

ESTUN AUTOMATION CO., LTD

Articles

(Applicable upon the Issuance and Listing of H Shares)

January 2026

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CHAPTER I GENERAL PROVISIONS

Article 1 In order to protect the legitimate rights and interests of ESTUN AUTOMATION CO., LTD (the “Company”), its shareholders, employees and creditors, and to regulate the organization and activities of the Company, the articles of association of the Company (the “Articles”) are formulated according to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant provisions.

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

The Company was established upon conversion from the predecessor Nanjing Estun Digital Technology Co., Ltd. (南京埃斯頓數字技術有限公司) (the “Estun Digital Technology”) as approved by the Circular No. NJGWZi [2011]60 (寧經管委外字[2011]60 號文) issued by the Management Committee of Nanjing Jiangning Economic and Technology Development Park. Registered with the Nanjing Administration for Industry and Commerce, the Company has obtained a business license with a unified social credit code of 91320100736056891U.

Article 3 On 27 February 2015, the Company was approved by the China Securities Regulatory Commission (the “CSRC”) to make an initial public offering of 30,000,000 RMB ordinary shares, which were listed on the Shenzhen Stock Exchange (the “SZSE”) on 20 March 2015.

On [•], the Company completed the filing with the CSRC. Upon approval by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the Company made its initial public offering of [•] overseas-listed foreign shares. The Company’s shares were officially listed on the Main Board of the Hong Kong Stock Exchange on [•].

Article 4 Chinese registered name of the Company: 南京埃斯頓自動化股份有限公司

English Name of the Company: ESTUN AUTOMATION CO., LTD

Article 5 The registered address of the Company: No. 1888 Jiyin Avenue (Jiangning Development Park), Jiangning District, Nanjing.

Postal code: 211106

Article 6 The registered capital of the Company is RMB[•].

Article 7 The Company is a joint-stock limited company with perpetual succession.

Article 8 The Chairman of the Board represents the Company in conducting business affairs and serves as its legal representative.

If the Chairman of the Board resigns, he/she shall be deemed to have resigned as the legal representative at the same time.

If the legal representative resigns, the Company shall appoint a new legal representative within 30 days from the date of such resignation.

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

The limitation on the functions and powers of the legal representative under the Articles or by general meetings shall not be asserted against a bona fide counterpart.

Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall bear civil liability for such damage. The Company may, after bearing such civil liability, seek indemnification from the legal representative at fault in accordance with laws or these Articles.

Article 10 A shareholder shall be liable for the Company in proportion to the shares it has subscribed from the Company, while the Company shall be liable for the debts of the Company with all its properties.

Article 11 Since the effective date of the Articles of the Company, such Articles will become legal documents to regulate the organization and behaviors of the Company, the rights and obligations of shareholders and the Company and their relationship between the Company and shareholders, or between shareholders, which will also have legal binding effects on the Company, its shareholders, directors, and senior management. Pursuant to the Articles, a shareholder may file a lawsuit against other shareholders, a shareholder may file a lawsuit against a director or executive of the Company, a shareholder may file a lawsuit against the Company, while the Company may file a lawsuit against a shareholder, director or executive.

Article 12 For the purpose of these Articles, other senior management refer to the general manager, deputy general manager, chief financial officer and the secretary to the Board of the Company.

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

CHAPTER II BUSINESS OBJECTIVES AND SCOPE

Article 14 The Company's business philosophy is to conduct corporate operation and management as a joint stock company according to the requirements for modern corporate governance supported by advanced management techniques. The Company continuously adopts globally advanced marketing strategies to expand sales, and develop new products to enhance market competitiveness. By leveraging capital markets to attract diverse funds, the Company manages to position itself as an internationally competitive enterprise, thereby maximizing returns for shareholders.

Article 15 As lawfully registered, the Company's business scope includes: production, development and servicing of various electrical-mechanical integrated products, automatic control, motion control, drive unit, computer applied software, servo hydraulic control and system integration; sale of self-made products; autonomous and proxy operation of the import and export of various goods and technologies. (For projects subject to statutory approval, operations thereof shall only be conducted after obtaining approval of competent authorities) General projects: manufacturing of industrial robots; research and development of intelligent robots; development of AI applied software; industrial Internet information service; manufacturing of electronic components (may autonomously engage in business activities with its business license, except for specific projects subject to approval by laws).

CHAPTER III SHARES

Section 1 Issuance of Shares

Article 16 The Company's shares shall be issued in registered form. Where the share capital of the Company includes shares without voting rights, the words "non-voting" shall be in their designation; In the case that the share capital includes shares carrying different voting rights, the words "restricted voting right" or "limited voting right" shall be in the designation of each class of shares (except for shares with the most privileged voting rights).

Article 17 The shares of the Company will be issued in open, fair and just manner, with equal rights for each share of the same class.

For the same class of shares issued in the same offering, each share is issued in the same conditions and price; and each subscriber has paid the same price for each share subscribed.

Article 18 All the par value shares issued by the Company shall have a par value denominated in Renminbi. The shares issued by the Company listed on the SZSE are hereinafter referred to as "A shares", while those listed on the Hong Kong Stock Exchange are hereinafter referred to as "H shares".

Article 19 The A shares issued by the Company are centrally deposited in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The H Shares issued by the Company are primarily held in custody of the trustee companies under the Hong Kong Securities Clearing Company Limited in accordance with laws of the place where the Company's shares are listed and the customary practices for securities registration and custody, and may also be held by shareholders in their own names.

Article 20 Set out below are the names of the Company's promoters, the number of shares subscribed, proportion of shareholding, and method and time of capital contribution:

- (1) Nanjing Primest Technology Co., Ltd. (南京派雷斯特科技有限公司) holds 49,500,000 founding shares of the Company converted at a ratio of 1.4385:1 based on the audited net assets of Estun Digital Technology held by it as of 31 May 2011, accounting for 55% of the total share capital of the Company.
- (2) Estun Holdings Co., Ltd. (埃斯頓控股有限公司) holds 22,500,000 founding shares of the Company converted at a ratio of 1.4385:1 based on the audited net assets of Estun Digital Technology held by it as of 31 May 2011, accounting for 25% of the total share capital of the Company.
- (3) Estun Investment Co., Ltd. (南京埃斯頓投資有限公司) holds 18,000,000 founding shares of the Company converted at a ratio of 1.4385:1 based on the audited net assets of Estun Digital Technology held by it as of 31 May 2011, accounting for 20% of the total share capital of the Company.

A total of 90,000,000 shares were issued by the Company upon its establishment, with par value of RMB1 for each par value share.

Article 21 The Company's total share capital consists of [•] shares, all of which are ordinary shares, including 871,018,453 ordinary A shares and [•] ordinary H shares.

Article 22 The Company or its subsidiaries (including the Company's affiliated enterprises) may not provide financial assistance to others in acquiring the shares of the Company or its parent company in the form of gifts, capital advances, guarantees, borrowings, etc., except for the employee stock ownership plan implemented by the Company.

For the interests of the Company, the Company may, upon a resolution passed by the general meeting or a resolution made by the Board in accordance with these Articles or the authorization of the general meeting, provide financial assistance to others in acquiring shares of the Company or its parent company, provided that the cumulative gross amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the Board shall be passed by two-thirds or more of all the directors.

Section 2 Share Increase/Decrease and Repurchase

Article 23 Upon the demand of operation and development, with resolution passed at general meetings, the Company may increase share capital under laws and regulations by means of:

- (1) issuing shares to unspecific objects;
- (2) issuing shares to specific objects;
- (3) distributing bonus shares to existing shareholders;
- (4) converting provident fund into share capital;
- (5) other means provided by laws, administrative regulations, the CSRC and other securities regulatory authorities of the place where the Company's shares are listed.

Article 24 The Company may reduce its registered capital, which shall be subject to the Company Law and other relevant provisions and the procedures prescribed by the Articles.

Article 25 The Company shall not repurchase its own shares, unless in any of the following events:

- (1) decrease of its registered capital;
- (2) merger with another firm holding its shares;
- (3) use the Company's shares for employees stock ownership plan or equity incentives;
- (4) shareholders disagree with the resolution of merger or spin-off at general meeting, and require the Company to repurchase their shares;
- (5) apply shares for conversion under the convertible bonds issued by the Company that are convertible into shares;
- (6) when it is necessary for the Company to preserve its value and shareholders' interest.

Article 26 The Company may repurchase its shares by public centralized trading, or other means recognized by laws, administrative regulations, the CSRC and other securities regulatory authorities of the place where the Company's shares are listed. For a repurchase of shares under the circumstances prescribed in items (3), (5) or (6) of the first paragraph of Article 25 hereof, the Company shall conduct the repurchase by public centralized trading.

Article 27 A repurchase of shares under the circumstances prescribed in items (1) or (2) of the first paragraph of Article 25 hereof shall be subject to approval by resolution passed at a general meeting; a repurchase of shares under the circumstances prescribed in items (3), (5) or (6) of Article 25 hereof may be approved by resolutions passed at a Board meeting where more than two-thirds of directors are present, as provided under the Articles or authorized by general meetings.

In respect of repurchase of shares under the circumstances prescribed in item (1) of the first paragraph of Article 25 hereof, the shares involved shall be canceled within 10 days from the date of repurchase; for such repurchase under the circumstances prescribed in items (2) or (4), the shares involved shall be transferred or canceled within 6 months from the date of repurchase; for such repurchase under the circumstances prescribed in items (3), (5) or (6), the total shares held by the Company shall not exceed 10% of its total issued shares, and shares involved shall be transferred or canceled within 3 years from the date of repurchase, unless otherwise required by laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed concerning share repurchase.

Where the Company repurchases its own shares, it shall perform information disclosure obligations according to the Securities Law and securities regulatory rules of the place where the Company's shares are listed.

