Article 5** Domicile of the Company: Tai Kong Village, North of Taihe Town, Shehong County, Sichuan Province

Postal code: 629200

**Article 6** The registered capital of the Company is RMB1,641,221,583.

**Article 7** The Company is a company limited by shares with perpetual existence.

**Article 8** The chairman of the Company is the legal representative of the Company.

**Article 9** The total capital of the Company is divided into shares of equal value. The shareholders shall be liable to the Company with the shares it subscribes, and the Company shall be responsible for its debts with all its assets.

**Article 10** From the date on which the Articles of Association come into effect, the Articles of Association shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders, and shall be a document which has legal binding force on the Company, its shareholders, directors, supervisors, president (general manager) and other senior management. In case of violation of the Articles of Association, the right holders shall have the right to sue the persons responsible for violating the Articles of Association.

Pursuant to the Articles of Association, shareholders may sue the shareholders, directors, supervisors, president (general manager) and other senior management of the Company, shareholders may sue the Company, and the Company may sue the shareholders, directors, supervisors, president (general manager) and other senior management.

**Article 11** The directors, supervisors and senior management of the Company shall practically safeguard the safety of the Company's assets and funds. When any director, supervisor and senior management assists and connives the controlling shareholder, de facto controller and their related parties in misappropriating the Company's assets or funds, the board of directors of the Company will impose penalties on the direct responsible person depending on the severity of the circumstances. The board of directors will propose to the general meeting to dismiss the directors who bear serious responsibilities.

**Article 12** Other senior management mentioned in the Articles of Association refer to the executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager), chief financial officer (responsible financial officer) and secretary to the board of directors of the Company.

## **Chapter 2 Business Objectives and Business Scope**

**Article 13** The business objectives of the Company: to adapt to the needs of the socialist market economy, pursue the best economic benefits, increase returns for shareholders, create wealth for society and contribute to the country.

**Article 14** The business scope of the Company registered according to law: main operations including: manufacturing and sales of battery-grade lithium carbonate, industrial-grade lithium carbonate and its series of lithium products and other chemical products (except for special national regulations). Other operations: import and export business of raw and auxiliary materials, machinery and equipment, parts and accessories of instruments and metres and relevant technologies required for production and scientific research of the Company; operation of the export business of the Company's self-produced battery-grade lithium carbonate, industrial-grade lithium carbonate and its series of lithium products; processing business of ore (excluding coal, rare and precious metals) and a series of lithium products.

## Chapter 3 Shares

### Section 1 Issuance of Shares

**Article 15** The shares of the Company shall take the form of share certificates.

**Article 16** The Company shall issue shares under the principles of fairness and equality and shares of the same class shall carry same rights.

The issue conditions and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 17** All the shares issued by the Company shall be denominated in RMB which shall be RMB1 for each share.

**Article 18** The domestically listed shares issued by the Company shall be collectively deposited with China Securities Depository and Clearing Corporation Limited Shenzhen Branch. The overseas-listed shares issued by the Company are mainly deposited at the custodian company of Hong Kong Securities Clearing Company Limited.

**Article 19** The Company is a joint stock company established by the original Sichuan Shehong Lithium Co., Limited based on the audited book value of net assets as of November 30, 2007. Each of the promoters of the Company make capital contribution with the net assets corresponding to their equity interests in Sichuan Shehong Lithium Co., Limited. The number of ordinary shares subscribed by each of the promoters and the respective proportion of capital contribution at the time of establishment of the Company are as follows:

Name of shareholder	Subscribed shares (0,000 shares)	Percentage of shareholding (%)
Chengdu Tianqi Industrial (Group) Co., Limited	6,220.8	86.4
Zhang Jing	979.2	13.6
Total	7,200	100

**Article 20** The total number of shares that the Company issued is 1,641,221,583 shares, which are all ordinary shares. Among above, 1,477,099,383 shares are domestically listed shares, representing 90% of the total number of ordinary shares issued by the Company; 164,122,200 shares are H shares, representing 10% of the total number of ordinary shares issued by the Company.

**Article 21** The Company and subsidiaries of the Company (including the subsidiaries of the Company) do not provide any assistance to a person who is acquiring or is proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity or loans or other means.

## Section 2 Increase/Deduction and Buyback of Shares

**Article 22** The Company may, based on its business and development needs and in accordance with Laws and Regulations, increase its capital in the following manners upon respective resolutions being adopted by the shareholders' general meetings:

- (I) Public offering of shares;
- (II) Non-public offering of shares;
- (III) Issuing bonus shares to its existing shareholders;
- (IV) Transfer into share capital from the reserve;
- (V) Any other means permitted by laws and administrative regulations and the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association and the listing rules of the place where the Company's shares are listed, be conducted in accordance with the procedures stipulated in the relevant national laws, administrative regulations and departmental regulations and the listing rules of the place where the Company's shares are listed.

**Article 23** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures provided in the Company Law and other relevant requirements and the Articles of Association.

**Article 24** The Company shall not acquire its own shares, except for under any one of the following circumstances:

- (I) Reducing the registered capital of the Company;
- (II) Merging with other companies which hold the shares of the Company;
- (III) Using shares for employee shareholding plans or for equity incentives;
- (IV) Acquiring shares held by shareholders who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company upon their request;
- (V) Using the shares for converting the convertible bonds issued by the Company to stock;
- (VI) Necessary acts by the Company to protect its value while safeguarding the interests of shareholders;
- (VII) Other circumstances as permitted by laws, administrative regulations.

**Article 25** The Company may acquire its shares in one of the following ways:

- (I) Purchase through open and centralised transaction;
- (II) Other circumstances recognized by the laws, administrative regulations and the CSRC.

Where the Company acquires its own shares under the circumstances specified in items (III), (V) and (VI) of Article 24 of the Articles of Association, it shall be conducted through open centralised trading.

**Article 26** Buy-back of shares of the Company under the circumstances specified in item (I) and item (II) of Article 24 of the Articles of Association shall be subject to the approval of the shareholders' general meeting. Buy-back of shares of the Company under the circumstances specified in item (III), item (V) and item (VI) of Article 24 of the Articles of Association shall be resolved by a meeting of the board of directors where over two-thirds of the directors are present, in accordance with the requirements of the Articles of Association or the authorization of the shareholders' general meeting.

For any buy-back of the Company's shares pursuant to Article 24 of the Articles of Association, shares bought back pursuant to item (I) shall be cancelled within ten days from the date of acquisition; for those circumstances described in items (II) and (IV), the shares shall be transferred or cancelled within six months; for circumstances described in items (III), (V) and (VI), the total number of the Company's shares held by the Company shall not exceed 10% of the Company's total issued shares and shall be transferred or cancelled within three years.

Where the laws, administrative regulations and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed have any other provisions in respect of the relevant matters of aforementioned share buy-back, such provisions shall prevail.

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

**Article 27** The shares of the Company are legally transferrable.

The transfer of overseas listed shares listed in Hong Kong shall be registered with the share registrar in Hong Kong entrusted by the Company. After the transfer, the number of shareholders of the Company shall comply with the relevant requirements of laws and regulations.

If the shares of the Company are delisted by the SZSE, the shares of the Company will continue to be traded in the agency share transfer system.

The Company shall not amend the provisions of the preceding paragraph of the Articles of Association.

The relevant laws and regulations, listing rules and securities regulatory authorities of the place where the Company's shares are listed shall provide for a period of suspension of the registration of shares prior to the date of the general meeting or the benchmark date on which the company decides to distribute dividends, the regulations shall apply.

**Article 28** The Company shall not accept its shares being held as security under a pledge.

**Article 29** Shares held by the promoters in the Company shall not be transferred within one year from the date of incorporation of the Company. Shares issued by the Company before the initial share offering of A shares shall not be transferred within one year from the date on which the A shares of the Company are listed on a stock exchange.

The trading of the Company's shares by the Company's directors, supervisors, senior management and shareholders shall comply with the Company Law, the Securities Law, the relevant provisions of the CSRC and the stock exchange where the Company's shares are listed as well as the Articles of Association and the relevant management systems of the Company.

Directors, supervisors and senior management of the Company shall inform the Company of the number of shares (including preference shares) of the Company held by them and relevant changes, and shall not transfer more than 25% of the total number of shares of the Company of the same class held by them in each year during their term of office; the shares of the Company held by them shall not be transferred within one year from the date of listing and trading of the shares of the Company and within half a year after their resignation.

**Article 30** The Company's directors, supervisors, senior management and shareholders holding more than 5% of the Company's shares shall sell the Company's shares or other securities of equity nature, or if the Company purchases the shares within six months after the sale, the proceeds thereof shall belong to the Company and the board of directors of the Company shall forfeit the proceeds. However, a securities company holds more than 5% of the shares due to the purchase of underwritten post-sale remaining shares, and other circumstances stipulated by the securities regulatory authority of the State Council are excluded.

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

If the board of directors of the Company fails to comply with the requirements under the first paragraph of this Article, a shareholder shall have the rights to request the board of directors to do so within 30 days. In failure of the board of directors to comply with the same within the aforesaid period, such shareholder shall have the rights to institute a legal proceeding directly with the people's court in its own name for the benefit of the Company.

If the board of directors of the Company fails to comply with the requirements under the first paragraph of this Article, the director(s) liable shall assume joint and several responsibilities pursuant to laws.

## CHAPTER 4 Shareholders and Shareholders' General Meeting

### Section 1 Shareholders

**Article 31** The Company shall establish a register of shareholders based on the certificates provided by the securities registration agency, and the register of shareholders is the sufficient evidence to prove the shareholding in the Company by shareholders. Under the circumstances of issuing and trading of the Company's shares in a paperless manner, the provisions in relation to this section shall be in conformity to the regulations of the securities regulatory authority and the stock exchange where the Company's stocks are listed.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

The Company shall protect the interests of the shareholders and legitimate rights of medium and minority shareholders according to laws, and shall not deprive or restrict any legal rights of shareholders.

- (I) all joint holders of any shares shall jointly and severally assume the liability to pay for all amounts payable for the relevant shares;
- (II) if one of the joint holders is deceased or cancelled, only the other surviving joint holders shall be deemed as the persons who have the ownership of the relevant shares. But the board of directors has the power to require for provision of such supporting documents as it considers appropriate which can prove death or cancellation of the relevant shareholder for the purpose of modifying the relevant register of shareholders;
- (III) in respect of any of the joint holders of any shares, only the joint shareholder ranking first in the register of shareholders have the right to accept share certificates of the relevant shares from the Company, receive notices or other documents of the Company. Any notices delivered to the aforesaid persons shall be deemed to have been delivered to all the joint holders of the relevant shares. Any joint holder may sign a form of proxy. If more than one joint holder is present in person or by proxy, the vote made by the preferred joint holder, whether in person or by proxy, shall be accepted as the sole vote for the remaining joint holders. In this regard, the priority of shareholders must be determined by the ranking of joint holders in the Company's register of shareholders in relation to the relevant shares; and
- (IV) any receipts issued by any joint holders in respect of any dividends, bonuses or capital returns payable to such joint holders shall be deemed to be the effective receipts issued by such joint holders to the Company.

Where a legal person is a Company's shareholder, the legal representative or the agent of the legal representative shall exercise the right on his behalf.

**Article 32** When the Company convenes a shareholders' general meeting, distributes dividends, commences liquidation or participates in other activities that require confirmation of shareholders' identification, the convener of meetings of the board of directors or the shareholders' general meetings shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall be the shareholders who are entitled to relevant rights and interests.

**Article 33** The ordinary shareholders of the Company shall have the following rights:

- (I) to be entitled to dividends and other forms of distribution in proportion to the number of shares held;
- (II) to propose, convene and preside over, to attend or appoint a proxy to attend general meetings, to exercise the corresponding voting rights in accordance with laws, and to speak at the shareholders' general meetings;
- (III) to supervise the operations of the Company and to put forward proposals or raise inquiries;
- (IV) to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the place where the shares of the Company are listed and the Articles of Association;
- (V) to inspect the Articles of Association, the register of shareholders, stubs of company bonds, minutes of the shareholders' general meeting, resolutions of meetings of the board of directors and the board of supervisors, the financial accounting reports;
- (VI) upon termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (VII) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, to require the Company to acquire the shares held by them;
- (VIII) for independent directors who do not have the qualifications or capabilities of independent directors, fail to perform their duties independently or fail to protect the legitimate rights and interests of the Company and minority shareholders, shareholders who individually or jointly hold more than 1% of the shares of the Company may make a proposal to the board of directors of the Company to question or dismiss the independent directors.
- (IX) other rights conferred by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the place where the Company's shares are listed or the Articles of Association.

The Articles of Association, resolutions of the general meeting or resolutions of the board of directors shall be in compliance with laws and regulations, and shall not deprive or restrict the legal rights of shareholders. The Company shall protect the rights of shareholders in accordance with the law and pay attention to protecting the legitimate rights and interests of minority shareholders.

**Article 34** Where shareholders request for inspection of the relevant information or demand

for materials as mentioned in the presiding Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholder.

**Article 35** If a resolution passed at the Company's general meeting or board meeting violates the laws or administrative regulations, shareholders shall have the right to initiate proceeding 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 board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall be entitled to initiate proceeding to the People's Court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

**Article 36** Where the Company incurs losses as a result of violation by directors and senior management of the laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, the shareholders individually or in the aggregate holding 1% or more of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the board of supervisors to initiate proceedings to the People's Court; where the Company incurs losses as a result of violation by the board of supervisors of any provisions of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, the shareholders may make a request in writing to the board of directors to initiate proceedings to the People's Court.

In the event that the board of supervisors or the board of directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date of receiving 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 shareholders described in the preceding paragraph shall have the right to for the benefit of the Company initiate proceedings to the People's Court directly in their own names.

Where the Company incurs losses as a result of infringement upon the legitimate rights and interests of the Company by any other persons, the shareholders stated in Paragraph 1 of this Article may initiate proceedings to the People's Court pursuant to the provisions of the first two paragraphs.

**Article 37** Shareholders may initiate proceedings to the People's Court in the event that a director or a senior management has violated the laws, administrative regulations or the Articles of Association, damaging the interests of shareholders.

**Article 38** The ordinary shareholders of the Company shall assume the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to surrender the shares unless otherwise required by laws and regulations;
- (IV) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of

shareholders to harm the interests of any creditor of the Company;

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

Shareholders of the Company may publicly solicit other shareholders' rights such as the right to convene a shareholders' general meeting, the right to propose, the right to nominate and the right to vote, but shall not solicit such shareholders' rights by paying consideration or in disguised form.

Shareholders of the Company who abuse their shareholders' rights and thereby causing damage to the Company or other shareholders shall be liable for indemnity according to laws.

Where shareholders of the Company abuse the independent legal person status of the Company and the limited liability of shareholders for the purpose of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

**Article 39** In any of the following circumstances, shareholders or de facto controllers holding or controlling more than 5% of the shares of the Company shall immediately notify the Company and cooperate to perform information disclosure obligations:

- (I) more than 5% of the shares of the Company held or controlled by the relevant shareholders are pledged, frozen, judicially auctioned, entrusted or trust set up or restricted from voting according to law;
- (II) the relevant shareholders or de facto controllers enter bankruptcy, liquidation or other status;
- (III) there has been or is proposed to be a material change in the shareholdings or control of the Company by the relevant shareholders or de facto controllers, and there is a material change in the circumstances where the de facto controllers and other enterprises under their control engage in the same or similar business as the Company;
- (IV) the relevant shareholders or de facto controllers intend to carry out material assets or debt restructuring of the Company;
- (V) the controlling shareholders or de facto controllers being investigated or taken compulsory measures by competent authorities for suspected violations of laws and regulations, or being subject to major administrative or criminal penalties;
- (VI) other circumstances as determined by the SZSE.

If there is any material change or development in the above circumstances, the relevant shareholders or de facto controllers shall notify the Company in a timely manner, report to the SZSE and make disclosure.

If the de facto controllers and other enterprises under its control have horizontal competition or significant changes in the horizontal competition with the Company, it shall explain the impact on the Company and the solutions to be taken.

If the Company is unable to contact the de facto controllers, or is aware of the existence of the circumstances described in the first paragraph of this article by the relevant shareholders and de facto

controllers, it shall report to the stock exchange and make disclosure in a timely manner.

**Article 40** Neither the controlling shareholder nor the de facto controllers of the Company shall prejudice the interests of the Company by taking advantage of its related relationship. Anyone who causes any losses to the Company as a result of violating the provisions shall be liable for the compensation.

The controlling shareholders and the de facto controllers of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholders shall strictly exercise their rights as shareholders and perform their obligations as shareholders. The controlling shareholders and the de facto controllers shall not, directly or indirectly, misappropriate the funds and assets of the listed company through related party transactions, profit distribution, asset restructuring, advance payment, external investment, capital occupation, guarantee or other means, damage the legitimate rights and interests of the Company and public shareholders, use their control to damage the interests of the Company and other shareholders, and shall not use their controlling position to seek illegal benefits. Otherwise, they shall be liable for compensation and related legal responsibilities.

The undertakings made by the controlling shareholder and the de facto controllers of the Company shall be clear, specific and enforceable, and shall not undertake matters that are obviously impossible to be achieved based on the then situation. The undertaking party shall make a statement of performance of the undertaking, clarify the responsibility of breaching the undertaking, and earnestly fulfill the undertaking. If the failure to perform the undertaking causes losses to investors, it shall be liable for compensation in accordance with laws.

In the event of a change in control of the Company, the relevant parties shall take effective measures to maintain the stable operation of the Company during the transitional period. In case of major issues, the Company shall report to the CSRC and its local offices and the stock exchange.

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

**Article 41** The shareholders' general meeting is the organ of authority of the Company and shall exercise the following powers in accordance with the law:

- (I) to decide on the operating guidelines and investment plans of the Company;
- (II) to elect and replace the directors and the supervisors who are not representatives of the staff, and decide on matters relating to the remuneration of the directors and supervisors;
- (III) to consider and approve reports of the board of directors;
- (IV) to consider and approve reports of the board of supervisors;
- (V) to consider and approve the Company's annual financial budgets and final accounts;
- (VI) to consider and approve the Company's profit distribution plans and plans for making up losses;
- (VII) to decide on increases or reductions in the Company's registered capital;

- (VIII) to decide on the issuance of bonds, other securities by, and the listing of, the Company;
- (IX) to decide on merger, division, dissolution, liquidation or change of corporate form;
- (X) to amend the Articles of Association;
- (XI) to decide on the Company's appointment or removal of accounting firms;
- (XII) to consider and approve the proposed related party transactions between the Company and its related parties with an amount of more than RMB30,000,000 and accounting for more than 5% of the absolute value of the latest audited net assets of the Company (excluding the provision of external guarantees and the receipt of cash assets by the Company);
- (XIII) to consider and approve the purchase or disposal of material assets within 12 consecutive months which reach 30% of the latest audited total assets of the Company;
- (XIV) to consider and approve other matters stipulated by laws, regulations or regulatory documents that constitute the purchase, sale or replacement of material assets restructuring other than item (XIII) of this Article;
- (XV) to consider and approve major transactions with an aggregate amount within one year reaching the following standards (excluding cash assets received as gifts):
- 1 . the total assets in connection with the transaction account for 50% or more of the latest audited total assets of the Company, to be calculated at the book value and the estimated value thereof, whichever is higher;
  - 2 . the relevant operating income of the subject matter of transaction (such as equities) for the latest accounting year accounts for 50% or more of the audited operating income for the latest accounting year, with the absolute amount in excess of RMB50 million;
  - 3 . the net profit of the subject matter of transaction (such as equities) for the latest accounting year accounts for 50% or more of the audited net profit of the Company for the latest accounting year, with the absolute amount in excess of RMB5 million;
  - 4 . the transaction amount (including the assumed debt and cost) accounts for 50% or more of the audited net assets of the Company for the latest period, with the absolute amount in excess of RMB50 million;
  - 5 . the profit arising from the transaction accounts for 50% or more of the audited net profit of the Company for the latest accounting year, with the absolute amount in excess of RMB5 million.
  - 6 . Where the net assets involved in the subject of transaction (such as equities) account for more than 50% of the latest audited net assets of the Company with the absolute amount in excess of RMB50 million, and where the net assets involved in the transaction have both book value and appraised value, whichever is higher shall be applicable.

If the data involved in the above indicator calculation is negative, calculation shall be made by the absolute value.

(XVI) to consider and approve securities investment and derivatives trading in the following circumstances:

- 1 . Securities investments (including new share placing or subscription, securities repurchase, investments in stocks and depositary receipts, bond investment, entrusted wealth management and other investment behaviors recognized by SZSE. Entrusted wealth management refers to the Company's engagement of banks, trusts, securities, funds, futures, insurance asset management institutions, financial asset investment companies, private fund managers and other professional financial institutions to invest with and manage its assets or purchase the relevant wealth management products) with total amount more than 50% of the Company's audited net assets of the latest period and the absolute amount more than RMB50 million;
- 2 . The Company's derivative transactions beyond the scope of authority of the Board and not for hedging purposes;
- 3 . Related party derivative transactions between the Company and its related parties.

(XVII) to consider and approve the provision of guarantees under Article 42;

(XVIII) to consider and approve matters relating to changes in the use of funds raised;

(XIX) to examine the Company's share incentive schemes and employee stock ownership plan;

(XX) to consider and approve the futures and derivative transactions under the following circumstances:

1. The upper limit of the transaction margin and royalties expected to be used (including the value of the collateral provided for the transaction, the expected credit limit of the financial institution, the margin reserved for emergency measures, etc., the same below) accounts for more than 50% of the latest audited net profits of the Company, and the absolute amount exceeds RMB5 million;
2. The highest contract value held on any trading day is projected to account for more than 50% of the latest audited net assets of the Company, and the absolute amount shall exceed RMB50 million;
3. The Company engages in futures and derivatives transactions that are not conducted for hedging purposes.

If it is difficult for the Company to fulfill the review procedures and disclosure obligations for each futures and derivative transactions due to the transaction frequency and the time limit requirements, the Company may reasonably estimate and review the scope, amount and term of futures and derivatives transactions in the next twelve months. The duration of the relevant quota shall not exceed twelve months, and the amount at any time during the period (including the relevant amount for the re-transaction with the proceeds of the foregoing transactions) shall not exceed the considered quota.

(XXI) Consider and approve the provision of financial assistance under the following circumstances:

1. The most recent audited gearing ratio of the assistance recipient exceeds 70%;

2. The amount of any single financial assistance or total amount of financial assistance provided in the preceding 12 consecutive months exceeds 10% of the Company's audited net assets of the latest period;
3. Other circumstances stipulated by the SZSE.

(XXII) Pass resolutions on the Company's acquisition of its own shares under the circumstances specified in items (I) and (II) of Article 24 of the Articles of Association;

(XXIII) Consider proposals of shareholders who individually or jointly hold 3% or more of the voting shares of the Company;

(XXIV) Other matters that shall be decided by the shareholders' general meetings as required by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 42** The following external guarantees of the Company shall be submitted to the shareholders' general meetings for review and approval after having been reviewed and approved by the board of directors:

- (I) Any single guarantee with guarantee amount exceeding 10% of the Company's audited net assets of the latest period;
- (II) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its subsidiaries has exceeded 50% of the Company's audited net assets of the latest period;
- (III) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's audited total assets of the latest period;
- (IV) Any guarantee to be provided for a party with a gearing ratio of over 70% as showed in its most recent financial statements;
- (V) Any guarantee with total guarantee amount for the preceding 12 consecutive months exceeding 30% of the Company's audited total assets of the latest period;
- (VI) Any guarantee to be provided for the Company's shareholders, actual controllers and related parties thereof;
- (VII) Other guarantees stipulated in the relevant laws, administrative regulations, departmental rules, normative documents or the listing rules of the place where the shares of the Company are listed.

When the shareholders' general meetings consider the guarantee item (V) of the preceding paragraph, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. When the shareholders' general meetings consider the proposals on providing guarantee for the shareholders, the actual controller and its related parties, such shareholders or the shareholders who are under the control of the actual controller shall not participate in such voting. Such voting shall be passed by more than half of the voting rights held by other shareholders attending the shareholders' general meetings.

If the shareholders' general meeting or board of directors approves external guarantees that violates the approval authority or deliberation procedures, relevant personnel shall be liable for responsibility in accordance with the Company's relevant systems and regulations.

**Article 43** The general meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall hold once every year within six months from the end of the preceding financial year.

**Article 44** In any of the following circumstances, the board of directors of the Company shall convene an extraordinary general meeting within two months from the occurrence date of the fact:

- (I) When the number of directors falls short of the number required by the Company Law or is less than 2/3 of the number as stipulated in the Articles of Association;
- (II) When the Company's unrecovered losses reach 1/3 of the total paid-up share capital;
- (III) When the shareholders who hold 10% or more of the shares of the Company, individually or in aggregate, request to convene;
- (IV) When the board of directors deems it necessary;
- (V) When the board of supervisors proposes to convene;
- (VI) Other circumstances as stipulated in laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The number of shares as described in the above item (III) shall be calculated according to the written requirement proposed by the shareholder. When calculating the shareholding ratio referred to in item (3) of this Article, only ordinary shares and preferred shares with restored voting rights shall be counted.

**Article 45** The venue for convening a general meeting shall be the domicile of the Company or other place as specified in the meeting notice.

The general meeting shall set meeting venue and be convened by way of on-site meetings. The Company will also provide online voting and other means to facilitate shareholders in the shareholders' general meeting. Any shareholders who participate in the meeting in the aforesaid manner shall be deemed as present.

When shareholders participate in the shareholders' general meeting online, the identity of them shall be verified by the provider of the online techniques of the shareholders' general meeting.

**Article 46** When holding a shareholders' general meeting, the Company shall engage lawyers to give legal opinions and make an announcement on the following matters:

- (I) Whether the procedures of convening and holding the meeting comply with laws,

administrative regulations and the Articles of Association;

- (II) Whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) Whether the voting procedure and results of the meeting are lawful and valid;
- (IV) Legal opinions on other relevant matters upon request by the Company.

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

**Article 47** Independent directors when there is a number of more than half shall have the right to propose to the board of directors on convening of an extraordinary general meeting. Where an independent director calls an extraordinary general meeting, the board of directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting within 10 days from receipt of the proposal, pursuant to the provisions of laws, administrative regulations and the Articles of Association. Where the board of directors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of a board resolution; where the board of directors does not give consent to convening of an extraordinary general meeting, it shall state the reason and make an announcement.

The board of supervisors shall have the right to propose to the board of directors on convening of an extraordinary general meeting, and shall do so in writing. The board of directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting within 10 days from receipt of the proposal, pursuant to the provisions of laws, administrative regulations and Articles of Association.

Where the board of directors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of the board resolution; the consent of the board of supervisors shall be obtained for any change to the original requisition in the notice.

Where the board of directors does not give consent to convening of an extraordinary general meeting, or does not issue feedback within 10 days from receipt of the requisition, the board of directors shall be deemed as unable to perform or failed to perform the duties of convening of a shareholders' general meeting, and the board of supervisors may proceed to convene and chair the meeting.

**Article 48** Holders of shares who hold 10% or more of the Company's shares individually or in aggregate have the right to propose to the board of directors on convening of an extraordinary general meeting, and shall do so in writing. The board of directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting within 10 days from receipt of the proposals, pursuant to the provisions of laws, administrative regulations and the Articles of Association.

Where the board of directors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of the board resolution; the consent of the holders shall be obtained for any change to the original requisition in the notice.

Where the board of directors does not give consent to convening of an extraordinary general meeting, or does not issue a feedback within 10 days from receipt of the requisition, holders of shares who hold 10% or more of the Company's shares individually or in aggregate have the right to propose to the board of supervisors on convening of an extraordinary general meeting, and shall do so in writing.

Where the board of supervisors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from receiving the requisition; the consent of the holders shall be obtained for any change to the original proposal in the notice.