Section 3 Transfer of Shares

Article 28 The Company's shares shall be transferred lawfully.

All H shares shall be transferred in general or common form or any other written transfer instrument in the format acceptable to the Board (including the Standard Form of Transfer defined by Hong Kong Stock Exchange from time to time, or Transfer Form); such transfer instrument can only be effective with signature or company seal (if the transferor or transferee is a firm). The transfer instrument may be signed by signature or photocopy, if the transferor or transferee is a recognized clearing house defined by relevant provisions effective from time to time under HK laws ("Recognized Clearing House") or its agent. All transfer instruments shall be deposited with the legal address of the Company or other address designated from time to time by the Board.

Article 29 The Company cannot accept any of its shares being subject to pledge.

Article 30 The shares issued by the Company prior to the public offering of A shares shall not be transferred within 1 year from the date of listing of its A shares on SZSE.

A director or executive of the Company shall declare his/her holding of the Company's shares and the change to the Company, and during his/her term of office the number of shares transferred by him/her every year shall not exceed 25% of the total shares of the Company of the same class he/she holds; such shares shall not be transferred within 1 year from the listing and trading of shares of the Company. A director or executive shall not transfer any of shares of the Company he/she holds within half a year from his/her leaving the Company.

Article 31 When a director or executive of the Company or shareholders holding more than 5% shares of the Company (excluding Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited) sells out shares of the Company or other equity securities it holds within 6 months from buy in, or buys back within 6 months from sellout, the proceeds shall be recovered by the Board, in the ownership of the Company. However, the exceptions include a securities firm who holds more than 5% shares of the Company resulting from purchase of the remaining shares in an underwriting, and other circumstances provided by the CSRC. Where laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's share are listed provide otherwise with respect to the same, such provisions shall prevail.

The shares or other equity securities held by the above director, executive or individual shareholder shall include the shares or other equity securities held by his/her spouse, parents or children or held by them using other's account.

If the Board fails to perform according to the first paragraph of this Article, shareholders have the right to require the Board to perform within 30 days. If the Board fails to perform before deadline, shareholders have the right to file to the people's court in the name of shareholders, for the benefit of the Company.

If the Board fails to perform according to the first paragraph of this Article, the director who is responsible for such failure shall be jointly liable by laws.

CHAPTER IV SHAREHOLDERS AND GENERAL MEETING

Section 1 Shareholders

Article 32 The Company shall establish a register of members based on the vouchers provided by the securities depository and clearing institution, and the register of members shall serve as sufficient evidence to prove the shareholders holding the shares of the Company.

The original register of members of H shares is deposited in Hong Kong, available for inspection by shareholders, provided that the Company may close register of members under applicable laws, regulations and securities regulatory rules of the place where the Company's shares are listed. Any shareholder named in the register of members of H shares or any person requiring to be named in the H shares register, who has lost its shares, may apply to the Company for reissuing shares to cover the lost shares. A holder of overseas listed shares, who has lost its shares, may apply for reissuing shares according to the laws, stock exchange rules or other requirements of the place where the original register of members of such overseas listed shares is deposited.

A shareholder has the rights and obligations according to the class of shares it holds; shareholders holding the same class of shares have the equal rights and obligations.

The Company shall sign a securities registration and service agreement with the securities depository and clearing institution, to regularly check substantial shareholders' information and substantial shareholders' shareholding change (including equity pledge), and timely understand the Company's shareholding structure.

Article 33 When the Company intends to hold a general meeting, distribute dividends, settle accounts or engage in other business that requires to identify shareholders, the caller of Board meeting or general meeting shall determine the record date. The shareholders named in the shares register after closing of the registration date shall be entitled shareholders.

Article 34 A shareholder of the Company is entitled to:

- (1) receive dividends and other forms of profit distribution in proportion to its shareholding;
- (2) lawfully request to convene, call on, chair, participate or appoint its representative to participate and vote at general meeting;
- (3) supervise the operation of the Company, give advice or inquiry;
- (4) transfer, gift or pledge shares of the Company it holds under laws, administrative regulations and the Articles;
- (5) inspect or replicate the Articles, shares register, general meeting minutes, Board meeting resolutions, financial and accounting reports, and the books of accounts and accounting vouchers accessible to eligible shareholders;
- (6) participate in distribution of remaining properties of the Company according to its shareholding when the Company is terminated or liquidated;
- (7) (being the shareholder who disagrees with the resolution of merger or spin-off at general meeting) require the Company to repurchase its shares;
- (8) other rights provided bylaws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles.

Article 35 A shareholder requesting to inspect or replicate some information of the Company shall comply with the Company Law, the Securities Law, and other laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed, and shall file a written request to the Company, specifying its purpose, and provide documents in writing to prove the number and class of shares it holds. After verification of the shareholder's identity and purpose of such inspection or replication, the Company may provide the required material to the shareholder under relevant laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 36 A shareholder may demand local people's court to invalidate any resolution at general meeting or Board meeting that breaks the laws and administrative regulations.

If the calling process or voting manner of general meeting or Board meeting breaks the laws, administrative regulations or the Articles, or the content of a resolution breaks the Articles, then the shareholder may require local people's court to withdraw such meeting or resolution within 60 days from the date of resolution, unless there is only slight flaw in the calling process or voting manner, without substantial influence on the resolution.

For any dispute on the effectiveness of general meeting resolution, the Board, general meeting and other parties shall timely file a litigation to the local people's court. Before the local people's court renders a judgment or ruling to withdraw the resolution, the parties shall perform the resolution. The Company, its directors and senior management shall perform their duties practically, to ensure normal operation of the Company.

If the local people's court render a judgment or ruling on the relevant matters, the Company shall perform its obligation of information disclosure under the laws, administrative regulations, rules of the CSRC and the stock exchange, fully describing the influence, and shall actively cooperate in the performance of the judgment or ruling once effective. For correction of previous issue, the Company shall timely handle and perform its obligation of information disclosure.

Article 37 The resolution passed at a general meeting or Board meeting shall be ineffective in any of the following events:

- (1) the resolution is made without convening a general meeting or Board meeting;
- (2) there is no voting on the transaction to be resolved at general meeting or Board meeting;
- (3) the number of representatives present at meeting or the number of voting rights represented by them falls short of that required by the Company Law, the securities regulatory rules of the place where the Company's shares are listed or the Articles;
- (4) the number of representatives present at meeting voting for the resolution or the number of voting rights represented by them falls short of that required by the Company Law, the securities regulatory rules of the place where the Company's shares are listed or the Articles.

Article 38 If a director or executive, who is not a member of the Audit Committee, breaks the laws, administrative regulations or the Articles when performing duties for the Company and causing loss to the Company, then the shareholder(s) who hold(s) more than 1% shares of the Company, individually or jointly, for more than 180 consecutive days may request in writing the Audit Committee to file a litigation with the people's court; if a member of the Audit Committee breaks the laws, administrative regulations or the Articles when performing duties for the Company and causing loss to the Company, then the foregoing shareholder(s) may request in writing the Board to file a litigation with the people's court.

The foregoing shareholder may directly file a litigation with the people's court in its own name for the benefit of the Company, if the Audit Committee or the Board refuses to file a litigation after receiving the written request from the foregoing shareholder(s) or fails to file a litigation within 30 days after receiving the request, or if in emergency the failure to immediately file a litigation may cause irreparable damages to the Company's interests.

If other persons infringe on the Company's legitimate rights and interests, causing loss to the Company, then the shareholder(s) mentioned in the first paragraph of this article may file a litigation with the people's court according to the two paragraphs of this article.

If a director, supervisor or executive of a wholly owned subsidiary of the Company breaks the laws, administrative regulations or the Articles when performing duties for the company and causing loss to the company, or if other persons infringe on the wholly owned subsidiary's legitimate rights and interests, causing loss to such subsidiary, then the shareholder(s) who hold(s) more than 1% shares of the Company, individually or jointly, for more than 180 consecutive days may request in writing the board of supervisors or the Board of such subsidiary to file a litigation with the people's court, or file a litigation directly in its own name, under Section 189.1 to 189.3 of the Company Law. If there is no board of supervisors or supervisors in the wholly owned subsidiary, instead an Audit Committee, the provisions under preceding paragraphs 1 and 2 of this article shall prevail.

Article 39 If a director or executive breaks the laws, administrative regulations or the Articles, harming the interests of shareholders, then shareholders may file a litigation with people's court.

Article 40 A shareholder of the Company shall bear the following obligations:

- (1) obey the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles;
- (2) pay the subscription amount according to the shares subscribed and the method of subscription;
- (3) not withdraw his/her share capital, unless otherwise required by the laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed;
- (4) not misuse the shareholder's rights to harm the Company or other shareholders' interests; not misuse the Company's legal person status and the shareholder's limited liability to harm the interests of the Company's creditors;
- (5) other obligations he/she should bear as provided by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 41 If the misuse of shareholder's rights by a shareholder causes loss to the Company or other shareholders, then the shareholder shall be duly liable for compensation. If a shareholder misuses the Company's legal person status and shareholder's limited liability to evade debts, which causes serious damages to the interests of the Company's creditors, then the shareholder shall be jointly liable for the Company's debts.

Section 2 Controlling Shareholder and De Facto Controller

Article 42 The controlling shareholder or de facto controller of the Company shall exercise its rights, perform its obligations and maintain the listed company's interests subject to the laws, administrative regulations, rules of the CSRC and SZSE and other securities regulatory rules of the place where the Company's shares are listed.