Where the board of supervisors does not issue a notice of a shareholders' general meeting within the stipulated period, the board of supervisors shall be deemed as not convening and chairing the shareholders' general meeting, and holders of shares who hold more than 10% of the Company's shares individually or in aggregate for more than 90 consecutive days may proceed to convene and chair the meeting on their own initiative.

**Article 49** Where the board of supervisors or the shareholders proceed(s) to convene a general meeting, the board of directors shall be notified in writing, and records shall be filed with the stock exchange.

Prior to announcement of resolutions passed by the shareholders' general meeting, the shareholding percentage of the convening shareholders (holders of ordinary shares and preferential shareholders with restored voting rights) shall not be less than 10%.

The board of supervisors or the convening shareholders shall submit the relevant proof materials to the stock exchange at the time of issuance of notice of the general meeting and announcement of resolutions passed by the general meeting.

**Article 50** For the shareholders' general meetings convened by the board of supervisors or shareholders themselves, the board of directors and the board secretary shall cooperate, provide necessary support and fulfill the obligation of information disclosure in a timely manner. The board of directors will provide the register of members as at the date of record. Where the board of directors fails to provide the register of members, the convener may apply to the securities depository and clearing institution to obtain such register of members with the announcement on convening the general meeting. The register of members obtained by the convener shall not be used for any purpose other than convening a general meeting.

**Article 51** Where the board of supervisors or the shareholders proceed(s) to convene a general meeting, the necessary expenses shall be borne by the Company.

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

**Article 52** The contents of the proposal shall fall within the terms of reference of the shareholders' general meeting and have specified subjects and specific resolutions, in further compliance with the laws, administrative regulations and the Company's Articles of Association.

**Article 53** When the Company convenes a shareholders' general meeting, the board of directors and the board of supervisors, as well as shareholders who hold 3% or more of the Company's shares

individually or in aggregate, shall have the right to propose motions.

Holders of ordinary shares who hold 3% or more of the Company's shares individually or in aggregate may propose provisional proposals 10 days before convening of a shareholders' general meeting and submit them in writing to the convener. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposal, and announce the contents of the provisional proposals.

Except for circumstances stipulated in the preceding paragraph, upon announcement of the notice of shareholders' general meeting, the convener shall not amend the proposals set out in the notice of shareholders' general meeting or insert new proposals.

The shareholders' general meetings shall not vote on or pass the resolutions which are not specified in the notice convening the general meetings or do not meet the provisions of Article 52 of the Articles of Association.

**Article 54** The convener shall inform each shareholder of the annual general meeting by way of announcement 20 days before the meeting, and shall inform each shareholder of the extraordinary general meeting by way of announcement 15 days before the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held. Where the laws and regulations, the listing rules of the place where the Company's shares are listed and the securities regulatory authorities have any other provisions, such provisions shall prevail.

**Article 55** The notice of the shareholders' general meeting includes the following information:

- (I) the place, date and period of the meeting;
- (II) the matters and proposals to be submitted and considered at the meeting;
- (III) a conspicuous statement that all ordinary shareholders (including preferential shareholders with restored voting rights) are entitled to attend the shareholders' general meeting, and may authorize in writing a proxy to attend and vote at such meeting, and that a proxy does not need to be a shareholder of the Company;
- (IV) specify the date of registration of equity entitlements for shareholders entitled to attend the general meeting;
- (V) state the names and telephone numbers of the permanent contact persons for conference affairs;
- (VI) specify the voting time and procedures online voting or in other voting methods.

The starting time of online voting or other voting methods at the shareholders' general meeting shall not be earlier than 3:00 p.m. the day before the on-site shareholders' general meeting, and shall not be later than 9:30 a.m. on the day of the on-site shareholders' general meeting, and the end time shall not be earlier than 3:00 p.m. on the day when the on-site general meeting ends.

The starting time of voting through the internet shall be 9:15 a.m. on the day when the general meeting will be held, and the latest time for such voting shall be 3:00 p.m. on the day when the general meeting is concluded.

Any notice and supplementary notice of shareholders' general meetings shall sufficiently and completely disclose all the details of all proposals. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice.

There shall be at least two trading days between the general meeting record date and the starting date of the online poll. The interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not exceed 7 working days. Once the shareholding record date is confirmed, it shall not be altered.

For holders of overseas-listed securities, the Company shall notify them according to the listing rules and relevant provisions of the overseas securities regulatory authority and the stock exchange in places where the shares of the Company are listed. Subject to compliance with relevant provisions, for holders of overseas-listed securities, the Company may also, within the meeting notice period stipulated in the Articles of Association, issue notice of the shareholders' general meeting by means of posting on the Company's website and/or the website of the stock exchange where the overseas-listed shares of the Company are listed or by other means permitted by the rules of the overseas securities regulatory authority and the stock exchange in places where the shares of the Company are listed.

**Article 56** In the event that matters involving the election of directors and supervisors are to be considered at the shareholders' general meeting, the notice of such general meeting shall fully disclose the detailed information of the candidates for such directors and supervisors, which shall at least include the following:

- (I) personal particulars including education background, working experience and any part-time job;
- (II) whether there is any connected relationship with the Company or its controlling shareholders and de facto controller;
- (III) disclosure of the shareholdings in the Company;
- (IV) the relationship between the candidates for directors and supervisors and the former directors, supervisors and senior management of the Company and the relationship with the shareholders holding more than 5% of the shares of the Company, and the positions of the aforesaid persons as directors, supervisors and senior management of other institutions in the last five years;
- (V) whether they have been punished by the CSRC or other relevant authority or been reprimanded by a stock exchange; whether they have been investigated by judiciary authorities for the case of suspected crime or inspected by the CSRC for suspected violation of laws or regulations and there has been no conclusion thereon; if yes, the convener shall disclose the details of the aforementioned circumstances with the candidates, reasons for recommending the candidates, whether there are any effects on the standard operation and corporate governance of the Company and the countermeasures therefor;
- (VI) whether there is any act of dishonesty;
- (VII) whether there is any circumstance under which a person shall not be nominated as a director or

supervisor, and whether he/she meets the qualifications required by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the place where the Company's shares are listed and other rules of the stock exchange and the Articles of Association.

Apart from directors and supervisors elected through the cumulative voting system, each candidate of director or supervisor shall be individually proposed.

**Article 57** After issuance of the notice for a general meeting, the general meeting shall not be postponed or canceled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancelation, the convener shall give a notice stating reasons at least 2 business days before the original meeting date.

## **Section 5 The Convening of Shareholders' General Meeting**

**Article 58** The board of directors and other conveners shall take all necessary measures to ensure that the general meeting is conducted in an orderly manner and shall take steps to prevent any activities interfering the general meeting and infringing the legal interests of shareholders and report such activities to the relevant authority.

**Article 59** All shareholders in the register as at the date of share record or their proxies shall have the right to attend a shareholders' general meeting, and exercise voting rights pursuant to the relevant laws, regulations and the Articles of Association.

A shareholder may attend and vote at the shareholders' general meeting in person or by proxy. A shareholder's proxy may exercise the shareholder's right to speak at the shareholders' general meeting in accordance with the shareholder's entrustment.

If the shareholder is an accredited clearing house (or its proxy) as defined under the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), it may, as it thinks fit, appoint one or more persons as its proxies to attend and vote at any shareholders' general meeting or meeting of creditors. However, if more than one person is appointed, the instrument of proxy shall specify the number and class of the shares relating to each such proxy. The proxy may be signed by the authorized person of the accredited clearing house. Such person so appointed may attend the meeting and exercise the rights (including the rights to speak and vote) on behalf of the accredited clearing house (or its proxy) (not requiring presence of the shareholding voucher, notarized authorization and/or further evidences to prove the duly authorization) as if such person is an individual shareholder of the Company.

**Article 60** Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or stock account card for identification. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder.

**Article 61** The instrument appointing a proxy issued by a shareholder shall include the following information:

- (I) Name of the proxy and the number of shares the proxy represents;
- (II) Whether the shareholder has voting rights;
- (III) The instructions on voting for, against or abstention of voting for each agenda item of the shareholders' general meeting;
- (IV) Date of issuance of the proxy form and the validity period;
- (V) Signature (or affixation of seal) by the entrusting party or the agent entrusted by him in writing. Where the entrusting party is a corporate shareholder, the seal of the corporate shareholder shall be affixed or the signature of the director or officially authorized entrusting proxy shall be signed. Attendance by proxy at a general meeting shall be deemed as attendance by such corporate shareholder in person.

**Article 62** The instrument of proxy shall contain a statement that in the absence of specific instructions by the shareholder whether the proxy may vote as he/she thinks fit.

**Article 63** Where a proxy form for a voting proxy is signed by a person authorized by the entrusting party, the proxy form or any other authorization document shall be notarized. The notarized proxy form or any other authorization document and the proxy form for a voting proxy shall be kept at the Company's premises or any other premises designated in the notice of meeting.

Where the entrusting party is a legal person, its legal representative or board of directors or the person authorized by any other decision-making organ shall represent the legal person to attend the shareholders' general meeting.

**Article 64** The Company shall be responsible for compiling the attendee register which shall include, among others, the name of attendee (or name of relevant unit), ID number, domicile, the number of shares with voting rights that he holds or represents, and name of the person (or name of relevant unit) who attends the meeting by proxy.

**Article 65** The convener and lawyers engaged by the Company shall verify the legitimate qualification of shareholders in accordance with the register of shareholders provided by the securities depository and clearing institutions, and shall register the names of shareholders and the number of voting shares each of them holds. The registration shall end before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares they hold.

**Article 66** All directors, supervisors and secretary of the board of directors shall attend shareholders' general meetings of the Company, and the president (the general manager) and other senior management shall attend the meetings as non-voting attendees.

**Article 67** The shareholders' general meeting shall be presided over by the chairman of the board, or by a deputy chairperson authorized by the chairman. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the deputy chairpersons (where there are two or more deputy chairpersons in the Company, the deputy chairperson nominated by more than half of the directors shall preside over the meeting); in the event that the deputy chairperson is incapable of performing or not performing the duties, a director nominated by more than half of the directors shall preside over the meeting.

The chairman of the board of supervisors shall chair a shareholders' general meeting convened by the board of supervisors. Where the chairman of the board of supervisors is unable to perform his duties or does not perform his duties, a supervisor nominated by more than half of the supervisors shall chair the meeting.

In the case of a shareholders' general meeting convened by shareholders, the convener shall recommend a representative to preside over the meeting.

Where the chairman of the meeting violates the rules of procedure and as a result thereof, the shareholders' general meeting is unable to continue, upon consent of the shareholders holding more than half of voting rights and present at the shareholders' general meeting, the shareholders' general meeting may elect a person to chair the meeting so that the meeting may continue.

**Article 68** The Company shall formulate the procedural rules of the shareholders' general meeting which shall set out in detail the procedures of convention and voting in respect of the shareholders' general meeting, including notices, registration, consideration and approval for proposals, voting, vote counting, announcement on voting results, formation of the resolution, meeting minutes and signing, announcements and other contents, and the principles of authorization granted to the board of directors at the shareholders' general meeting. The scope of authorization shall be specified in details. The shareholders' general meeting shall not delegate the functions and powers legally exercised by the shareholders' general meeting to the board of directors or other institutions and individuals. The procedural rules of the shareholders' general meeting shall be prepared by the board of directors, approved at the shareholders' general meeting and attached to the Articles of Association as an appendix.

**Article 69** At an annual general meeting, the board of directors and the board of supervisors shall report to the shareholders' general meeting on the work done in the past year. Each independent director shall submit his work report.

**Article 70** Directors, supervisors and senior management shall at the shareholders' general meeting make explanation and statement on the inquiries and suggestions from shareholders.

**Article 71** Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be subject to the meeting registration.

**Article 72** The minutes of shareholders' general meetings shall be maintained by the secretary of the board of directors. The minutes shall state the following contents:

(I) time, place and agenda of the meeting and name of the convener;

- (II) name of the chairman of the meeting and directors, supervisors, president (the general manager) and other senior management present or in attendance at the meeting;
- (III) number of the present shareholders and proxies, the total number of voting shares they represent and the percentage of the total shares of the Company they represent;
- (IV) the discussions in respect of each proposal, highlights of the speeches made at the meeting and the voting results;
- (V) details of the queries or recommendations of the shareholders, and the corresponding answers or explanations;
- (VI) the name of lawyers, counting officers and scrutinizers;
- (VII) such other matters which shall be recorded in the meeting minutes in accordance with the provisions of the Articles of Association.

**Article 73** The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, the supervisors, the secretary of the board of directors, the convener or its representative, and the chairman of the shareholders' general meeting shall sign on the minutes of the meeting. The minutes of meeting shall be kept together with the attendance record of the attending shareholders, the power of attorney for the attendance of proxies and the valid information of voting via online or other ways for a term of not less than 10 years.

**Article 74** The convener shall ensure that the general meeting is held continuously until final resolutions are reached. In the event that the general meeting is adjourned or resolutions failed to be reached due to force majeure or other special reasons, measures shall be taken to resume the meeting as soon as possible or the meeting shall be concluded immediately, and an announcement shall be promptly made accordingly. The convener shall also report the same to the local agency of the CSRC and the stock exchange of the place where the Company is domiciled.

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

**Article 75** Resolutions of a shareholders' general meeting shall comprise ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' general meeting shall be passed by votes representing more than half of voting rights of shareholders who are present at the shareholders' general meeting (including their proxy).

A special resolution of a shareholders' general meeting shall be passed by votes representing more than 2/3 of voting rights of shareholders who are present at the shareholders' general meeting (including their proxy).

In accordance with the laws and regulations, the listing rules of the place where the Company's shares are listed and the relevant regulations of the securities regulatory authorities, the holders of the H shares or the domestic listed shares shall go through the approval procedures in respect of the matters

which are subject to their consideration in accordance with the applicable laws, regulations and regulatory requirements.

**Article 76** The following matters shall be passed as ordinary resolutions of a shareholders' general meeting:

- (I) Work reports of the board of directors and the board of supervisors;
- (II) Profit distribution plan and loss offset plan formulated by the board of directors;
- (III) Appointment and removal of members of the board of directors and the board of supervisors and their remuneration and payment method;
- (IV) The Company's annual budget proposal and final accounts proposal;
- (V) The Company's annual report;
- (VI) Appointment and dismissal of accounting firm, and deciding the remuneration of the accounting firm;
- (VII) Related party transactions of the Company, of which amount is over RMB30 million and accounts for more than 5% of the absolute value of latest audited net asset of the Company;
- (VIII) Matters stipulated in items (XV) and (XVI) of Article 41 of the Articles of Association;
- (IX) Guarantees stipulated in Article 42 of the Articles of Association (except item (V));
- (X) Changes in the investment projects funded by the capital raised;
- (XI) Any other matters other than those required to be adopted as special resolutions by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 77** The following matters shall be passed as special resolutions of a shareholders' general meeting:

- (I) The Company's increase or decreases in registered capital;
- (II) Division, spin-off, merger, dissolution and liquidation of the Company;
- (III) Amendments to the Articles of Association;
- (IV) Acquisition and disposal of material assets within one year by the Company and events that involve a guarantee amount exceeding 30% of the latest audited total assets of the Company;
- (V) Share option incentive plan;
- (VI) Any other matters stipulated by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association, or those

which have a significant impact on the Company if to be passed by an ordinary resolution of a shareholders' general meeting and which are deemed necessary to be passed as a special resolution.

**Article 78** Shareholders (including their proxy) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

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

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting.

Where a shareholder purchases any shares with voting rights of the Company in violation of paragraphs 1 and 2 of Article 63 of the Securities Law, voting rights of the shares exceeding the specified proportion shall not be exercisable within 36 months after the purchase, and such shares shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting.

Where any shareholder is, under applicable laws and regulations and the listing rules of the place where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The board of directors, independent directors, shareholders holding 1% or more of voting shares, or investor sponsors established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority of the State Council may publicly solicit voting rights of shareholders, provided that sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited.

In the case of soliciting shareholders' rights in accordance with the preceding paragraph, the solicitor shall disclose the solicitation documents and the Company shall provide assistance.

Solicitation of voting rights of shareholders in the form of compensation or disguised compensation shall be prohibited. Except for statutory conditions, the Company and the convener of the shareholders' general meeting shall not set minimum shareholding percentage restricted for solicitation of voting rights.

**Article 79** Where a related party transaction is considered at a general meeting, the interested shareholder(s) shall abstain from voting, and the voting shares held by the interested shareholder(s) shall not be counted in the total number of voting shares. The announcement on the resolutions of the general meeting shall fully disclose the voting of the non-interested shareholders.

The abstaining and voting procedures for interested shareholders in considering related party transactions are as follows:

- (I) Where a shareholder is interested in a matter to be considered at a general meeting, such shareholder shall disclose his interest in the matter to the board of directors before the holding of the general meeting;
- (II) In considering related party transactions at a general meeting, the chairman of the meeting shall identify the interested shareholder(s) and explain the interests of the interested shareholder(s) in the related party transactions;
- (III) The chairman of the meeting shall announce that the interested shareholder(s) shall abstain from voting and that the non-interested shareholder(s) shall consider and vote on the related party transactions;
- (IV) A resolution on related party transactions shall be passed by more than half of the voting shares of non-interested shareholders present at the meeting. Where the transaction falls within the scope of special resolution, it shall be passed by more than 2/3 of the voting shares of non-interested shareholders present at the meeting;
- (V) Where the interested shareholder(s) fail(s) to disclose the interest or to abstain from voting in accordance with the foregoing procedures, the resolutions on such related party transactions shall be invalid.

**Article 80** When the general meeting considers the following material matters affecting the interests of small and medium investors, the votes of small and medium investors shall be counted separately. The result of separate vote counting shall be publicly disclosed in a timely manner.

- (I) Appointment and removal of directors;
- (II) Remuneration of directors;
- (III) The formulation, adjustment, decision-making procedures, implementation and information disclosure of the Company's cash dividend policy, and whether the profit distribution policy harms the legitimate rights and interests of small and medium investors;
- (IV) Material matters such as connected transactions, external guarantees (excluding guarantees provided for subsidiaries within the scope of the consolidated statements), entrusted wealth management, external financial assistance, change in use of proceeds, change in accounting policies of the Company, investment in shares and derivatives which are required to be disclosed;
- (V) Material asset restructuring plan and equity incentive plan;

(VI) The Company intends to decide whether its shares will no longer be traded on the SZSE, or to apply for trading or transfer on other trading venues; and

(VII) Matters stipulated by the CSRC and the SZSE that may damage the legitimate.

**Article 81** Save that the Company is under exceptional circumstances such as crisis, unless approved by way of special resolution at a shareholders' general meeting, the Company shall not enter into any contracts with any person other than the directors, the president (the general manager) and other senior management personnel pursuant to which the management of all or a substantial part of the business of the Company will be given to such person.

**Article 82** The list of candidates for directors or supervisors shall be proposed to the shareholders' general meeting for votes.

If any single shareholder of the Company and his parties acting in concert have interest in more than 30% of shares, the cumulative voting system should be adopted. Where more than two independent directors are elected at a shareholders' general meeting of the Company, the cumulative voting system shall be adopted.

The cumulative voting system as referred to in the preceding paragraph means that in the election of directors or supervisors at the shareholders' general meeting, the voting right each share has equals the number of candidates for directors or supervisors. Shareholders may use their voting right collectively. The board of directors shall announce to shareholders the resumes and basic information of these candidates for directors or supervisors.

Methods and procedures for nomination of directors and supervisors: the board of directors, the board of supervisors and the shareholders individually or jointly holding more than 3% of the shares of the Company shall propose to the board of directors and the board of supervisors, respectively. Upon consideration and approval by the board of directors and the board of supervisors, the board of directors and the board of supervisors shall propose to the general meeting for consideration and approval, respectively.

The shareholders separately or jointly holding more than 1% of the Company's issued shares may propose the candidates for independent directors, and subject to the election of the shareholders' general meeting, the nominator shall not nominate any person with whom he/she has interests or any other person with close relationship who may affect his/her independent performance as an independent director candidate. A legally established investor protection institution may publicly request shareholders to entrust it to exercise the right to nominate independent directors on its behalf. The board of directors and the board of supervisors may propose candidates for directors and supervisors.

**Article 83** Except for the cumulative voting system, all resolutions proposed at the shareholders' general meeting shall be voted one by one, and for different proposals on the same matter, voting will be conducted according to the time sequence these proposals are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to resolution, the shareholders' general meeting shall not postpone the proposals or shall vote on them.

**Article 84** When considering a proposal at the shareholders' general meeting, no change shall be made thereto. Otherwise, such change shall be treated as a new proposal which shall not be processed

for voting at the general meeting.

**Article 85** The same voting right shall only be exercised by one means, either through onsite voting or via internet or other voting means. If the same voting right is exercised by more than one means, the result of the first vote cast shall prevail.

**Article 86** At any shareholders' general meeting, voting shall be conducted by open ballot.

**Article 87** Before the shareholders' general meeting votes on proposals, it shall elect two shareholder representatives to count the votes and scrutinize the voting. If any shareholder is related to the matter to be discussed, the relevant shareholder and his proxy shall not participate in vote counting or scrutinize the voting.

When a shareholders' general meeting vote on proposals, the counting of votes and scrutinizing of voting shall be conducted together by lawyers, shareholder representatives and supervisor representatives. The voting results shall be announced during the meeting. The voting results shall be contained in the meeting minutes.

A shareholder of the Company or its proxy, who uses the internet or other voting methods, shall be entitled to verify his voting results through relevant voting system.

**Article 88** The on-site voting shall not end earlier than the network voting or any other method of voting at the shareholders' general meeting. The presider of the meeting shall announce details of voting in connection with each proposal and the voting result. The chairman of the meeting shall be held responsible for announcing whether or not a resolution has been passed based on voting result.

Prior to the formal announcement of voting results, the relevant parties including the companies, the persons responsible for counting votes and scrutinizing the conduct of the relevant poll, the major shareholders, and the person in charge of the relevant internet service provider involved in relation to voting at the shareholders' general meeting, online voting or other means of voting, shall be obliged to keep the status of voting confidential.

**Article 89** Shareholders who attend the shareholders' general meeting shall take one of the following stances when a resolution is put forward for voting: for, against or abstain. Except for the securities registration and clearing institution, who acts as the nominal holder of stocks under the Stock Connect Mechanism between the Mainland and Hong Kong stock markets, declares in accordance with the actual holders' wishes.

Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholders. Its respective shares shall be counted as "abstentions" in the voting results.

**Article 90** If the presider of the meeting has any doubt about the result of the resolution submitted for voting, he/she may organize a vote-counting. If the presider of the meeting does not conduct a vote-counting, and the shareholders or proxies attending the meeting have any doubt about the results announced by the presider of the meeting, they shall have the right to ask for a vote-counting immediately after the announcement of the voting results, and the presider of the meeting should immediately organize the vote-counting.

**Article 91** The resolutions of the shareholders' general meeting shall be announced in a timely manner, and the announcement shall indicate the number of shareholders and proxies that attended the meeting, the total number of voting shares and its proportion to the total share capital carrying voting rights of the Company, and the voting method, voting results of each resolution and details of each resolution passed.

**Article 92** If any proposal is not adopted, or the current shareholders' general meeting amends the resolution of the last shareholders' general meeting, special reminder thereof shall be given in the announcement of the resolutions of the shareholders' general meeting.

**Article 93** If a proposal on the election of directors and supervisors is approved at the shareholders' general meeting, the term of office of the newly appointed directors and supervisors shall commence immediately after the conclusion of the meeting.

**Article 94** If any proposal for a cash dividend, share allocation, or conversion from capital reserves to share capital is adopted at the shareholders' general meeting, the Company shall implement detailed plans within 2 months after the end of the shareholders' general meeting.

## Chapter 5 Board of Directors

### Section 1 Directors

**Article 95** The directors of the Company shall be natural persons. The directors do not need to hold shares of the Company. Directors include executive directors, non-executive directors and independent non-executive directors.

In one of the following cases, a person is not allowed to fill the position of director:

- (I) Have no capacity for civil conduct or limited capacity for civil conduct;
- (II) Be subject to criminal penalty due to corruption, bribery, embezzlement of property, appropriation of property, or destroying socialist market economy order and no more than five years have passed after the expiration of the execution period, or be deprived of political rights due to crime, and no more than five years have passed after expiration of the execution period;
- (III) Act as a director, factory chief, manager of a company or enterprise which is subject to bankruptcy liquidation, and bear personal liability for the bankruptcy of the company or enterprise, and no more than 3 years have passed after the date when the bankruptcy liquidation of the company or enterprise is finished;
- (IV) Act as a legal representative of a company or enterprise that has its license revoked or is ordered to close down due to law breaking and bear personal liability for it, and no more than 3 years have passed after the date when the company or enterprise has its license revoked;
- (V) An individual who bears liability of large sum which is not paid off after expiration;
- (VI) Be under the penalty of the CSRC that securities market entry is forbidden, and the time limit has not been reached;
- (VII) Other content stipulated by laws, administrative regulations or departmental rules.

If election or appointment of a director is conducted breaking stipulations of this Article, this election, appointment, or recruitment is ineffective. If the case of this Article occurs to a director in his/her tenure, he/she shall be removed from his/her position by the Company.

**Article 96** Directors shall be elected or replaced at a shareholders' general meeting and may be removed from office prior to the expiry of their tenure, and the tenure shall be 3 years. Upon expiry of the tenure of a director, the tenure may be renewed if he/she is re-elected. However, the continuous appointment of independent non-executive director may not exceed 6 years.

The shareholders' general meeting may, subject to relevant laws, administrative regulations, and relevant provisions of the securities regulatory authorities at the place where the shares of the Company are listed, by way of an ordinary resolution, remove any director whose term of office has not expired, without prejudice to the director's claim for damages available under any contract.

The term of office of a director shall commence from the date upon which the resolution is passed at the shareholders' general meeting at which the director is elected (unless otherwise provided in the resolution of such shareholders' general meeting) until the expiry of the term of office of the current

session of the Board. Where the re-election of directors is not held in time after the term of office of the existing directors has expired, the original director shall, before the newly-elected director assumes his post, carry out duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

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

**Article 97** Directors shall comply with the laws, administrative regulations and the Articles of Association and bear the following fiduciary obligations towards the Company:

- (I) Shall not make use of powers to accept bribes or other illegal income or encroach upon the Company's assets;
- (II) Shall not misappropriate the Company's funds;
- (III) Shall not deposit the Company's assets or funds into an account opened in his own name or the name of another individual;
- (IV) Shall not violate the provisions of the Articles of Association in providing a loan to others using the Company's funds or providing guarantee for others using the Company's assets without the consent of a shareholders' general meeting or the board of directors;
- (V) Shall not enter into a contract or transaction with the Company which violates the provisions of the Articles of Association or without the consent of a shareholders' general meeting;
- (VI) Shall not make use of powers to seek business opportunities which rightfully belong to the Company for himself/herself or others without the consent of a shareholders' general meeting, or engage in the same type of businesses as the Company on his own or for others;
- (VII) Shall not pocket commissions of transactions with the Company;
- (VIII) Shall not disclose Company secrets without authorization;
- (IX) Shall not make use of their relationships to compromise the interests of the Company;
- (X) Any other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Income derived by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

**Article 98** Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following duty of diligence towards the Company:

- (I) Exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;
- (II) Treat all shareholders fairly;
- (III) Get a timely grasp of the status of the Company's business and management;
- (IV) Issue a written confirmation the securities issue documents and regular reports of the Company to ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a director cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The director may directly apply for disclosure if the Company fails to do so;
- (V) Provide the relevant information and materials to the board of supervisors truthfully, and shall not hinder exercise of powers by the board of supervisors or the supervisors;
- (VI) Fulfill duties prudently according to the business decision-making principles during the business activities and defend interests of the Company and all shareholders with all efforts;
- (VII) Any other duty of diligence stipulated by 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 99** A director who fails to attend two consecutive meetings of the board of directors in person or by proxy shall be deemed to be unable to perform his/her duties. The board of directors shall propose to the shareholders' general meeting to remove such director.