Article 43 The controlling shareholder or de facto controller of the Company shall:

- (1) lawfully exercise shareholder's rights, not misuse control or utilize the related relation to harm the Company or other shareholder's legitimate rights and interests;
- (2) strictly perform the public statements and various commitments made by him/her without alteration or exemption bilaterally;
- (3) strictly perform the obligation of information disclosure as required, actively cooperate with the Company in information disclosure, and timely notify the Company of any material event that has occurred or is going to occur;
- (4) not occupy the Company's funds in any manner;
- (5) not force, direct or require the Company and related personnel to provide guarantee illegally;
- (6) not profiteer from the Company's nonpublic material information, not in any form divulge any nonpublic material information relating to the Company, and not engage in insider trading, short-term trading, market manipulation or other illegal business;
- (7) not harm the Company or other shareholder's legitimate rights and interests through unfair connected transaction, profit distribution, assets reorganization, external investment among others;
- (8) ensure the assets integrity, staff independence, financial independence, institutional independence and business independence of the Company, and shall not influence the independence of the Company in any form;
- (9) otherwise required by the laws, administrative regulations, rules of the CSRC, business rules of the SZSE, other securities regulatory rules of the place where the Company's shares are listed and the Articles.

The controlling shareholder or de facto controller of the Company who does not act as director but does actually perform company duties shall perform the obligation of sincerity and the obligation of diligence as director contained in the Articles.

The controlling shareholder or de facto controller of the Company who has instructed a director or executive to harm the Company or other shareholder's interests shall be jointly liable with such director or executive.

Article 44 The controlling shareholder or de facto controller who pledges shares of the Company in its hands or in its de facto controllership shall maintain the stability of Company control and operation.

Article 45 The controlling shareholder or de facto controller who transfers its shareholding in the Company shall comply with the restrictive provisions for share transfer under the laws, administrative regulations, rules of the CSRC, the SZSE and other securities regulatory authorities of the place where the Company's shares are listed, and its commitments on restricted shares transfer.

Section 3 General Provisions for General Meeting

Article 46 The general meeting of the Company is composed of entire shareholders. The general meeting is the power body of the Company, which exercises its functions and powers by laws as follows:

- (1) elect and replace a director who is not a representative of employees, and determine the director's remuneration;
- (2) consider and approve the Board's report;
- (3) consider and approve the Company's profit distribution plan and loss makeup plan;
- (4) resolve on the Company's increase or decrease of registered capital;
- (5) resolve on issuance of corporate bonds;
- (6) resolve on matters such as the merger, division, dissolution, liquidation and change of corporate form of the Company;
- (7) modify the Articles;
- (8) resolve on appointment and removal of the accounting firm which is engaged in the auditing of the Company;
- (9) consider and approve the transactions under Article 47, the guarantees under Article 48, and the provision of financial assistance under Article 49 of these Articles;
- (10) consider the transaction under which the Company acquires or disposes material assets within one year with an amount exceeding 30% of its latest audited total assets;
- (11) consider any connected transaction between the Company and the connected party in the value of more than RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets (except the cash asset gifts obtained by the Company or those involved in provision of guarantee);
- (12) consider and approve the change of use of proceeds;
- (13) consider the equity incentive plan and employees stock ownership plan;
- (14) consider other issues to be decided by general meetings under the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles.

The general meeting may authorize the Board to make resolutions regarding the issuance of corporate bonds.

Except as otherwise provided by laws, administrative regulations, departmental rules and securities regulatory rules of the stock exchange where the Company's shares are listed, the aforementioned powers and functions of the general meeting shall not be exercised by the Board or any other institution or individual through delegation.

Article 47 Transactions undertaken by the Company that reach any of the following thresholds shall be promptly disclosed and submitted to the general meeting for consideration:

- (1) the total assets involved in the transactions account for 50% or more of the Company's latest audited total assets; if both carrying value and appraised value exist for the total assets involved in the transactions, the higher shall be adopted;
- (2) the net assets involved in the subject matter of transactions (e.g., equity interests) account for 50% or more of the Company's latest audited net assets, with the absolute amount exceeding RMB50 million; if both carrying value and appraised value exist for the net assets involved in the transactions, the higher shall be adopted;
- (3) the revenue related to the subject matter of transactions (e.g., equity interests) for the latest financial year accounts for 50% or more of the Company's audited revenue for the latest financial year, with the absolute amount exceeding RMB50 million;
- (4) the net profit related to the subject matter of transactions (e.g., equity interests) for the latest financial year accounts for 50% or more of the Company's audited net profit for the latest financial year, with the absolute amount exceeding RMB5 million;
- (5) the transaction amount (including debts and expenses assumed) accounts for 50% or more of the Company's latest audited net assets, with the absolute amount exceeding RMB50 million;
- (6) the profit generated from the transactions accounts for 50% or more of the listed company's audited net profit for the latest financial year, with the absolute amount exceeding RMB5 million.

Where data involved in the calculation of the aforementioned indicators is negative, its absolute value shall be taken for calculation.

Except as otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, if a transaction undertaken by the Company falls under any of the following circumstances, it may be exempt from submission to the general meeting for consideration pursuant to this Article, but the Company shall still perform information disclosure obligations in accordance with relevant provisions: (1) transactions where the Company, among others, receives cash assets by donation or obtains debt relief, which do not involve payment of consideration or entail any obligations; (2) the transaction undertaken by the Company only reaches the standards specified in item (4) or (6) of the first paragraph of this Article, and the absolute value of the Company's earnings per share in the latest financial year is lower than RMB0.05.

Except as otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, the term "transactions" referred to in this Article includes the following types of matters occurred in addition to the Company's ordinary business activities:

- (1) acquisition of assets;
- (2) disposal of assets;
- (3) external investments (including entrusted wealth management, investments in subsidiaries, etc.);

- (4) provision of financial assistance (including entrusted loans, etc.);
- (5) provision of guarantees (including guarantees provided to controlled subsidiaries, etc.);
- (6) leasing in or leasing out assets;
- (7) entrusting or being entrusted with the management of assets and business;
- (8) donating or being donated with assets;
- (9) credit or debt restructuring;
- (10) transferring or acquiring research and development projects;
- (11) entering into licensing agreements;
- (12) waiving rights (including waiving pre-emptive rights, priority rights to subscribe for capital contributions, etc.);
- (13) other transactions recognized pursuant to laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

Article 48 The following external guarantees provided by the Company shall be considered and approved by the general meeting:

- (1) any guarantee provided after the total external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (2) any guarantee provided after the total external guarantees provided by the Company and its controlled subsidiaries exceeds 30% of the latest audited total assets of the Company;
- (3) guarantees provided for guarantee recipients whose gearing ratio exceeds 70%;
- (4) a single guarantee with the amount exceeding 10% of the latest audited net assets of the Company;
- (5) the accumulated guarantee amount over the last 12 months exceeds 30% of the latest audited total assets of the Company;
- (6) guarantees provided to shareholders, de facto controllers and their related parties;
- (7) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles.

When the Board considers a guarantee, in addition to approval by more than half of all directors, such guarantee shall also be considered and approved by more than two-thirds of the directors present at the board meeting, with relevant resolutions made and promptly disclosed. When the general meeting considers a guarantee specified in item (5) of the preceding paragraph, such guarantee shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the general meeting considers a proposal relating to providing guarantees to a shareholder, de facto controller, or their related parties, that shareholder or any shareholder controlled by that de facto controller shall abstain from that vote, and the number of voting shares represented by them shall not be counted in the total number of valid votes.

Article 49 When the Company provides financial assistance, in addition to being approved by more than half of all directors, such matter shall also be considered and approved by more than two-thirds of the directors present at the board meeting, with relevant resolutions made and promptly disclosed.

Financial assistance falling under any of the following circumstances shall be submitted to the general meeting for consideration after being reviewed and approved by the Board, unless otherwise provided by SZSE or Hong Kong Stock Exchange:

- (1) the amount of a single financial assistance exceeds 10% of the Company's latest audited net assets;
- (2) the gearing ratio of the assistance recipient as shown in its latest financial statement exceeds 70%;
- (3) the accumulated amount of financial assistance provided over the last 12 months exceeds 10% of the Company's latest audited net assets;
- (4) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles.

If the recipient of the financial assistance provided by the Company is a controlled subsidiary consolidated in the Company's consolidated financial statements with an ownership interest exceeding 50%, and the other shareholders of such controlled subsidiary do not include the Company's controlling shareholder, de facto controllers or their related parties, the preceding two paragraphs may be exempted.

Article 50 General meeting shall include annual general meeting and extraordinary general meeting. The Company shall hold annual general meeting annually within 6 months after the ending of previous financial year.

Article 51 The Company shall hold extraordinary general meeting within 2 months from the date of occurrence of the following events:

- (1) the number of directors falls short of two-thirds of the number provided by the Articles;
- (2) the uncompensated loss amounts to one-thirds of the Company's paid-in capital;

- (3) the shareholder(s) holding, individually or jointly, more than 10% shares of the Company request(s) so;
- (4) the Board considers necessary to do so;
- (5) the Audit Committee proposes convening of such meeting;
- (6) other circumstances as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles.

The number of shares held for the purpose of item (3) above shall be calculated based on the shares of the Company held by the shareholder(s) on the date of submission of the written request.

Article 52 The location for convening general meetings of the Company shall be: the registered office of the Company or any other location determined by the Board.

A venue shall be set up for a general meeting, which shall be held in the form of an on-site meeting. In addition to convening a general meeting by means of on-site meeting, it may be held concurrently online by telecommunication. The Company will offer shareholders the access to online voting, so the shareholders can take part in general meeting more conveniently.

Shareholders' identities shall be determined by reference to Article 33 herein.

Article 53 When convening a general meeting, the Company shall engage lawyers to provide legal opinions on the following matters and make announcement in respect thereof:

- (1) whether the convening of the meeting and the procedures of convening are in compliance with laws, administrative regulations and these Articles;
- (2) whether the qualifications of the attendees and qualification of the convener are legal and valid;
- (3) whether the voting procedures and voting results of the meeting are legal and valid;
- (4) providing legal opinions on other relevant issues as required by the Company.