**Article 100** A director may resign before expiry of his/her term of office, subject to submission of a written resignation report to the board of directors. The board of directors shall make disclosure of relevant information within 2 days. The independent director should resign by submitting a written resignation report to the board of directors which contains explanation on any matter relevant to his/her resignation or matter that is necessary to be brought to the attention of shareholders and creditors of the Company. The Company shall disclose the reasons for the resignation of independent directors and the matters of concern.

Where the number of members of the board of directors falls below the quorum due to the resignation of any director, or the number of independent directors in the board of directors or special committees falls below the statutory percentage due to the resignation of independent directors or absence of accounting professionals in the independent directors, or where the composition of the board of directors or a special committee fails to meet the requirements of laws and regulations or the listing rules of the place where the Company's shares are listed due to the resignation of any directors, the resignation report of such director shall not take effect until the successor fills the vacancy arising from his/her resignation. In the above circumstances, the original director shall, before the newly-elected director assumes his post, carry out duties as a director in accordance with the laws,

administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and the Articles of Association. The Company shall complete its by-election within 60 days from the date of occurrence of the above facts relating to the independent directors.

Except for the circumstances specified in the preceding paragraph, the resignation of a director shall become effective when the resignation report is delivered to the board of directors.

**Article 101** When a director's resignation takes effect or his/her term of office expires, he/she shall duly complete all handover procedures with the board of directors. His/her fiduciary duties towards the Company and shareholders do not necessarily cease after the expiry of his/her term of office. His/her obligation to keep the trade secrets of the Company confidential shall remain effective after the expiry of his/her term of office until such secrets become publicly available information. Other duties may continue for such period as fairness may require depending on the time lapse between the act concerned and the termination as well as the circumstances and terms under which his/her relationships with the Company has been terminated.

Any director whose term of office has not expired shall be liable for compensation for any loss caused to the Company as a result of his/her unauthorised resignation.

If a director cannot resign due to his unfinished duties to the Company or the unfinished audit, he/she shall bear liabilities to compensate for the losses caused by his/her unauthorized absence to the Company.

**Article 102** No director shall act on behalf of the Company or the board of directors in his/ her personal capacity, unless specified under the Articles of Association or legally authorized by the board of directors. When a director acts in his/her personal capacity and a third party may reasonably believe that such director is acting on behalf of the Company or the board of directors, such director shall declare his/her position and capacity in advance.

**Article 103** If the Company suffers any losses due to the exercise of the duties by a director in violation of laws, administrative regulations, departmental rules or the Articles of Association, such director shall be liable for compensation.

**Article 104** Independent directors shall be executed in accordance with the relevant provisions of laws, administrative regulations, the CSRC and the stock exchanges.

If there is a conflict between shareholders or directors of the Company that has a material impact on the operation and management of the company, the independent directors shall actively perform their duties to safeguard the overall interests of the Company.

## **Section 2 Board of Directors**

**Article 105** The Company shall have a board of directors, which shall be accountable to the shareholders' general meeting.

**Article 106** The board of directors shall comprise 8 directors, and the number of independent non-executive directors shall account for more than 1/3 of the total and shall not be less than three, and shall include at least one accounting professional.

**Article 107** The board of directors shall exercise the following powers:

- (I) Convene shareholders' general meetings, and submit work reports to shareholders' general meetings;
- (II) Implement the resolutions of shareholders' general meetings;
- (III) Decide on the Company's business plans and investment schemes;
- (IV) Formulate the Company's annual budgets and final accounts;
- (V) Formulate the Company's profit distribution plan and loss offset plan;
- (VI) Formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
- (VII) Formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change of Company form;
- (VIII) Review and approve related party transactions with transaction amount accounting for over 0.5% of the absolute value of the Company's audited net assets of the latest period;
- (IX) Review and approve the matters of purchase and sale of major assets conducted within the preceding 12 consecutive months, the amount of which accounts for over 2% and below 30% of the Company's audited net assets of the latest period;
- (X) Review and approve major transaction matters of investment of the Company to other entities (including setting the holding subsidiary of the Company, joint-stock Company, and additional investment towards the holding subsidiary, joint-stock Company, cooperative enterprise and associated enterprise), rent or lease of assets, signing management contract (including entrusting business operation, entrusted business operation, etc.), entrusted wealth management, financial subsidy, the amount of which reaches the following standards:
  - 1 . The total assets involved in the transaction account for over 2% and below 50% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;
  - 2 . The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts for over 2% and below 50% of the Company's audited operating income in the most recent fiscal year with the absolute amount of more than RMB30 million;
  - 3 . The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts for over 2% and below 50% of the Company's audited net profit in the most recent fiscal year with the absolute amount of more than RMB1 million;

- 4 . The transaction amount (including commitment debts and expenses) accounts for over 2% and below 50% of audited net assets of the Company of the latest period with the absolute amount of more than RMB30 million;
- 5 . The profit generated by the transaction accounts for over 2% and below 50% of the audited net profit of the Company in the most recent fiscal year with the absolute amount of more than RMB1 million;
- 6 . Where the net assets involved in the subject of transaction (such as equity) account for over 2% and below 50% of the latest audited net assets of the Company with the absolute amount of more than RMB30 million, and where the net assets involved in the transaction have both book value and appraised value, whichever is higher shall be applicable.

Provided however that, where the aforesaid transactions are in the nature of financial subsidy, whatever the absolute amount is, it shall be submitted to the board of directors for review as required by this regulation;

- (XI) Review and approve matters of external guarantees, mortgage of assets, financial derivatives (including foreign exchange hedging), investment and so forth which are out of authorization range of shareholders' general meeting; Within the scope authorized by the shareholders' general meeting, decide on the Company's external investment, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted financial management, related party transactions, external donations, etc.;
- (XII) Decide on setting up of working institution of board of directors and the Company's internal management organizations accordingly;
- (XIII) Decide on appointment or dismissal of the Company's president (general manager) and the board secretary, head of the audit department, representative of the securities affairs; decide on the appointment or dismissal of senior management such as chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth based on nomination by the president (general manager), and decide on their remuneration and incentives and penalties;
- (XIV) Formulate the Company's basic management rules;
- (XV) Formulate plans for amendment of the Articles of Association;
- (XVI) Manage information disclosure by the Company;
- (XVII) Propose to a shareholders' general meeting on appointment or replacement of accounting firm which conducts audit for the Company;
- (XVIII) Listen to the work reports of the president (general manager) of the Company and inspect the president (general manager)'s work performance;
- (XIX) Where any controlling shareholder or actual controller of the Company encroaches upon Company's assets or capitals, the board of directors shall apply for judiciary freeze of shares of the

controlling shareholder according to laws and pay back Company's assets or capitals encroached on by the controlling shareholder by selling off Company shares of the controlling shareholder;

- (XX) Pass resolutions on the Company's acquisition of its own shares under the circumstances specified in items (III), (V) and (VI) of Article 24 of the Articles of Association;
- (XXI) In charge of constructing the company strategy and enterprise culture and other powers authorized by provisions of laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Matters that exceed the scope authorized by the shareholders' general meeting shall be submitted to the shareholders' general meeting for deliberation.

Material matters of the Company shall be subject to the group decision-making of the board of directors. Where the chairman of the Board is authorized by the board of directors to exercise part of its powers during the intersessional period, the principles and specific contents of the authority shall be clearly stated. Any statutory power that is required to be exercised by the board of directors shall not be exercised by the chairman of the Board or president (general manager) on its behalf through authorization.

The following matters shall be submitted to the board of directors for consideration after being approved by more than half of all independent directors of the Company:

- (I) Related party transactions that shall be disclosed;
- (II) Plans for the Company and related parties to change or waive commitments;
- (III) Decisions made and measures taken by the board of directors of the company to be acquired in relation to acquisition;
- (IV) Other matters as stipulated by the laws, administrative regulations, regulations of the CSRC, the listing rules of the place where the Company's shares are listed and the Articles of Association.

**Article 108** The board of directors of the Company shall ensure the timely disclosure of periodic reports. If the resolution of the board of directors for review of the regular report cannot be formed for any reason, the Company shall disclose the relevant information in the form of an announcement of the board of directors to explain the reasons for the failure to form the board of directors' resolution and the existing risks.

The board of directors of the Company shall provide explanations to the shareholders' general meeting about the qualified opinions raised by certified public accountants with regard to the Company's financial reports.

**Article 109** The board of directors shall formulate rules of procedure for the board of directors to ensure the implementation of resolutions of the shareholders' general meetings, improve work efficiency and ensure that the decision-making process is conducted in a scientific manner.

**Article 110** The board of directors shall formulate the authorizations on the Company's external investment, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted financial management, related party transactions, external donations, etc., and put in place strict examination and

decision-making procedures; major investment projects shall be assessed by relevant experts and professionals, and investment projects beyond the limits of authority of the board of directors shall be proposed to the shareholders' general meeting for approval.

When the Company makes external equity investment, it shall carefully select, appoint or recommend directors, supervisors and senior management in accordance with the provisions of the Company Law, and the personnel who accept the appointment or recommendation shall be loyal to the Company, and safeguard the interests of the Company when performing their duties. Important matters shall be submitted to the Company in advance in accordance with the procedures, and the functions shall be performed in strict accordance with the Company's approval opinions.

**Article 111** The board of directors shall appoint a chairman and a deputy chairman. The deputy chairman shall assist the chairman in work. The chairman and deputy chairman shall be elected by a simple majority of directors.

The Company shall adopt a lead independent director system. The lead independent director shall be elected by more than 1/2 of the independent directors and in charge of coordinating actions of the independent directors and communicating and coordinating with non-independent directors and senior management of the Company on behalf of the independent directors. Official powers of the lead independent director shall be stipulated in the Working System for Independent Directors.

**Article 112** The chairman of the board of directors shall exercise the following powers and implement the following major obligations:

- (I) Chair shareholders' general meetings, convene and chair board meetings and urge the directors to attend the meeting of board of directors personally;
- (II) Actively promote formulation and improvement of each interior system of the Company, strengthen construction of the board of directors, promote legal governance of the Company, urge and inspect execution of the resolutions made by the board of directors and inform other directors of relevant information in time;
- (III) Get a timely grasp of execution of resolutions made by the board of directors from the president (general manager) and other senior management and key executors;
- (IV) Guarantee all directors and board secretary's rights to know, create a nice working environment for them to fulfill their powers; and do not pull back their fulfillment of powers in any way;
- (V) Chairman of the board of directors shall immediately urge the board secretary to fulfill his obligations for information disclosure in time after receiving report of significant matters of the Company;
- (VI) Sign important documents of the board of directors;
- (VII) In the event that force majeure such as extraordinarily serious natural calamities happens, the chairman of the board of directors shall implement special disposition right on the Company's matters in accordance with laws and regulations as well as in conformity with the Company's

interests, and report to the board of directors and on the shareholders' general meeting;

- (VIII) Review and approve on related party transactions with the affiliated person of which transaction amount is no more than 0.5% of the absolute value of audited net assets of the Company of the latest period;
- (IX) Review and approve the matters of purchase and sale of assets, conducted within the preceding 12 consecutive months, the total amount of which is less than 2% of the audited total assets of the Company of the latest period;
- (X) Review and approve transaction matters of investment of the Company to other entities (including setting a subsidiary of the Company, joint-stock Company, and making additional investment towards the subsidiary, joint-stock Company, cooperative enterprise and associated enterprise), purchase or sales of assets, rent or lease of assets, signing management contract (including entrusting business operation, entrusted business operation, etc.), the amount of which reaches the following standards:
- 1 . The total assets involved in the transaction account for less than 2% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;
  - 2 . The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts, the amount of which is less than 2% of the Company's audited operating income in the most recent fiscal year, or the absolute amount of which is less than RMB30 million;
  - 3 . The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts, the amount of which is less than 2% of the Company's audited net profit in the most recent fiscal year, or the absolute amount of which is less than RMB1 million;
  - 4 . The transaction amount (including the incurred debts and expenses) accounts for less than 2% of audited net assets of the Company of the latest period, or the absolute amount of which is less than RMB30 million;
  - 5 . The profit generated by the transaction accounts for less than 2% of the audited net profit of the Company in the most recent fiscal year, or the absolute amount of which is less than RMB1 million.
  - 6 . Where the net assets involved in the subject of transaction (such as equity) account for less than 2% of the latest audited net assets of the Company or the absolute amount of which is less than RMB30 million, and where the net assets involved in the transaction have both book value and appraised value, whichever is higher shall be applicable.
- (XI) Decide on the candidates to be appointed or recommended as directors, supervisors or Senior management of subsidiaries and investees of the Company;
- (XII) Other powers and other obligations as authorized by the board of directors.

**Article 113** The board of directors shall set up special committees including audit and risk management committee, strategy and investment committee, salary and assessment committee, nomination and governance committee, ESG and sustainable development committee and formulate implementation rules for major responsibilities, resolution procedure and rules of procedure of each specialized committee, etc. Working rules of each specialized committee shall be revised and explained by the board of directors. The special committees shall be accountable to the board of directors and fulfill duties as specified in the Articles of Association and as authorized by the Board, and proposals of the committees shall be submitted to the board of directors for examination and decision. The board of directors shall be responsible for formulating the procedures governing the work of the special committees and regulate their operations.

The Company shall convene a meeting, i.e., the special meeting of independent directors, which shall be attended by all independent directors on a regular or irregular basis. The special meeting of independent directors operates in accordance with the working rules for independent directors established by the Company.