Section 4 Call for General Meeting

Article 54 The Board shall call a general meeting timely within prescribed time.

With the consent of more than half of all independent directors, independent directors have the right to propose to the Board to convene an extraordinary general meeting. Regarding the proposal of independent directors for convening an extraordinary general meeting, the Board shall, in accordance with laws, administrative regulations and these Articles, give written feedback on whether to agree or not to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of such meeting within 5 days after the Board resolution is passed. If the Board does not agree to convene an extraordinary general meeting, it shall give reasons and make an announcement.

Article 55 Where the Audit Committee proposes to the Board to convene an extraordinary general meeting, the proposal shall be made in writing. The Board shall, in accordance with laws, administrative regulations and these Articles, give written feedback on whether to agree or not to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of such meeting within 5 days after the Board resolution is passed. Any changes to the original proposals in the notice shall be approved by the Audit Committee.

If the Board does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the Board is unable or fails to perform its duties of convening such meeting, and the Audit Committee may convene and preside over the meeting on its own.

Article 56 Any shareholder(s) holding, individually or jointly, 10% or more of shares in the Company may submit a written requisition to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

If the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution is passed by the Board. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the request, the shareholder(s) individually or jointly holding 10% or more of the shares in the Company shall have the right to propose to the Audit Committee to convene an extraordinary general meeting. Requests shall be submitted to the Audit Committee in writing.

If the Audit Committee agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within 5 days upon receipt of the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, the Audit Committee shall be deemed not to convene and preside over the general meeting, and any shareholder(s) individually or jointly holding 10% or more of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on their own.

Article 57 If the Audit Committee or the shareholders decide to convene a general meeting on its/their own, it/they shall notify the Board in writing while filing the same with SZSE.

Before the resolution of the general meeting is announced, the shareholding percentage of the convening shareholders shall not be lower than 10%.

When issuing the notice of general meeting and announcing the resolutions passed by the general meeting, the Audit Committee or the convening shareholders shall submit relevant supporting information to SZSE.

Article 58 For a general meeting called by the Audit Committee or shareholders on its/their own, the Board and the secretary to the Board shall offer their cooperation. The Board shall offer the register of members as of the record date.

Article 59 The Company shall be liable for all the costs required for a general meeting called by the Audit Committee or shareholders on its/their own.

Section 5 Proposal and Notice of General Meeting

Article 60 Proposals submitted to the general meeting shall fall within its scope of functions with specific subjects and resolutions, and comply with applicable laws, administrative regulations and the Articles.

Article 61 When the Company intends to hold a general meeting, the Board, the Audit Committee or the shareholder(s) holding, individually or jointly, more than 1% shares of the Company may propose to the Company.

Any shareholder(s) holding, individually or jointly, more than 1% shares of the Company have the right to raise extraordinary proposals to the convener of a general meeting in writing 10 days prior to the convening of the meeting. The convener shall issue an additional notice of general meeting within 2 days upon receipt of the proposals, with the content of such extraordinary proposals stated therein, and submit the proposals to general meeting for consideration, unless such proposals break relevant laws, administrative regulations or the Articles or fall out of the function scope of the general meeting.

Except under the circumstances as stipulated by the preceding paragraph, once the notice of a general meeting has been issued by the convener, the convener shall not amend any proposal set forth in the notice or introduce any new proposals.

Any proposal not included in the notice of the general meeting or not in compliance with the Articles shall not be submitted for voting as resolution at the general meeting.

Article 62 The convener shall notify shareholders by announcement 21 days before the date for convening an annual general meeting, and 15 days before the date for convening an extraordinary general meeting.

Calculation of the prescribed time limit of “21 days” and “15 days” above shall not include the date of the meeting, while the date of issuing the notice shall be included.

Article 63 A notice of general meeting shall include:

- (1) the time, venue and duration of the meeting;
- (2) the matters and proposals to be submitted at the meeting for consideration;
- (3) a clear statement that all shareholders of ordinary shares of the Company are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote on their behalf, and that a proxy need not be a shareholder of the Company;
- (4) the record date for determining shareholders entitled to attend the general meeting;

- (5) the name and contact number of the designated contact person for the meeting;
- (6) the voting time and procedures for voting online or by other means.

The notice and supplementary notice of a general meeting shall fully and completely disclose all the specific contents of all proposals.

Voting of a general meeting via online and other means shall begin not earlier than 3:00 p.m. on the date preceding the on-site general meeting, and not later than 9:30 a.m. on the date of the on-site general meeting, and shall end not earlier than 3:00 p.m. on the date when the on-site general meeting ends.

Once such notice is issued, venue of an on-site general meeting shall not be changed without a justifiable reason. For an indeed need of change, the convener shall issue a notice specifying the change and specific reasons 2 business days before the date of the on-site meeting.

The interval between the record date and the date of meeting shall not be more than 7 working days. The record date may not be changed once confirmed.

Article 64 If the election of directors is to be discussed at a general meeting, the notice of the general meeting shall fully disclose detailed information about the director candidates, including the followings:

- (1) personal information such as educational background, work experience and part-time jobs;
- (2) whether there is related relationship with the Company, its controlling shareholder or de facto controller;
- (3) number of shares held in the Company;
- (4) whether the candidate has been penalized by the CSRC and other relevant authorities and has been disciplined by the stock exchange;
- (5) other material information to be disclosed as required by relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

Except for the election of directors by cumulative voting, election of each director candidate shall be proposed as a single proposal.

Article 65 Once the notice of a general meeting is issued, the meeting shall not be postponed or canceled without a justifiable reason, and the proposals stated in the notice shall not be withdrawn. Should postponement or cancellation occur, the convener shall announce the same and provide reasons therefor at least 2 business days before the originally scheduled date of the meeting.

Section 6 Holding of General Meeting

Article 66 The Board of the Company and other conveners shall take all necessary measures to ensure the orderly conduct of general meetings. Any acts that interfere with general meetings, provoke disturbances and infringe on the shareholders' legitimate interests shall be stopped and promptly reported to the relevant departments for investigation and punishment.

Article 67 All ordinary shareholders named in the register of members as of the record date or their proxies shall be entitled to attend the general meeting, and exercise their voting rights under laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles.

A shareholder may attend and vote at the general meeting in person or by proxy.

Article 68 Individual shareholders who attend the meeting in person shall produce their identity cards or other valid documents or certificates that can identify themselves. If a shareholder appoints a proxy to attend the meeting on his/her behalf, the proxy should produce his/her valid identity document and the shareholder's power of attorney.

Corporate shareholders shall attend the meeting by the legal representatives or their proxies. Any legal representative attending the meeting shall produce his/her identity card and a valid certificate that can prove his/her qualification as the legal representative. If a proxy is appointed to attend the meeting, the proxy shall produce his/her identity card and the written power of attorney duly issued by the legal representative of the corporate shareholder, except for a shareholder which is a recognized clearing house (or its nominee) as defined in the relevant ordinances from time to time in force in Hong Kong.

If a shareholder is a recognized clearing house (or its nominee) as defined in the relevant ordinances from time to time in force in Hong Kong or the securities regulatory rules of the place where the Company's shares are listed, such shareholder may authorize its corporate representative or one or more persons whom it deems fit to act as its representative or proxy at any general meeting or any meeting of creditors. However, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each person is authorized. A person so authorized shall be entitled to exercise the same rights on behalf of the shareholder (without the need to produce a share certificate, notarized authorization and/or further evidence of formal authorization) as the shareholder could exercise, and shall be entitled to the same legal rights as those enjoyed by other shareholders, including the right to speak and vote, as if he/she were an individual shareholder of the Company.

Article 69 The power of attorney issued by a shareholder for entrusting others to attend the general meeting shall contain the following information:

- (1) the name of the principal, the class and number of shares held in the Company;
- (2) the name of the proxy;
- (3) whether voting rights are attached;
- (4) the specific instructions of the shareholder, including the instructions to vote for, against or abstain from voting on each item to be considered on the agenda of the general meeting;

- (5) the date of issuance and the period of validity of the power of attorney;
- (6) the principal's signature (or seal); if the principal is a corporate shareholder, the official corporate seal should be affixed.

Article 70 The power of attorney authorizing proxies to vote shall be available at the domicile of the Company or other place specified in the notice convening the meeting at least 24 hours before the meeting at which the power of attorney is issued for voting, or 24 hours before the designated voting time.

If the power of attorney authorizing proxies to vote is signed by another person authorized by the principal, the power of attorney or other authorization documents authorizing for signing shall be notarized. The notarized power of attorney or other authorization documents and the power of attorney authorizing proxies to vote shall be deposited at the domicile of the Company or such other place as may be specified in the notice convening the meeting.

Article 71 The Company is responsible for maintaining a register of meeting in respect of persons present at the meeting. The register of meeting shall state, among others, names of attendees (including corporate attendees), their ID numbers, number of voting shares held or represented by them and names of their principals (including corporate principals).

Article 72 The convener and the lawyers engaged by the Company shall jointly verify the legality of shareholders' qualification according to the register of members provided by the securities depository and clearing institution, and register shareholders' names (including corporate shareholders) and the number of voting shares they hold. Before the chairman of the meeting announces the number of shareholders and proxies present at the on-site meeting and the total number of voting shares held by them, the registration for the meeting shall be closed.

Article 73 If a general meeting requires presence of directors and senior management, then directors and senior management shall be present and take inquiries from shareholders.

Article 74 The general meeting is chaired by the chairman of the Board. Where the chairman of the Board is unable or fails to perform his/her duties, the vice chairman shall chair the general meeting. Where the vice chairman is unable or fails to perform his/her duties, then a majority of directors may jointly elect a director to chair the general meeting.

If the Audit Committee calls a general meeting on its own, then the convener of the Audit Committee shall chair the general meeting. Where the convener is unable or fails to perform his/her duties, a majority of members of the Audit Committee shall jointly elect a member of the Audit Committee to chair the general meeting.

A general meeting called by shareholder(s) on his/her/their own shall be chaired by the convener or his/her/their proxy.

During a general meeting, if the chairman of the meeting breaks the rules of procedure which makes the general meeting unable to proceed, the general meeting may elect one person to chair and continue the meeting subject to consent from a majority of shareholders attending the meeting with voting rights.

Article 75 The Company develops the Rules of Procedure for General Meetings, to specify the call, holding and voting process of general meeting, including notice, registration, consideration of proposals, voting, vote counting, declaration of voting results, formation of resolution, meeting minutes and signing thereof and announcement, as well as the principles under which the Board is authorized by the general meeting, with details of authorization. The Rules of Procedure for General Meetings shall serve as attachment to the Articles, as prepared by the Board and approved by the general meeting.

Article 76 At the annual general meeting, the Board shall report to the general meeting on its work in the past year. Each independent director shall also make a work report.

Article 77 Directors and senior management shall make explanation and clarification in respect of the inquiries and suggestions raised by shareholders at the general meeting.

Article 78 The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them before voting takes place. The number of shareholders and proxies present at the meeting and the total number of voting shares held by them are subject to the registration for the meeting.

Article 79 Minutes of general meetings shall be kept by the secretary to the Board, which shall set out the following:

- (1) the time, venue, agenda and name of convener of the meeting;
- (2) the chairman of the meeting and the names of directors and senior management present at the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and their proportion to the total number of shares of the Company;
- (4) the consideration process, key points of speech and voting results of each proposal;
- (5) the inquiries or suggestions raised by the shareholders and the corresponding replies or explanations;
- (6) the names of lawyers, vote counters and scrutineers;
- (7) other matters which shall be recorded in the meeting minutes as required by the Articles.

Article 80 The convener shall ensure the truthfulness, accuracy and completeness of the minutes. Directors attending or presenting at the meeting, secretary to the Board, the convener or his/her representative, and the chairman of the meeting shall sign the minutes of the meeting. The minutes shall be kept together with the signature register of shareholders present in person, the power of attorney authorizing attending by proxy, and the valid materials on the voting results by internet and other means, for a period of not less than 10 years.

Article 81 The convener shall ensure that the general meeting is held smoothly until a final resolution is reached. If the general meeting is suspended or unable to reach a resolution due to special reasons such as force majeure, necessary measures shall be taken to resume the general meeting as soon as possible or terminate it directly, and an announcement shall be made promptly. Meanwhile, the convener shall also report the same to the local branch of CSRC of the place where the Company domiciles and SZSE.

Section 7 Voting and Resolution of General Meeting

Article 82 Resolutions adopted at general meetings shall be categorized as ordinary resolutions or special resolutions.

An ordinary resolution shall be adopted if it is approved by a simple majority of the voting rights represented by the shareholders present at general meeting.

A special resolution shall be adopted if it is approved by two-thirds of the voting rights represented by the shareholders present at general meeting.

Article 83 Ordinary resolutions may be adopted at general meetings to approve:

- (1) work report of the Board;
- (2) profit distribution plan and loss compensation plan prepared by the Board;
- (3) appointment, dismissal and remuneration of directors and method of payment;
- (4) other matters than those should be approved by special resolutions as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles.

Article 84 Special resolutions may be adopted at general meetings to approve:

- (1) modification of the Articles and attachments thereof, including the Rules of Procedure for General Meetings and the Rules of Procedure for the Board;
- (2) increase or decrease of registered capital;
- (3) merger, spin-off, dissolution, change of corporate form or liquidation of the Company;
- (4) listing of a subsidiary by division;
- (5) purchase or sale of material assets or provision of guarantee for others within 12 consecutive months in the aggregate amount exceeding 30% of the Company's latest audited total assets;
- (6) issuance of shares, convertible bonds, preferred shares and other kinds of securities recognized by the CSRC;
- (7) repurchase of shares for decreasing the registered capital;
- (8) material assets reorganization;

- (9) equity incentive scheme;
- (10) resolutions adopted at general meeting to proactively withdraw the listing and trading of its shares in SZSE and/or Hong Kong Stock Exchange, and decision of no more trading on exchanges, or application for trading or transfer of shares at other exchanges;
- (11) other matters determined by the general meeting through an ordinary resolution that would have significant impact on the Company and require approval by a special resolution;
- (12) other matters which should be approved by special resolutions as stipulated by laws and regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, the Articles or the Rules of Procedure for General Meetings.

Adoption of the proposals mentioned in items (4) and (10) under preceding paragraph shall be not only subject to approval by more than two-thirds voting rights represented by the shareholders present at general meeting, but also approval by more than two-thirds voting rights represented by the shareholders present at general meeting excluding the directors, senior management and any shareholder(s) holding, individually or jointly, more than 5% shares of the Company.

Article 85 A shareholder may exercise its/his/her voting rights according to the number of voting shares it/he/she represents, with one vote for one share, except for shareholders of class shares. For voting by poll, a shareholder (or its/his/her proxy) with two or more votes does not need to cast all votes in favor, against or abstain.

When the general meeting is considering a material issue that may influence the interests of minority shareholders, the votes should be counted separately for minority shareholders. The results of separate voting should be publicized in time.

The controlling shareholder and de facto controller of the Company shall not restrict or obstruct minority shareholders from legally exercising their voting rights, nor shall they harm the lawful rights and interests of the Company and minority shareholders.

Shares of the Company held by the Company itself have no voting rights, and these shares are not included in the total number of shares entitling the holders thereof to attend and vote at a general meeting.

Pursuant to applicable laws and regulations, and the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on a relevant proposal, or is restricted to voting only "for" or only "against" a specific proposal, then any vote cast by such shareholder or its/his/her proxy in violation of such requirement or restriction shall be excluded from the voting results.

If a shareholder acquires voting shares of the Company in breach of the first and second paragraphs of Clause 63 of the Securities Law, such shares as exceed the prescribed limit shall not carry voting rights for 36 months from the acquisition, and shall not be included in the total number of shares entitling the holders thereof to attend and vote at a general meeting.

The Board, independent directors, any shareholder holding more than 1% voting shares of the Company or the investor protection organization established under relevant laws, administrative regulations or rules of the CSRC may conduct public solicitation of proxies from shareholders. The solicitation of proxies from shareholders shall involve full disclosure of specific voting intentions to the shareholders being solicited. It is prohibited to solicit shareholder proxies by offering, either explicitly or in a disguised manner, any form of benefits. Except for statutory conditions, the Company shall not impose minimum shareholding limit regarding solicitation of proxies.

Article 86 When a general meeting is considering a connected transaction, the connected shareholders shall not participate in voting, and the number of voting shares represented by them shall not be included for the purpose of calculating the effective total votes; the announcement in relation to the resolutions passed at general meeting shall fully disclose the voting by non-connected shareholders.

Connected shareholders shall proactively apply for recusal, and if they fail to do so, other informed shareholders are entitled to require them to evade. At a general meeting which is considering a connected transaction, before voting, the chairman of the meeting shall announce the list of connected shareholders, specifying whether they take part in the voting or not, and announce the total number of voting shares represented by non-connected parties present at the meeting and their percentage to the total shares of the Company.

Article 87 Unless the Company is in a crisis or other special circumstances, the Company shall not enter into any contract to entrust the management of the whole or important part of the Company's business to a person other than a director or an executive, unless such contract has been approved by a special resolution of the general meeting.

Article 88 A list of director candidates shall be submitted to the general meeting for voting by way of proposal.

When the general meeting votes on the election of two or more directors, the cumulative voting system shall be implemented.

The term "cumulative voting system" mentioned in the preceding paragraph refers to a system where, in the election of directors at a general meeting, each share carries a number of voting rights equal to the number of directors to be elected. The voting rights held by a shareholder may be concentrated on one candidate. The Board shall announce the resumes and basic information of the director candidates to the shareholders.

If directors are elected by cumulative voting at a general meeting, the voting for independent directors and non-independent directors shall be conducted separately.

The Board, or shareholder(s) individually or jointly holding more than 1% of the Company's issued shares, shall have the right to propose a motion on director candidates to the general meeting in accordance with laws, regulations and the Articles. Before nominating a director candidate, the nominator shall obtain a written undertaking from the candidate, confirming his/her acceptance of the nomination and promising that the publicly disclosed information of the director candidate is true and complete, and guaranteeing the faithful performance of director duties upon election.

Article 89 Except for the cumulative voting system, the general meeting shall vote on all proposals item by item. If there are different proposals on the same matter, they shall be voted in the order of their submission. Unless the general meeting is adjourned or no resolution can be adopted due to force majeure or other special reasons, the general meeting shall not postpone or refrain from voting on a proposal.

Article 90 When a general meeting considers a proposal, it shall not amend the proposal. If a proposal is amended, it shall be deemed as a new proposal and cannot be voted upon at the same general meeting.

Article 91 Each voting right may only be exercised in one of the following ways: on-site, online or other means. If the same voting right is exercised repeatedly, the first vote cast shall prevail.

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

Article 93 Before voting on proposals at a general meeting, two shareholder representatives shall be elected to participate in the vote counting and scrutiny. If a matter under deliberation involves a conflict of interest with a shareholder, the relevant shareholder and its/his/her proxy shall not participate in the vote counting or scrutiny.

When the general meeting votes on proposals, a lawyer and shareholder representatives shall jointly be responsible for the vote counting and scrutiny. The voting results shall be announced on the spot and recorded in the meeting minutes.