**Article 114** The Audit and Risk Committee shall comprise three independent non-executive directors, at least one of whom shall have the appropriate professional qualifications as required by the Hong Kong Listing Rules, or have the appropriate accounting professional ability or related financial management expertise, and the convener shall be the accounting professional. The main duties of the Committee are:

- (I) to supervise and evaluate the work of external auditors and propose the appointment or replacement of external auditors;
- (II) to supervise and evaluate the internal audit work, and supervise the Company's internal audit system and its implementation;
- (III) to be responsible for the communication and coordination between the Company's internal and external auditors;
- (IV) to review the Company's financial reports and information disclosure, and evaluate the risks that may exist or arise;
- (V) to supervise and evaluate the Company's internal control, supervise the effectiveness and compliance of the Company's operations, and review major related party transactions;
- (VI) to study and make recommendations on the establishment of risk management and control system of the Company, monitor the implementation of relevant risk management and internal control system, and review the risk management and control system on a regular basis;
- (VII) to study and make suggestions on the judgement criteria or mechanism of the Company's major decisions, major risks, major events and important business processes;
- (VIII) other matters required or authorised by laws, regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

The above responsibilities will be further detailed in the Terms of Reference of the Audit and Risk

Committee according to the actual needs of the Company.

**Article 115** The Strategy and Investment Committee shall consist of five directors, including at least two independent non-executive directors. The convener shall be an independent non-executive director, who shall be responsible for convening and presiding over the meetings of the Committee. The main duties of the Committee are:

- (I) to study and make recommendations on the Company's medium and long-term development plan, business objectives, industrial development direction and layout;
- (II) to study and make recommendations on the business strategies of the Company, including but not limited to product strategy, market strategy, marketing strategy, research and development strategy and talent strategy;
- (III) to study and make recommendations on major investment and financing plans which are required to be approved by the board of directors or the shareholders' general meeting in accordance with the Articles of Association;
- (IV) to study and make recommendations on major capital operation and asset management projects which are required to be approved by the board of directors or the shareholders' general meeting in accordance with the Articles of Association;
- (V) to study and make recommendations on other major matters affecting the development strategy of the Company;
- (VI) to track and inspect the implementation of the preceding paragraph;
- (VII) other matters required or authorised by laws, regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

The above duties will be further detailed in the Terms of Reference of the Strategy and Investment Committee according to the actual needs of the Company.

**Article 116** The Remuneration and Appraisal Committee shall comprise three directors, including two independent non-executive directors, and the convener shall be an independent non-executive director. The main duties of the Committee are:

- (I) to review the duties and responsibilities of senior management;
- (II) to review the performance appraisal system and performance appraisal indicators of the senior management, and to review and approve the remuneration proposals of the management;
- (III) to review the remuneration system, policy and structure, remuneration standards and assessment objectives of directors and senior management;
- (IV) to review the remuneration packages and long-term incentive plans for directors and senior management and make recommendations to the board of directors;

- (V) to review the qualifications, granting conditions and exercise conditions of the proposed long-term incentive scheme participants, and to review the qualifications, granting conditions and exercise conditions of the granted long-term incentive scheme participants;
- (VI) to supervise the implementation of the Company's remuneration system;
- (VII) to review the performance of duties by the directors and senior management of the Company and conduct annual performance appraisal for them;
- (VIII) other matters required or authorised by laws, regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

The above duties will be further detailed in the Terms of Reference of the Remuneration and Appraisal Committee based on the actual needs of the Company.

**Article 117** The Nomination and Governance Committee shall comprise three directors, including two independent non-executive directors, and the convener shall be an independent non-executive director. The main duties of the Committee are:

- (I) to make recommendations to the board of directors on the size and composition of the board of directors, senior management and other key personnel of the Company based on the Company's operating activities, asset scale and shareholding structure;
- (II) to study, and make recommendations to the board of directors on, the selection criteria and procedures for directors, senior management and other key personnel of the Company;
- (III) to extensively search for qualified candidates for directors and senior management when necessary and make recommendations to the board of directors;
- (IV) to review the candidates for directors and senior management of the Company who should be proposed to the board of directors for appointment and make recommendations on nomination;
- (V) to make recommendations to the current session of the board of directors on the candidates for the next session of board of directors at the general election of the board of directors;
- (VI) to review the independence of the proposed independent director candidates;
- (VII) to evaluate the performance of duties by directors and senior management and, if necessary, to provide opinions or suggestions on the change of directors or senior management based on the evaluation results;
- (VIII) to study, improve or pre-examine the principles, structures, systems and processes of corporate governance and the establishment or adjustment of basic management institutions, and to put forward specific work suggestions and opinions for consideration by the board of directors;
- (IX) to supervise the corporate governance, review the Articles of Association, the relevant governance rules, the terms of reference of each special committee, the quality of meetings of the board of

directors, special committees and independent directors and the implementation of the diversity policy of the composition of the board of directors from time to time, and make recommendations to the board of directors on the adoption or amendment of the Articles of Association, the governance rules and the rules of procedure, and the establishment, improvement or cancellation of other special committees;

- (X) other matters required or authorised by laws, regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

The above duties will be further detailed in the Terms of Reference of the Nomination and Governance Committee according to the actual needs of the Company. Each special committee shall be accountable to the board of directors, and proposals of each special committee shall be submitted to the board of directors for review and approval. Each special committee may engage intermediaries to provide professional advice at the expense of the Company.

**Article 118** In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman; in the event that the vice chairman is incapable of performing or not performing the duties, a director nominated by more than half of the directors shall perform the duties.

**Article 119** The board of directors shall convene at least four regular meetings every year, convened by the chairman of board of directors. The chairman shall convene the board meetings and issue a written notice to all the directors and supervisors 14 days before the meeting is held. Meeting agenda and relevant meeting files shall be sent to all directors and supervisors three (3) days before the holding of the meeting.

**Article 120** Chairman of board of directors, shareholders who hold 1/10 or more of the voting rights, one-third or more of the directors, more than half of the independent directors or the board of supervisors may requisition for an interim board meeting. The chairman of board of directors shall convene and chair a board meeting within 10 days from receipt of the requisition.

**Article 121** The notice on convening a provisional board meeting shall be delivered by telephone, facsimile or personal delivery, and shall be served and sent no less than 48 hours prior to the convening of the provisional board meeting. In case of emergency where a provisional board meeting is required to be convened as soon as possible, upon the proposal of the chairman and with the consent of all directors, notice of the meeting may be given by telephone or other oral means at any time, but not subject to the aforesaid time restriction, provided that explanations shall be made at the meeting or in the meeting materials.

**Article 122** If two or more independent directors consider that the meeting materials are incomplete, the argumentation is insufficient or not provided in a timely manner, they may jointly propose in writing to the board of directors to postpone the convening of the meeting or the consideration of the matter, and the board of directors shall adopt the proposal, and the Company shall disclose the relevant information in a timely manner.

**Article 123** The notice of board meeting shall include the following:

- (I) time and place of the meeting;

- (II) duration of the meeting;
- (III) reasons and issues of discussion;
- (IV) date on which the notice is given.

A verbal notice of meeting shall at least include items (I) and (II) above, and an explanation of the circumstances under which a provisional board meeting is required to be convened as soon as possible.

**Article 124** The quorum of a board meeting shall be a simple majority of the directors. Unless otherwise provided in the Articles of Association, board resolutions shall be passed by a simple majority of all the directors.

When the board of directors resolves on financial assistance as well as guarantees, the above shall be approved by more than 2/3 of directors on the board meeting as well as more than 2/3 of the independent directors.

One person one vote shall apply to voting for board resolutions.

**Article 125** A director who is related to an enterprise involved in a board resolution shall abstain from voting for the board resolution and shall not represent another director in exercise of voting rights. The board meeting may be held with the quorum of a simple majority of unrelated directors, and resolutions passed by the board meeting shall require a simple majority of votes of unrelated directors. Where the number of unrelated directors present at the board meeting is less than three, the said matter shall be tabled at a shareholders' general meeting for deliberation.

**Article 126** Resolutions of the board of directors shall be voted by a show of hands, open ballot, communication voting and other means permitted by laws and regulations.

Provisional board meetings may be held by means of communication such as fax provided that directors can fully express their opinions, and directors attending the meetings shall sign on the resolutions.

**Article 127** Meetings of the board of directors shall be attended by the directors in person. If a director is unable to attend the meeting for any reason, he/she may authorise in writing another director to attend the meeting on his/her behalf. The power of attorney shall specify the name of the proxy, the matters to be authorised, the scope and term of authorization, and shall bear the signature or seal of the principal. The directors who attend the meeting on behalf of another director shall exercise the rights as directors within the scope of authorization. Independent directors shall not appoint non-independent directors to vote on their behalf. If a director fails to attend a board meeting and does not appoint a proxy to attend on his/her behalf, he/she shall be deemed to have waived his/her voting rights at such meeting.

One director shall not accept appointment by more than two directors to attend one board meeting on his/her behalf. When considering connected transactions, non-connected directors shall not appoint connected directors to attend the meeting on their behalf, and independent directors shall not appoint non-independent directors to attend the meeting on their behalf.

In the event that voting is involved, the principal shall express its opinions of consent, objection

or abstention on each matter in the proxy form. The directors shall not make or accept any appointment without voting intention or with full authority or with unclear scope of authorization. Directors' liability in respect of matters to be resolved shall not be waived by the appointment of other directors.

**Article 128** The board of directors shall keep minutes of its decisions on the matters discussed at the meeting. The attending directors, the secretary to the board of directors and the recorder shall sign on the minutes.

The minutes of the board meetings shall be kept as company files for no less than 10 years.

**Article 129** Minutes of a board meeting shall include the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the directors present at the meeting and the names of the directors (proxies) appointed by others to attend the meeting;
- (III) agenda of the meeting;
- (IV) summaries of the speeches of directors;
- (V) the voting methods and results of each resolution (the voting results shall specify the number of votes for, against or abstention).

## **Chapter 6 President (General Manager) and Other Senior Management**

**Article 130** The Company shall establish the position of a president (general manager) to be nominated by the Nomination and Governance Committee of the board of directors, appointed or terminated by the board of directors. Chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth are based on nomination by the president (general manager), appointment and dismissal of the board of directors.

Senior management of the Company include president (general manager), chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and board secretary.

**Article 131** The circumstances under which the personnel cannot take position of a director as specified in Article 95 of the Articles of Association apply to senior management as well.

The fiduciary obligations stipulated in Article 97 and the diligence obligations stipulated in items (IV) to (VI) of Article 98 of the Articles of Association shall also apply to senior management. Apart from such obligations, the president (general manager) as well as other senior management shall perform the following obligations:

- (I) Highlight and introduce motions for the board of directors to resolve;
- (II) Cooperate with the board of supervisors and independent directors to work;
- (III) Senior management shall sign on the securities issue documents and regular reports of the Company for written confirmation in order to ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a senior management cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The senior management may directly apply for disclosure if the Company fails to do so.

**Article 132** Persons who hold positions other than director, supervisor or other executive offices in the Company's controlling shareholder shall not act as the Company's senior management. The senior management of the controlling shareholder concurrently holding the office of the director or supervisor of the Company shall ensure that they have sufficient time and efforts to fulfill their duties with the Company. The senior management of the Company shall only receive their salaries from the Company, which shall not be paid by the controlling shareholder instead.

**Article 133** The tenure of a president (general manager) shall be three years, renewable upon re-appointment.

**Article 134** The president (general manager) shall be accountable to the board of directors and shall exercise the following powers:

- (I) Preside over the Company's production and business management, organize implementation of board resolutions, and report to the board of directors on his work;
- (II) Organize implementation of the Company's annual business plans and investment plans;
- (III) Formulate the Company's plans for establishment of internal management organizations;
- (IV) Formulate the Company's basic management rules;
- (V) Formulate the Company's specific rules and regulations;
- (VI) Review and approve daily business contract of the Company (except matters that shall be approved by the shareholders' general meeting, board meeting and chairman of board of directors as stipulated above);
- (VII) Propose to the board of directors on appointment or termination of the Company's chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager);
- (VIII) Decide on appointment or termination of management personnel other than those whose appointment or termination is decided by the board of directors;
- (IX) Other powers conferred by the Articles of Association or the board of directors.

The president (general manager) shall be present at board meetings.

**Article 135** The president (general manager) shall formulate detailed working rules and submit the same to the board of directors for approval before its implementation.

**Article 136** The detailed working rules for the president (general manager) shall include the following:

- (I) the requirements, procedures for convening and attendees of the meeting of the president (general manager);
- (II) specific duties and roles of each of the president (general manager) and other members of the senior management;
- (III) the usage of the Company's funds and assets, the limits of his/her authority to enter into material contracts, and the mechanism of reporting to the board of directors and the board of supervisors;
- (IV) other matters as the board of directors shall deemed necessary.

**Article 137** The president (general manager) may resign before the expiry of his/her term of office. The detailed procedures and measures for the resignation of the president (general manager) shall be agreed in the service contract entered into between the president (general manager) and the Company.

**Article 138** Senior management such as the Company's chief financial officer (person-in-charge

of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth shall be appointed or dismissed by the president (general manager) proposing to the board of directors, and assist the president (general manager) in work.

**Article 139** The Company shall appoint a board secretary who is a senior management of the Company and shall be nominated by the chairman of the board and appointed and dismissed by the board of directors. The board secretary is responsible for preparation of the Company's shareholders' general meetings and board meetings, safekeeping of documents and administration of information of the Company's shareholders, handling information disclosure matters and investment relationship and dealing with other matters as stipulated by relevant laws and regulations and stock exchanges etc.

As a senior management of the Company, the secretary to the board of directors shall be entitled to attend relevant meetings, review relevant documents and keep himself/herself abreast of the financial and operation conditions of the Company in order to perform his/her duties. The board of directors and other members of the senior management shall support the work of the secretary to the board of directors. No institution or individual should interfere with the normal performance of duties by the secretary to the board of directors.

The board secretary shall comply with the relevant provisions of 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 140** Senior management personnel who violate the provisions of laws, administrative regulations, departmental rules or the Articles of Association in execution of Company duties and cause the Company to suffer losses shall be liable for compensation.

**Article 141** The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the Company's senior management cause damage to the interests of the Company and public shareholders due to the failure to faithfully perform their duties or breach of fiduciary obligations, they shall be liable for compensation in accordance with relevant laws.