Shareholders or their proxies who vote via online or other means shall have the right to verify their own voting results through the corresponding voting system.

Article 94 The closing time of the on-site general meeting shall not be earlier than that of the online or other voting methods. Chairman of the meeting shall announce the voting status and result for each proposal and declare whether the proposals have been passed based on the voting results.

Prior to the official announcement of the voting results, all relevant parties involved in the on-site, online and other methods of voting, including the Company, vote counters, scrutineers, shareholders and online service providers, have a duty to maintain confidentiality regarding the voting status.

Article 95 Shareholders present at a general meeting shall, with respect to the proposals submitted for voting, express one of the following opinions: assent, dissent, or abstention. This does not apply where a securities depository and clearing institution acting as the nominal holder of shares under the mainland-Hong Kong Stock Connect scheme, or a recognized clearing house (or its nominee) as defined under the relevant ordinances from time to time in force in Hong Kong or the securities regulatory rules of the place where the Company's shares are listed acting as a nominal holder, casts votes according to the instructions of the actual beneficial owner.

Blank, incorrectly filled out or illegible ballot papers, as well as uncast votes, shall be deemed a waiver of voting rights by the voter, and the number of votes represented by such shares shall be counted as "abstained".

Article 96 If chairman of the meeting has any doubt about the voting result on a resolution submitted for voting, he/she may demand a recount in respect of the votes cast. If the chairman of the meeting does not demand a recount, a shareholder or its/his/her proxy present at the meeting who objects to the result announced by the chairman shall have the right to demand a recount immediately after the announcement of the voting results, and the chairman shall immediately organize a recount.

Article 97 Resolutions of the general meeting shall be announced promptly, specifying the number of shareholders and proxies present at the meeting, the total number of voting shares held and their proportion to the Company's total voting shares, the voting methods, the voting results for each proposal, and the detailed content of all resolutions passed.

Article 98 If a proposal is not passed, or if a resolution of a previous general meeting is amended at the current meeting, a special note shall be made in the announcement of the general meeting resolution.

Article 99 If a proposal regarding election of directors is passed at a general meeting, the newly elected directors shall assume their office on the date the resolution is passed by the general meeting.

Article 100 If a proposal regarding distribution of cash dividends, bonus share issues, or capital reserve conversion into share capital is passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of the general meeting.

CHAPTER V DIRECTORS AND BOARD

Section 1 General Provisions for Directors

Article 101 Directors of the Company shall be natural persons. Any of the following person shall not serve as a director of the Company:

- (1) a person who lacks or has limited capacity for civil conduct;
- (2) a person who has been convicted of corruption, bribery, misappropriation of funds, embezzlement of property, or disruption of the order of the socialist market economy, and has been sentenced to criminal punishment or deprived of political rights due to a criminal offense, where less than five years have passed since the completion of the sentence; or, in the case of a suspended sentence, where less than two years have passed since the end of the probation period;
- (3) a person who previously served as a director, factory manager, or general manager of a company or enterprise that was declared bankrupt and liquidated, and who was personally responsible for the bankruptcy, where less than three years have elapsed since the completion of the bankruptcy and liquidation of the company or enterprise;
- (4) a person who served as the legal representative of a company or enterprise, which had its business license revoked and was ordered to close down due to a violation of the law, and who was personally liable, where less than three years have elapsed since the date of the revocation of business license or the date of being ordered to close of such company or enterprise;

- (5) a person who has been listed by a people's court as a discredited debtor due to failure to repay significant debts when due;
- (6) a person who has been subject to a securities market ban imposed by the CSRC for a period which has not yet expired;
- (7) a person who has been publicly determined by a stock exchange as unsuitable to serve as directors or senior management personnel of a listed company for a period which has not yet expired;
- (8) other circumstances as stipulated by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed.

Elections, appointments or employment of directors in violation of the provisions of this Article shall be deemed null and void. The Company shall remove a director from office and suspend his/her performance of duties if the circumstances as stipulated in this Article arise during his/her term of office. If the relevant director, who should have ceased to perform his/her duties but has not ceased to perform or should have been removed from his/her office but has not yet been removed, attends and votes at the Board meeting, the meetings of its specialized committees and the special meetings of the independent directors, his/her vote shall be invalid and he/she shall not be counted towards the number of attendees.

Article 102 A director shall be elected or replaced by general meeting, and may be dismissed by general meeting before expiry of tenure. A director may take office for a tenure of not more than 3 years, and may be re-elected as director upon expiration.

The term of office of a director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a director, such director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles, until the newly elected director assumes the office.

Senior management may serve concurrently as directors, provided that the total number of such directors who concurrently serve as senior management and the employee representatives shall not exceed 1/2 of the total number of the directors of the Company.

Article 103 Directors shall comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles, and shall faithfully perform their obligations to the Company. They shall take measures to avoid conflicts between their personal interests and the interests of the Company, and shall not abuse their authority to obtain improper benefits.

Directors shall perform the following duties of loyalty to the Company:

- (1) not to embezzle any of the property of the Company and misappropriate the Company's funds;
- (2) not to deposit funds of the Company into accounts held in their own names or in the name of any other individual;

- (3) not to abuse their authority to offer any bribe or receive other illegal income;
- (4) not to conclude any contract or enter into any transaction with the Company directly or indirectly, without reporting to the Board or the general meeting, and without being approved by a resolution of the Board or the general meeting as required by the Articles;
- (5) not to take advantage of their positions to seek business opportunities for themselves or others that should have otherwise been available to the Company, except when reported to the Board or the general meeting and approved by a resolution of the general meeting, or when the Company, according to laws, administrative regulations or the Articles, cannot utilize such business opportunities;
- (6) not to engage in business of the same kind as that of the Company, either on their own or for others, without reporting to the Board or the general meeting and approved by a resolution of the general meeting;
- (7) not to accept commissions for transactions between others and the Company as their own;
- (8) not to disclose the Company's secrets without permission;
- (9) not to use its connection to damage the Company's interests;
- (10) other obligations of loyalty specified by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Any income obtained by a director in violation of this Article shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

The close family members of the directors and senior management, enterprises directly or indirectly controlled by the directors and senior management or their close family members, as well as other related parties who have other related relationships with directors and senior management, shall be subject to the provisions of item (4) of paragraph 2 of this Article when entering into contracts or conducting transactions with the Company.

Article 104 Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles, and shall diligently perform their obligations to the Company. They shall exercise their duties with the reasonable care ordinarily expected of a prudent manager, acting in the best interests of the Company.

Directors shall diligently perform their obligations to the Company as follows:

- (1) to exercise the rights accredited by the Company in a cautious, serious and due diligent manner so as to ensure the commercial behaviors of the Company shall be in compliance with the requirements of the national laws, administrative regulations and the national economic policies in the PRC, and the commercial activities shall not exceed the scope of business stipulated in the business license;

- (2) to treat all shareholders fairly;
- (3) to keep informed of the operation and management status of the Company on a timely basis;
- (4) to sign written confirmation opinions on the Company's periodic reports, to guarantee the truthfulness, accuracy, and completeness of the information disclosed by the Company. If the director fails to guarantee the truthfulness, accuracy, and completeness of or disagrees with the securities issuing documents and regular reports, the director shall express his/her opinions in the written confirmation, specifying reasons;
- (5) to truthfully provide relevant information and materials to the Audit Committee and shall not obstruct the Audit Committee in exercising its powers;
- (6) other diligent obligations as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 105 If a director fails to attend meetings of the Board in person or by appointing another director to attend on his/her behalf in two consecutive times, the director shall be deemed incapable of performing his/her duties. In such case, the Board shall propose the director's removal to the general meeting.

Article 106 A director may resign before expiry of his/her term of office, provided that a written resignation report in respect of his/her resignation shall be submitted to the Company. The resignation shall take effect on the day when the Company receives the resignation report, and the Company shall disclose the relevant information within two trading days.

If the number of Board members falls below the minimum quorum due to the resignation of directors, the resigned director shall continue to perform his/her duties pursuant to the requirements of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles, before the newly elected director takes office.

Article 107 The Company shall establish a director resignation management system, specifying safeguards to hold accountable and seek compensation for unfulfilled public commitments and other outstanding matters. When a director's resignation takes effect or his/her term of service expires, the director shall complete all transfer procedures with the Board. His/her obligations of loyalty towards the Company and the shareholders do not necessarily cease after the termination of his/her term of service and shall still be in effect for a period of 12 months. A director's liability arising from the performance of his/her duties during his/her tenure shall not be exempted or terminated by his/her resignation.

Article 108 The general meeting may resolve to dismiss a director, and such dismissal shall take effect on the date the resolution is passed.

If a director is removed before the expiration of his/her term without just cause, the director may seek compensation from the Company.

Article 109 No director may act on behalf of the Company or the Board in his/her personal capacity without the provisions of the Articles or the legal authorization of the Board. When a director acts in his/her own name, if a third party reasonably believes that the director is acting on behalf of the Company or the Board, the director shall declare his/her position and identity in advance.

Article 110 If any damage is caused to others due to the performance of his/her duties by a director to the Company, the Company shall be held responsible for damages. If the director is found to have acted intentionally or with gross negligence, he/she shall also be held responsible for damages.

If a director breaches the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles when performing his/her duties and causes loss to the Company, he/she shall be held responsible for damages.

Section 2 Board

Article 111 The Company shall have a Board, and the Board comprises 9 directors, including 1 chairman, 1 vice chairman, 3 independent directors and 1 employee director. Chairman and vice chairman are elected by voting from a majority of directors at the Board meeting.

Directors may include executive directors, non-executive directors and independent directors. A non-executive director refers to a director not acting as a manager in the Company.