## Chapter 7 Board of Supervisors

### Section 1 Supervisors

**Article 142** The circumstances under which the personnel cannot take position of a director as specified in Article 95 of the Articles of Association apply to supervisors as well. Directors, president (general manager) and other senior management of the Company shall not act as supervisor concurrently. The spouses and immediate family members of the directors and senior management of the Company shall not serve as supervisors of the Company during the term of office of the directors and senior management of the Company.

**Article 143** Supervisors shall comply with laws, administrative regulations and the Articles of Association, and bear fiduciary obligations and diligence obligations towards the Company, shall not make use of powers to accept bribes or other illegal income, and shall not encroach upon the Company's assets.

**Article 144** The tenure of a supervisor shall be three years, renewable upon re-appointment.

**Article 145** Where the re-election of supervisors is not held in time after the term of office of the existing supervisors has expired, or where the number of members of the board of supervisors falls below the quorum due to the resignation of any supervisor during his/her term of office, the original supervisor shall, before the newly-elected supervisor assumes his/her post, carry out duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association.

**Article 146** The supervisors shall ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed, and sign written confirmation opinion on the periodic reports. Where a supervisor cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The supervisor may directly apply for disclosure if the Company fails to do so.

**Article 147** The supervisors can present at board meetings and make inquiries or proposals pertaining to board resolutions.

**Article 148** The supervisors shall not make use of their relationships to harm the interests of the Company; where the Company suffers losses thereto, the supervisors shall be liable for compensation. The Company shall take effective measures to protect the supervisors' right to know and provide necessary assistance for the supervisors to perform their duties, and no one shall interfere with or obstruct it.

**Article 149** The supervisors who violate the provisions of laws, administrative regulations, departmental rules or the Articles of Association in performing duties and cause the Company to suffer losses shall be liable for compensation.

## Section 2 Board of Supervisors

**Article 150** The Company shall establish a board of supervisors. The board of supervisors shall comprise 3 supervisors with a chairman. The chairman shall be elected by more than half of the members of the board of supervisors.

The chairman of the board of supervisors shall convene and chair meetings of the board of supervisors; where the chairman of the board of supervisors is unable to perform his duties or does not perform his duties, a supervisor shall be elected by a simple majority of the supervisors to convene and chair meetings of the board of supervisors.

The board of supervisors shall include shareholder representatives, external supervisors and an appropriate percentage of employee representatives, out of which, the ratio of employee representatives shall not be less than one-third. External supervisors in the board of supervisors refer to supervisors that are appointed as supervisors other than shareholder representatives and internal supervisors. The shareholder representatives shall be nominated from shareholders who hold 3% or more of the Company's shares individually or in aggregate; external supervisors shall be nominated on the board of supervisors, elected or replaced by shareholders' general meeting; and employee representative supervisors shall be elected on the employee representative congress or employee congress or in any other democratic form.

**Article 151** The board of supervisors shall exercise the following powers:

- (I) Examine securities issuance documents and regular reports prepared by the board of directors and issue written examination opinions, which shall be confirmed in writing through signature of supervisors;
- (II) Inspect the financial affairs of the Company:
  - 1 . Review the Company's financial report and financial statement; review quarterly, interim and year-end financial reports of the Company upon veracity, accuracy and integrity principles; and the Company shall submit one copy to the board of supervisors within 10 days after the financial report is available.
  - 2 . Review financial position of the Company at any time, check financial accounting materials and other files related to the Company's finance, and ask for relevant files and data;
  - 3 . Check development of financial management of the Company, and verify veracity and legality of financial accounting report of the Company.
- (III) To supervise the actions of the directors and senior management of performing the corporate functions, and to present proposal to remove any directors and senior management who violate laws, regulations, the Articles of Association, or resolutions of shareholders' general meeting;
- (IV) When the acts of any director or senior management compromise the interests of the Company, the situation shall be timely reported to the board of directors and the board of supervisors, who ask the director or senior management to correct their deeds;

- (V) The independent directors shall be supervised on their duty performance, with full attention paid to whether they have sustained independence that is due, whether they have sufficient time and energy to effectively perform their duty, and whether in duty performance they are under improper influence of principal shareholders, real controllers, or non-independent directors, supervisors, or senior management of the Company;
- (VI) The special committees of the board of directors shall be supervised on their duty performance, with a view to check whether the members of the special committees of the board of directors perform duty according to their rules of procedure;
- (VII) Propose to hold extraordinary general meeting, and convene and chair shareholders' general meeting when the board of directors does not perform the duty of convening and chairing shareholders' general meeting as prescribed by the Company Law;
- (VIII) Make proposals to the shareholders' general meeting;
- (IX) File a lawsuit against the directors or senior management in accordance with the stipulations of Article 151 of the Company Law;
- (X) Key monitoring is made to assets quality of the Company and such economic deeds as financing, investment, guarantee, pledge, transfer, purchase, and merger in corporate operation which involve major sums, and investigation is made once abnormality is founded in corporate operation; if necessary, such special institutions as accountant firms and law firms may be hired to assist the work, with the fees borne by the Company;
- (XI) Other powers conferred by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 152** The board of supervisors shall meet at least once in every 6 months. A supervisor may propose an extraordinary meeting of the board of supervisors. The board of supervisors may request directors, senior management and internal and external auditors to be present at and answer questions at the meetings of the board of supervisors.

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

**Article 153** The board of supervisors shall formulate the rules of procedure for the board of supervisors and specify the discussion methods and voting procedures of the board of supervisors to ensure the work efficiency and scientific decision-making of the board of supervisors.

**Article 154** The board of supervisors shall cause minutes to be prepared on all resolutions adopted at the meeting and signed by the supervisors attending the meeting.

The supervisors have the right to require that there be description records on the meeting minutes of their speech on the meeting. The meeting minutes of the board of supervisors shall be preserved as the corporate file for at least 10 years.

**Article 155** The notice of meeting of the board of supervisors shall include the following:

- (I) the date, venue and duration of the meeting;
- (II) reasons and issues of discussion;
- (III) the date on which the notice is given.

## **Chapter 8 Financial and Accounting System, Profit Distribution and Audit**

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

**Article 156** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirement of relevant regulatory departments of the PRC.

**Article 157** Within 4 months from the closing date of an accounting year, the Company submits to the CSRC and the stock exchange on which the Shares of the Company are listed the annual report and makes disclosure, and within 2 months from the closing date of the first half of an accounting year submits to the sending bodies of the CSRC and the stock exchange on which the Shares of the Company are listed the interim report and makes disclosure.

The above-mentioned annual and interim reports are compiled in accordance with the stipulations of laws, regulations, CSRC and the stock exchanges.

**Article 158** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 159** When distributing the after-tax profits of a year, the Company shall set aside 10% of the profits to the statutory reserve of the Company, until that the total statutory reserve of the Company reaches over 50% of the registered capital of the Company.

In case that the statutory reserve of the Company is not enough to make up for the losses of previous years, before the statutory reserve is set aside according to the stipulation of the preceding paragraph, the profits of the current year shall be first used to make up the losses.

After statutory reserve is set aside from the after-tax profits, the Company, upon resolution of the shareholders' general meeting, can set aside surplus reserve from the after-tax profits.

The after-tax profits that are left over after loss making up and reserve extraction are distributed according to the share proportion of the shareholders, except where the Articles of Association stipulate that profits distribution is not conducted according to shareholding proportion.

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

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

**Article 160** The reserve of the Company is used to make up for the loss of the Company, expand the production and operation of the Company, or add to the corporate capital. But capital reserve shall not be used to make up for the loss of the Company.

When the statutory reserve is converted to capital, the retained reserve will not be less than 25% of

the registered capital of the Company before conversion.

**Article 161** Upon the resolution in relation to the profit distribution plan is made by the shareholders' general meeting of the Company, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months after the date of shareholders' general meeting.

**Article 162** Procedures for decision making on profit distribution by the Company:

(I) The Company shall fully listen to the opinions of the independent directors and minority shareholders with respect to the profit distribution proposal through multiple channels. The management of the Company shall make reasonable proposals on profit distribution based on, among other things, the size of share capital, profitability, investment arrangement, cash flows and returns to shareholders of Company. The board of directors shall formulate scientific and reasonable annual or interim profit distribution proposals after studying and discussing, among others, the timing, conditions as well as the minimum ratio, conditions for adjustments and the requirements of the procedures for decision making in respect of the cash dividend distribution of the Company.

The independent directors may collect opinions from minority shareholders and put forward a profit distribution proposal, which will be directly submitted to the board of directors for consideration. The Company shall communicate and exchange views with shareholders (especially minority shareholders) through investor information telephone and Internet and other methods, and promptly answer the questions which concern minority shareholders, besides sufficiently listening to the comments from shareholders on the shareholders' general meetings of the Company.

(II) The profit distribution plan, after consideration and approval by the board of directors, will be submitted to the shareholders' general meeting for consideration and approval, the shareholders' general meeting will vote on the profit distribution plan proposed by the board of directors in accordance with laws and regulations.

(III) The Company shall practically secure the right of public shareholders to attend the shareholders' general meeting; and the board of directors, independent directors and shareholders meeting certain conditions may solicit the right to vote at the shareholders' general meeting from shareholders of the Company. If the board of directors does not make a cash dividend proposal if there records a profit for the reporting period, the Company shall provide an internet voting platform to the shareholders when convening the shareholders' general meeting in addition to a physical meeting.

(IV) Adjustment procedures for profit distribution policy of the Company

The profit distribution policy of the Company shall be proposed by the board of directors to the shareholders' general meeting of the Company. During the formulation of the profit distribution policy, the board of directors shall fully discuss with the independent directors and form the profit distribution policy after considering the continuous, stable and scientific returns to the Shareholders. If it is necessary to adjust the Company's profit distribution policy, relevant procedures shall be performed in accordance with the laws and the Articles of Association.

The Company shall strictly implement the profit distribution policy stipulated in the Articles of Association, including cash dividend policy and the cash dividend proposal considered and approved at the shareholders' general meeting. Based on the macroeconomic changes, the Company's internal production and operation, investment plan and long-term development needs, if it is really necessary to adjust or change the cash dividend policy determined by the Articles of Association when implementing the profit distribution proposal, the board of directors should make detailed discussion, fully consider the opinions of minority shareholders, attach importance to the protection of investors' interests, seek opinions of independent directors, put forward the proposal on the adjustment of cash dividend distribution to the shareholders' general meeting, and explain in detail the reasons for revising and adjusting the cash dividend policy.

The adjustment of the cash dividend policy by the board of directors shall be approved by more than half of the board of directors, which shall be submitted to the shareholders' general meeting for consideration and shall be approved by more than 2/3 of the valid voting rights held by the shareholders present at the shareholders' general meeting.

Meanwhile, the adjusted cash dividend policy shall not violate the relevant regulations of the CSRC and the place where the Company's shares are listed.

- (V) The board of supervisors shall supervise the implementation of the Company's profit distribution policy by the board of directors and management and the planning and decision-making process of shareholders' return. When profit distribution plan has not been proposed for the profit for the year, it shall express its specific statements and opinions on relevant policies and implementation;
- (VI) In deciding upon and forming profit distribution plan, the board of directors shall in details record the suggestion of the management, the speech key points of the attending directors, and voting of the board of directors, and make them into written records to be preserved as the documents of the Company.
- (VII) After the profit distribution plan has been adopted at the shareholders' general meeting of the Company, the board of directors of the Company shall complete the dividend (or share) distribution within 2 months after the shareholders' general meeting.

**Article 163** The Company pursues a proactive profit distribution policy, and strictly conforms to the following stipulations:

- (I) Profit distribution principle: the Company pursues a sustainable and steady profit distribution policy, and in profit distribution of the Company the reasonable investment return of the investors shall be paid attention to, as well as the reasonable funds need of the Company, but profit distribution shall not exceed the scope of the accumulated profit total of the Company for distribution, not compromising the sustainable operation capacity of the Company.
- (II) Profit distribution form: the Company can use the forms of cash, stock, or cash-stock combination to distribute the share dividend. In distributing share dividend, the form of cash distribution shall be put in priority. The Company, if having cash dividend conditions, shall use cash dividend to distribute the profits.

(III) Generally, the Company distributes the profits according to accounting year, and when the cash dividend conditions are met, in principle the Company conduct cash dividend once a year, and can also do mid-term profits (cash) distribution according to the funds demand condition of the Company.

(IV) In distributing cash dividend, the Company shall meet the following conditions:

- 1 . The profits that can be distributed in the current year (namely the after-tax profit after the Company makes up for the loss and sets aside reserve) is positive value, the earning per share of the year is not below RMB0.1, cash flow is sufficient, and cash dividend will not affect the follow-up sustainable operation of the Company;
- 2 . The auditor produces auditing report without reserved opinions for the financial statement of the current year of the Company;
- 3 . The Company has no major investment plan or major cash outlay or other matters (except funds raising projects). Major investment plan or major cash outlay means: during the coming twelve months the Company's total outlay that is used for external investment, assets purchase, or equipment purchase reaches or exceeds 30% of the audited total assets of the Company for the latest period, and exceeds RMB50 million.

(V) Cash dividend proportion:

When the above-mentioned cash dividend conditions are met, the board of directors of the Company shall comprehensively consider the sector characteristics, its development phase, its operation mode, profit-making level, and whether there are major funds outlay arrangements, etc., and in pursuing the cash dividend policy the following stipulations shall be complied with:

1. Determination of the corporate development phase and the proportion of cash dividend.

(1) In case the corporate development phase is a mature one and there are no major funds outlay arrangements, in profit distribution the minimum proportion that the cash dividend takes shall reach 80%; (2) in case the corporate development phase is a mature one and there are major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 40%; (3) in case the corporate development phase is a growing one and there are major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 20%;

In case the corporate development phase is not distinguishable and there are major funds outlay arrangements, issues can be handled according to stipulation of the preceding paragraph.

In view of the fact that the current corporate development phase is a growing one and it is expected that there will be major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 20%.

The board of directors of the Company shall, according to the operation and

development conditions, timely modify the stipulation on the corporate development phase following the prescription of the preceding paragraph.

2. When the profit distribution conditions are met, the Company shall have at least one cash dividend distribution for a succession of three years, and the specific distribution proportion shall be set by the board of directors according to the operation conditions of the Company and related prescriptions of Chinese Securities Regulatory Commission, and decided upon the deliberation of the shareholders' general meeting;
3. The total profit distributed in cash form during the last three years shall not be less than 30% of the year-average profit that can be distributed during the latest three years.

Where the Company adopts a tender offer or the centralized bidding method to repurchase its shares using cash as consideration, the amount of shares repurchased in the current year shall be deemed as the amount of cash dividends to be paid and shall be included in the calculation of relevant proportions for the distribution of cash dividends for the year.

- (VI) When the Company is in sound operation, the board of directors decides that the share price of the Company does not match its the equity scale, there are such real and reasonable factors as the growing pattern of the Company and dilution of net asset value per share, issuing stock dividend is good to the overall interest of the shareholders of the Company, and under the conditions that the above-mentioned cash dividend stipulations are met, stock dividend distribution plan can be raised.
- (VII) In deciding upon and forming profit distribution plan, the board of directors shall in details record the suggestion of the management, the speech key points of the attending directors, the opinions of independent directors, and voting of the board of directors, and make them into written records to be preserved as the documents of the Company.
- (VIII) In case after comprehensively considering the major changes of exterior operation environment or its running conditions, the long-term development strategy of the Company and near-term investment return, the Company decides there is a need to adjust or change the cash dividend policies, the board of directors shall, starting from optimization of shareholder rights and interests and increasing of shareholder return, devise the specific programs of cash dividend, elaborate upon them in proposals of the shareholders meeting, perform related decision making procedures, and adopt them with more than 2/3 of the voting power of the shareholders attending the meeting.

**Article 164** The Company shall commission one or more collecting agents overseas to collect dividends derived from the securities listed on the stock exchange and other payable payments of the Company. The collecting agents shall hold such payments on behalf of the holders of securities, which shall be paid to such holders.

## **Section 2 Internal Audit**

**Article 165** The Company implements an internal audit system. It engages full-time audit personnel to supervise and conduct internal audit and supervision of the Company's financial revenue and expenditure and economic activities. The head of the audit department of the Company shall be a full-time employee and shall be nominated by the Audit and Risk Management Committee and appointed by the board of

directors.

**Article 166** The internal audit system and the responsibilities of the audit personnel of the Company shall take effect upon approval by the board of directors. The head of audit is accountable to and reports directly to the board of directors.

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

**Article 167** The Company engages accounting firms complying with the Securities Law to engage in businesses related with securities to audit financial statements, verify net assets and provide other related consulting services, etc. The term of appointment is one year, which starts from the ending of the annual general meeting of this year to the ending of the annual general meeting of the next year. The term is renewable.

**Article 168** The accounting firms commissioned by the Company shall be decided by the shareholders' general meeting and the board of directors shall not engage any accounting firm before the decision is made by the shareholders' general meeting.

**Article 169** The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any objection, omission or falsehood.

**Article 170** The auditing fee of the accounting firm shall be determined by the shareholders' general meeting.

**Article 171** In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the shareholders' general meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation.

An accounting firm proposing to resign shall state at a shareholders' general meeting whether the Company has committed any improper act.

## Chapter 9 Notice and Announcement

### Section 1 Notice

**Article 172** Subject to compliance with laws, administrative regulations and the listing rules of the stock exchange on which the shares of the Company are listed, a notice of the Company shall be made in the following forms:

- (I) Delivery by hand;
- (II) Mails;
- (III) By way of announcement on the stock exchange on which the shares of the Company are listed and the website of the Company;
- (IV) By facsimile or email;
- (V) By other means approved by the relevant regulatory authorities at the place where the shares of the Company are listed or as stipulated by the Articles of Association.

For the purpose of sending or making available of corporate communications (having the meaning ascribed to it under the Hong Kong Listing Rules, the same below) by the Company to the holders of H shares, and subject to compliance with the listing rules of the place where the Company's shares are listed as well as the relevant provisions of the securities regulatory authorities, the Company may select to issue its corporate communications in the form prescribed in item (III) above or in such other form as may be prescribed by the listing rules of the place where the Company's shares are listed and securities regulatory authorities in lieu of delivering such corporate communications to each holder of H shares by hand or by mail.

**Article 173** Where a notice is served by way of announcement, upon the publication of such announcement, all relevant persons shall be deemed to have received the notice.

**Article 174** Notice of shareholders' general meeting of the Company shall be served by announcement. Where it is otherwise provided by laws and regulations, the listing rules of the place where the Company's shares are listed and the securities regulatory authorities, such provisions shall prevail.

**Article 175** Notice of convening the meeting of the board of directors of the Company shall be served by personal delivery, post, email and fax.

**Article 176** Notice of convening the meeting of the board of supervisors of the Company shall be served by personal delivery, post, email and fax.

**Article 177** Where a Company notice is delivered by hand, the recipient shall sign (or seal) on the receipt of delivery and the day of delivery shall be the day of signature affixed by the recipient. Where a Company notice is mailed, the day of delivery shall be the third working day since the day when the notice is handed over to the post office. Where a Company notice is given via email, the date on which the email is sent shall be deemed as the date of delivery. However, the Company shall inform the recipient by telephone or other means of communication on the date on which the email is sent. Where a Company notice is announced, the day of delivery shall be the day when the first

announcement is published.

**Article 178** Where a meeting notice is not sent to a person who is entitled to receive such notice due to accidental omission or such person fails to receive the meeting notice, the meeting and the resolutions made on such meeting shall not be null and void therefore.

## **Section 2 Announcement**

**Article 179** The information disclosed by the Company according to law shall be published on the website of the SZSE, the website of CNINFO (<http://www.cninfo.com.cn>), the website of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>) and the media meeting the requirements specified by the securities regulatory authorities of the State Council, and shall make available the same for public inspection at the Company's domicile and the stock exchange.

Information disclosure obligators including controlling shareholders with shareholding reaching the prescribed proportion, De facto controller, acquirers and counterparties should disclose information in accordance with relevant regulations, cooperate with the information disclosure work of the Company, timely inform the Company of material matters including variation in control, change in interest and connected relationship between the Company and other entities and individuals and its changes, response to queries from the Company and to ensure that the information provided is true, accurate and complete.

**Article 180** Any announcement to be published to shareholders of the H shares as required by these Articles of Association shall be published by the methods prescribed by the Hong Kong Stock Exchange.

# Chapter 10 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation

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

**Article 181** A merger may be in the form of merger by absorption or merger by establishment of a new company.

In the case of merger by absorption, the company being absorbed shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the merger parties.

**Article 182** In the event of merger, the merger parties shall enter into a merger agreement, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days from passing of the resolution on merger, and make an announcement on the website of the SZSE, the website of CNINFO (<http://www.cninfo.com.cn>), the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the media meeting the requirements specified by the securities regulatory authorities of the State Council within 30 days. Creditors may require the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

**Article 183** Upon merger, the creditor's rights and debts of the merger parties shall be succeeded by the Company which subsists after the merger or the newly-established Company.

**Article 184** In the event of division, assets of the Company shall be divided correspondingly.

In the event of a division, a balance sheet and an inventory list for assets shall be prepared. The Company shall notify its creditors within 10 days from passing of the resolution on division, and make an announcement on the website of the SZSE, the website of CNINFO (<http://www.cninfo.com.cn>), the website of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>) and the media meeting the requirements specified by the securities regulatory authorities of the State Council within 30 days.

**Article 185** The divided companies shall bear joint and several liability for debts of the pre-division Company, except where the written agreement between the Company and its creditors on repayment of debts prior to the division stipulates otherwise.

**Article 186** A company which intends to reduce its registered capital shall formulate a balance sheet and an inventory list for assets.

The Company shall notify its creditors within 10 days from passing of the resolution on reduction of registered capital, and make an announcement on the website of the SZSE, the website of CNINFO (<http://www.cninfo.com.cn>), the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the media meeting the requirements specified by the securities regulatory authorities of the State Council within 30 days. Creditors have the right to require the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

The reduced registered capital of a Company shall not be lower than the minimum statutory amount.

**Article 187** Changes in particulars of the companies as a result of merger or division must be registered with the registration authorities in accordance with the laws. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the laws.

When increasing or reducing the registered capital, the Company shall register the changes with company registration authorities in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 188** A Company shall be dissolved in accordance with laws and regulations in case of any of the following circumstances:

- (I) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;
- (II) A shareholders' general meeting has resolved on dissolution of the Company;
- (III) As required by merger or division;
- (IV) The Company's business license is canceled pursuant to the law, or the Company is ordered to be closed down or revoked pursuant to the law;
- (V) When the Company has serious difficulties in its business management and its subsistence will cause serious damages to the interests of its shareholders, where the Company is unable to resolve the difficulties through any other means, the shareholders who hold 10% or more of the share voting rights of the Company may apply to a People's Court for dissolution of the Company.

**Article 189** Under the circumstances set out in item (I) of the Article 188, the Company may subsist through amendment of the Articles of Association.

Where amendments of the Articles of Association are made in accordance with the above paragraph, the amendments shall be passed by shareholders who hold more than 2/3 of the voting rights present at the shareholders' general meeting.

**Article 190** Where the Company is dissolved due to the provision of items (I), (II), (IV) and (V) of Article 188 of the Articles of Association, a liquidation team shall be set up and start liquidation within 15 days from the date of the occurrence of any trigger for dissolution. The liquidation team shall comprise directors or other people determined by shareholders' general meeting.

In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation team for liquidation.

**Article 191** The liquidation team shall exercise the following duties during the liquidation period:

- (I) To liquidate the Company's assets and prepare balance sheet and assets inventory;
- (II) To notify creditors and publish announcement;
- (III) To handle outstanding businesses related to liquidation;
- (IV) To settle all taxes in arrears and taxes arising in the course of liquidation;
- (V) To liquidate creditor's rights and debts;
- (VI) To dispose of the Company's surplus assets after the debts are paid off;
- (VII) To attend civil lawsuits on behalf of the Company.

**Article 192** The liquidation team shall, within 10 days from its establishment, notify the creditors, and make an announcement on the website of the SZSE, the website of CNINFO (<http://www.cninfo.com.cn>), the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the media meeting the requirements specified by the securities regulatory authorities of the State Council within 60 days. The creditors shall declare their creditor's rights to the liquidation team within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide proof materials. The liquidation team shall register the creditor's rights.

During the period for declaration of creditor's rights, the liquidation team shall not make repayment to creditors.

**Article 193** Upon sorting of the Company's assets and formulation of balance sheet and inventory list for assets, the liquidation team shall formulate a liquidation plan and submit it to the shareholders' general meeting or a People's Court for confirmation.

The Company's assets shall be used respectively for payment of liquidation expenses, employees' wages, social security premiums and statutory compensation, and payment of tax in arrears and the Company's debts; the residual assets thereafter shall be distributed in accordance with the shareholding percentage of the shareholders.

During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

**Article 194** Upon sorting of the Company's assets and formulation of balance sheet and inventory list of assets, where the liquidation team is aware that the Company's assets are inadequate for repayment of debts, the liquidation team shall apply with a People's Court for declaration of bankruptcy.

Upon declaration of the Company's bankruptcy pursuant to the ruling of a People's Court, the liquidation team shall hand over the liquidation matters to the People's Court.

**Article 195** Upon completion of liquidation, the liquidation team shall formulate a liquidation

report, report to the shareholders' general meeting or People's Court for confirmation, and report to the Company registration authority to apply for deregistration and announce the termination of the Company.

**Article 196** The members of the liquidation team shall devote themselves to their duties and fulfill their obligations of liquidation according to laws.

None of the members of the liquidation team may take any bribe or any other illegal proceeds by taking advantage of his/her position, nor may he/she misappropriate any of the properties of the Company.

Where any members of the liquidation team cause any loss to the Company or any creditor with intention or due to gross negligence, he/she shall be liable to make indemnification.

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

## Chapter 11 Amendment to Articles of Association

**Article 198** Under any of the following circumstances, the Company shall amend the Articles of Association:

- (I) Following revision of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;
- (II) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association; or
- (III) A shareholders' general meeting has decided on making amendments to the Articles of Association.

**Article 199** Where the approval from the competent authority is required for the amendments to the Articles of Association passed by the shareholders' general meetings, such amendments shall be submitted to the competent authority for approval; where an amendment to the Articles of Association involves the Company's registration particulars, change registration formalities shall be completed pursuant to the law.

**Article 200** The board of directors shall amend the Articles of Association pursuant to the resolution of the shareholders' general meeting on amendment of Articles of Association and the examination and approval opinion of the authorities in charge.

**Article 201** If any amendment to the Articles of Association contains information required to be disclosed by laws and regulations, an announcement shall be made pursuant to the provisions.

## Chapter 12 Supplementary Articles

### Article 202 Definitions

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

**Article 203** The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 204** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles and the articles of association in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered with the Administration for Market Regulation of Suining shall prevail.

**Article 205** The matters not covered herein shall be governed by the relevant laws and regulations, rules, normative documents and the listing rules of the place where the shares of the Company are listed (including but not limited to the Company Law, the Securities Law, the Trial Administrative Measures of Overseas Offering and Listing by Domestic Companies, the Articles Guidelines and the Hong Kong Listing Rules).

**Article 206** The term “above”, “within”, “following” or “not exceed”, as stated in the Articles of Association shall all include the given figure; the term “lower”, “more” or “exceed” shall all exclude the given figure.

Unless otherwise specified, the currency in the Articles of Association refers to Renminbi.

**Article 207** The board of directors shall be responsible for the interpretation of the Articles of Association.

**Article 208** Appendixes to the Articles of Association include the rules of procedure for general meetings, the rules of procedure for meetings of the board of directors and the rules of procedure for meetings of the board of supervisors.

Where the rules of procedure for general meetings, the rules of procedure for meetings of the board of directors and the rules of procedure for meetings of the board of supervisors conflicts with the Articles of Association, the Articles of Association shall prevail.

**Article 209** The Articles of Association shall take effect from the date of consideration and approval by the shareholders' general meeting of the Company.