Article 112 The Board shall exercise the following powers:

- (1) to convene general meetings and report to the general meetings;
- (2) to implement the resolutions of general meetings;
- (3) to determine operation plans and investment plans of the Company;
- (4) to formulate the Company's profit distribution plans and loss recovery plans;
- (5) to formulate plans of the Company regarding increase or reduction of registered capital, issuance of bonds or other securities and listing;
- (6) to formulate plans for major acquisitions of the Company, purchases of the Company's own shares, or mergers, divisions, dissolutions, and changes in corporate form;
- (7) to decide on matters relating to external investments, acquisition and disposal of assets, pledge on assets, external guarantees, entrusted wealth management, connected transaction, and external donations, etc. as authorized by the general meetings;
- (8) to decide on the establishment of internal management organizations of the Company;

- (9) to appoint or dismiss the Company's general manager, the secretary to the Board and other senior management, and to decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's senior management such as the deputy general manager and chief financial officer according to the nomination of the general manager, and to determine their remuneration, rewards and punishments;
- (10) to develop the Company's fundamental management system;
- (11) to formulate proposals for any amendments to the Articles;
- (12) to manage the disclosure of information of the Company;
- (13) to propose to the general meeting the appointment or change of the accounting firms for the Company's audit;
- (14) to hear the work report of the general manager of the Company and inspect the work of the general manager;
- (15) to consider and approve any contemplated transaction in the value of more than RMB300,000 between the Company and the related natural person; consider and approve any contemplated transaction between the Company and the related corporation (or other organization) in the value of more than RMB3 million and accounting for more than 0.5% of the absolute value of the latest audited net assets of the Company;
- (16) to consider other guarantees than those to be approved by general meeting;
- (17) to exercise other powers conferred by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, the Articles or the general meetings.

Matters beyond the scope of authority conferred by the general meetings shall be submitted to the general meeting for consideration.

The guarantee matters reviewed by the Board shall be approved by more than two-thirds of the directors present at the Board meeting.

Each type of statutory functions and powers of the Board shall be exercised collectively by the Board, and shall not be delegated to be exercised by others, nor be modified or deprived by means of the Articles or the resolutions of general meeting.

Article 113 The Board of the Company shall explain to the general meeting the non-standard audit opinions issued by the certified public accountants on the financial report of the Company.

Article 114 The Board formulates the Rules of Procedure for the Board to ensure the implementation of resolutions of the general meetings by the Board, enhance the working efficiency and ensure scientific decision-making. The Rules of Procedure for the Board shall stipulate convening and voting procedure of the Board meetings, and shall be an annex to the Articles, prepared by the Board and approved by the general meeting.

Article 115 The Board shall determine the authority over external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management, related transactions, external donations, etc. and establish strict review and decision-making procedures. Major investment projects shall be assessed and examined by relevant experts and professionals and approved at a general meeting.

The Board shall consider the following major transactions within the scope of authority:

- (1) The total amount of assets involved in the transaction accounts for more than 10% of the audited total assets of the Company in the latest period.

Where the total amount of assets involved in the transaction accounts for more than 50% of the audited total assets of the Company in the latest period, such transaction shall be submitted to the general meeting for consideration.

If such total amount of assets involved in the transaction has both book value and assessed value, the higher one shall be taken for the purpose of calculation.

- (2) The net assets involved in the subject matter (such as equity interest) of the transaction account for more than 10% of the audited net assets of the Company in the latest period, and the absolute amount exceeds RMB10 million.

Where the net assets involved in the subject matter (such as equity interest) of the transaction account for more than 50% of the audited net assets of the Company in the latest period, and the absolute amount exceeds RMB50 million, such transaction shall be submitted to the general meeting for consideration.

If such net assets involved in the transaction have both book value and assessed value, the higher one shall be taken for the purpose of calculation.

- (3) The operating income related to the subject matter (such as equity interest) of the transaction in the latest accounting year accounts for more than 10% of the audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB10 million.

Where the operating income related to the subject matter (such as equity interest) of the transaction in the latest accounting year accounts for more than 50% of the audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB50 million, such transaction shall be submitted to the general meeting for consideration.

- (4) The net profit related to the subject matter (such as equity interest) of the transaction in the latest accounting year accounts for more than 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million.

Where the net profit related to the subject matter (such as equity interest) of the transaction in the latest accounting year accounts for more than 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million, such transaction shall be submitted to the general meeting for consideration.

- (5) The transaction amount (including debts and expenses assumed) accounts for more than 10% of the audited net assets of the Company in the latest period, and the absolute amount exceeds RMB10 million.

Where the transaction amount (including debts and expenses assumed) accounts for more than 50% of the audited net assets of the Company in the latest period, and the absolute amount exceeds RMB50 million, such transaction shall be submitted to the general meeting for consideration.

- (6) The profit arising from the transaction accounts for more than 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million.

Where the profit arising from the transaction accounts for more than 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million, such transaction shall be submitted to the general meeting for consideration.

- (7) Other matters that are subject to review by the Board as stipulated by relevant laws and regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

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

The term "transaction" as used in this Article has the same meaning as that defined in Article 47 of the Articles.

Article 116 The chairman shall exercise the following functions and powers:

- (1) to preside over general meetings, and to convene and preside over the meetings of the Board;
- (2) to supervise and inspect the implementations of resolutions of the Board;
- (3) to sign relevant documents on behalf of the Company, and important documents of the Board;
- (4) to perform other functions and powers as delegated by the Board.

Article 117 The vice chairman of the Company shall assist the chairman in work. Where the chairman is unable or fails to perform his/her duties, the vice chairman shall discharge such duties. Where the vice chairman is unable or fails to perform his/her duties, more than one half of the directors shall elect a director to discharge such duties.

Article 118 Regular meetings of the Board shall be held at least 4 times a year, which shall be convened by the chairman. All directors shall be notified in writing 14 days before the meeting.

Article 119 Any shareholder(s) holding more than one-tenth voting rights, more than one-third of the directors or the Audit Committee may propose the holding of an extraordinary meeting of the Board. The chairman shall convene and preside over a Board meeting within 10 days after receipt of such proposal.

Article 120 The Board shall notify the convening of an extraordinary meeting of the Board in writing three days prior to the meeting.

Article 121 The notice of a Board meeting shall include the following:

- (1) the date and venue of the meeting;
- (2) duration of the meeting;
- (3) the reasons and topics;
- (4) date of issuing the notice.

Article 122 A meeting of the Board shall be held only if more than half of the directors are present. Save as otherwise specified in the laws, regulations and the Articles, resolutions of the Board shall be passed by more than half of all the directors.

Voting on resolutions of the Board shall be on a one-person-one-vote basis.

Article 123 If a director has a related relationship with an enterprise or individual involved in a matter on which a resolution is to be made at a meeting of the Board, such director shall report to the Board in writing in a timely manner. The related director may not exercise his/her right to vote regarding such resolution, nor may he/she exercise the voting right of another director as such director's proxy thereon. Such a Board meeting may be held only if more than one half of the directors without a related relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the directors without a related relationship. If the number of unrelated directors attending the meeting is less than three, the matter shall be submitted to the general meeting for consideration.

Article 124 Resolutions of the Board shall be voted on by open ballot. Under the premise of ensuring the full expression of opinions by directors, extraordinary meetings of the Board may be conducted and resolutions may be made by way of electronic communication, and signed by the directors in presence.

Article 125 Directors shall attend the meeting of the Board in person. Where a director is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which shall be signed or sealed with the chop by the appointing director. A director appointed as a representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the Board and has not appointed a representative to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting. An independent director shall not appoint a non-independent director to vote on his/her behalf. In considering the related affairs, an unrelated director shall not appoint a related director to attend the meeting on his/her behalf.

Article 126 The Board shall keep minutes of decisions on matters discussed at the meeting, and the directors present at the meeting shall sign the minutes.

Minutes of the meeting of the Board shall be kept as corporate archives for a period of not less than ten years.

Article 127 Minutes of the meeting of the Board shall include the following:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the directors present and the names of the directors (proxies) who have been delegated by others to attend the meeting of the Board;
- (3) agenda of the meeting;
- (4) the main points of the directors' speeches;
- (5) the manner of voting on each resolution and the results thereof (the voting results shall set out the number of votes in favor, against or abstaining from voting).

Section 3 Independent Directors

Article 128 Independent directors shall diligently perform their duties as required by laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles. They shall play roles in participating in decision-making, supervising and checking balances, and providing professional consultation in the Board, safeguard the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

Article 129 Independent directors must maintain their independence. None of the following persons may serve as independent directors:

- (1) any person who holds a position in the Company or its subsidiaries and his/her spouse, parents, children and major social connections;
- (2) any individual shareholder who directly or indirectly holds more than 1% of the issued shares of the Company or who ranks among the top ten shareholders of the Company and his/her spouse, parents or children;
- (3) any person who holds a position in a shareholder entity that directly or indirectly holds more than 5% of the issued shares of the Company or that ranks among the top five shareholders of the Company, or his/her spouse, parents or children;
- (4) any person who holds a position in a subsidiary of the controlling shareholder or de facto controller of the Company, or his/her spouse, parents or children;
- (5) any person who has significant business transactions with the Company and its controlling shareholder, de facto controller, or any of their respective subsidiaries, or any person who holds a position in an entity that has such significant business transactions and its controlling shareholder or de facto controller;

- (6) any person who provides financial, legal, consulting, sponsorship, or other services to the Company and its controlling shareholder, de facto controller, or any of their respective subsidiaries, including but not limited to all members of the project team, reviewers at all levels, persons who sign the reports, partners, directors, senior management, and the primary persons in charge of the intermediaries that provide services;
- (7) any person who falls under any of the circumstances set forth in items (1) to (6) within the past 12 months;
- (8) any other person who is not independent as prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Independent directors shall conduct a self-assessment on their independence annually and submit the self-assessment results to the Board. The Board shall annually evaluate the independence of the incumbent independent directors and issue a specific opinion, which shall be disclosed concurrently with the annual report.

Article 130 An independent director of the Company shall satisfy the conditions as follows:

- (1) being qualified to be a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;
- (2) meeting the independence requirement as required by the Articles;
- (3) having basic knowledge on the operation of listed companies and being familiar with relevant laws, regulations and rules;
- (4) having over five years of work experience in law, accounting or economics and other necessary experience for performing the duties of an independent director;
- (5) having good personal moral character and no major breach of integrity or other adverse records;
- (6) other conditions provided by laws, administrative regulations, the requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 131 As members of the Board, the independent directors shall have duties of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (1) to participate in the decision-making of the Board and express explicit opinions on the matters considered;
- (2) to supervise matters on potential material conflicts of interest between the Company and controlling shareholders, de facto controllers, directors and senior management, thus protecting the lawful rights and interests of minority shareholders;

- (3) to provide professional and objective advice on the operation and development of the Company, thus improving the decision-making of the Board;
- (4) to perform other duties prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 132 The independent directors may exercise the following special powers:

- (1) to engage an intermediary to audit, advise or verify the Company's specific affairs independently;
- (2) to propose to the Board to convene an extraordinary general meeting;
- (3) to propose to convene Board meetings;
- (4) to solicit shareholders' rights from shareholders publicly in accordance with laws;
- (5) to express independent opinions on matters that may prejudice the rights and interests of the Company or minority shareholders;
- (6) other powers prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Independent directors shall seek the consent of a majority of all independent directors before exercising the powers under items (1) to (3) of the preceding paragraph.

The Company shall make disclosure in a timely manner if an independent director exercises the power specified in paragraph 1 of this Article. If the aforesaid power cannot be performed normally, the Company shall disclose the specific circumstances and reasons therefor.

Article 133 The following matters shall be submitted to the Board for consideration after approval by a majority of all independent directors of the Company:

- (1) related party transactions that should be disclosed;
- (2) the Company and the relevant parties' plan to change or waive the undertaking;
- (3) the decisions made and measures taken by the Board of the Company regarding the acquisition of the Company;
- (4) other matters stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 134 The Company shall establish a mechanism for special meetings attended by all independent directors. Matters such as the consideration of related party transactions by the Board shall require prior approval by the special meeting of independent directors.

The Company shall hold a special meeting of independent directors on a regular or irregular basis. Matters listed in items (1) to (3) of paragraph 1 of Article 132, and Article 133 of the Articles shall be considered at the special meeting of independent directors.

The special meeting of independent directors may study and discuss other matters of the Company if necessary.

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

Meeting minutes shall be prepared for the special meeting of independent directors in accordance with regulations, and the opinions of independent directors shall be recorded in the meeting minutes. Independent directors shall sign the meeting minutes for confirmation.

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

Section 4 Specialized Committees under the Board

Article 135 The Board of the Company establishes the Audit Committee, which shall exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

Article 136 The Audit Committee shall consist of three members. They shall be the directors who do not hold senior management positions in the Company. All of the three members shall be independent directors, and an accounting professional among the independent directors shall serve as the convener.

Article 137 The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating the internal and external audit work and internal controls. Proposals in respect of the following matters shall be submitted to the Board for consideration only with the approval of more than half of all members of the Audit Committee:

- (1) disclosure of financial information in the financial and accounting reports and periodic reports, and the internal control assessment report;
- (2) appointment or removal of the accounting firm undertaking the audit work of the listed company;
- (3) appointment or removal of the person in charge of finance of the listed company;
- (4) change in accounting policies or accounting estimates or rectification of significant accounting errors for reasons other than a change in accounting standards; and
- (5) other matters stipulated under the laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 138 The Audit Committee shall convene at least one meeting every quarter. Extraordinary meetings may be convened upon the proposal of two or more members or when the convener deems it necessary. Meetings of the Audit Committee shall be held only when attended by more than two-thirds of its members.

Resolutions of the Audit Committee shall be passed by more than half of its members.

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

Meeting minutes shall be prepared for the resolutions of the Audit Committee in accordance with regulations, and members of the Audit Committee attending the meeting shall sign the meeting minutes.

The rules of procedure for the Audit Committee shall be formulated by the Board.

Article 139 The Board of the Company establishes specialized committees including Strategy Committee, Nomination Committee, Remuneration and Appraisal Committee and Environmental, Social and Governance (ESG) Committee, which perform their duties in accordance with the securities regulatory rules of the place where the Company's shares are listed, the Articles and the authorization of the Board. Proposals from specialized committees shall be submitted to the Board for review and decision. The rules of procedure for specialized committees shall be formulated by the Board.

The majority of the members of the Nomination Committee and Remuneration and Appraisal Committee shall be independent directors, with an independent director acting as the convener. The Nomination Committee shall have at least one member of a different gender.

Article 140 The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, as well as making recommendations to the Board on the following matters:

- (1) nomination or appointment or removal of directors;
- (2) appointment or dismissal of senior management;
- (3) other matters stipulated by laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

If the Board fails to adopt or fails to fully adopt the recommendations of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for non-adoption in the resolutions of the Board, and make disclosures accordingly.

Article 141 The Remuneration and Appraisal Committee is responsible for formulating appraisal standards for directors and senior management and conducting appraisals, formulating and reviewing the remuneration policies and proposals including compensation decision mechanism and process, payment and stop-payment recourse arrangements for directors and senior management, as well as making recommendations to the Board on the following matters:

- (1) the remuneration of directors and senior management;
- (2) the formulation or amendment of equity incentive plans, employee stock ownership plans, grant of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;
- (3) the arrangement of stock ownership plans for directors and senior management in the event of a proposed spin-off of a subsidiary;
- (4) other matters stipulated by laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles.

If the Board fails to adopt or fails to fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption in the resolutions of the Board, and make disclosures accordingly.

Article 142 The Strategy Committee is responsible for researching and making recommendations on the long-term development strategy and major investment decisions of the Company. The Strategy Committee mainly performs the following duties:

- (1) to understand the domestic and foreign economic development situation, industrial development trend, the policy direction of the State and the industry; to study and make suggestions on the long-term development strategic plan and development direction of the Company;
- (2) to evaluate the strategic planning, development objects, operating plans and implementation processes of the Company;
- (3) to study and make suggestions on the major investment proposals subject to the approval of the Board in accordance with the Articles;
- (4) to study and make suggestions on the material capital operation projects subject to the approval of the Board in accordance with the Articles;
- (5) to study and make suggestions on other major issues affecting the development of the Company;
- (6) to inspect the implementation of the above-said matters;
- (7) other matters authorized by the Board.

Article 143 The Company's Environmental, Social and Governance (ESG) Committee is responsible for the supervision and instruction of effective implementation of the Company's environmental protection, social responsibilities and standardized governance, to promote the Company's ESG development. The Company's Environmental, Social and Governance (ESG) Committee primarily performs the following duties:

- (1) to focus on researching laws, regulations, and policies in the Company's ESG field, and to study and propose recommendations on the Company's work directions in environmental protection, social responsibilities, standardized governance, etc.;
- (2) to research and formulate the Company's ESG management strategic planning, management structure, policies, detailed implementation rules, etc.;
- (3) to identify and monitor ESG-related risks and opportunities that have significant impacts on the businesses of the Company, and to guide the management to take appropriate measures to address ESG risks and opportunities;
- (4) to guide, supervise and inspect the implementation of the Company's environmental, social responsibility, and corporate governance work, assess the Company's overall ESG performance and propose corresponding recommendations;
- (5) to consider and approve the Company's environmental, social and governance (ESG)-related reports and other material matters related to ESG;
- (6) other matters authorized by the Board.

CHAPTER VI SENIOR MANAGEMENT

Article 144 The Company shall appoint one general manager, who shall be appointed or removed by the Board. The Company also has deputy general managers, who shall be appointed or removed by the Board.

The general manager, deputy general managers, the chief financial officer and the secretary to the Board of the Company shall be the senior management of the Company.

The Company shall sign employment contracts with senior management to clearly define the rights and obligations of both parties.

Article 145 The provisions under the Articles concerning disqualifications for directors and the resignation management system shall also apply to the senior management.

The provisions under the Articles concerning the duties of loyalty and diligence of directors shall also apply to the senior management.

Article 146 Persons who hold administrative positions other than directors and supervisors of the controlling shareholders of the Company shall not serve as senior management of the Company. Senior management of the Company may only receive remuneration from the Company and may not be paid by the controlling shareholder.

Article 147 The term of office of the general manager shall be three years, and the general manager may be re-elected for consecutive terms.

Article 148 The general manager shall be responsible to the Board and exercise the following powers:

- (1) to preside over the production and operation management of the Company, organize the implementation of the resolutions of the Board, and report to the Board;

- (2) to organize the implementation of the Company's annual business plan and investment program;
- (3) to draft the Company's internal management structure plan;
- (4) to draft the basic management system of the Company;
- (5) to formulate specific rules and regulations for the Company;
- (6) to propose to the Board the appointment or dismissal of the Company's deputy general managers and chief financial officer;
- (7) to decide on the appointment or dismissal of management members, except for those whose appointment or dismissal shall be decided by the Board;
- (8) other powers conferred by the Articles or the Board.

The general manager shall attend the meetings of the Board.

Article 149 The general manager shall prepare the detailed working rules for the general manager, which shall be submitted to the Board for approval before its implementation.

Article 150 The detailed working rules for the general manager shall include:

- (1) the conditions and procedures for the general manager's meeting and the persons to attend such meeting;
- (2) the specific duties for the general manager and other senior management and the assignment of responsibilities between them;
- (3) the authority with respect to the use of the funds and assets of the Company and the execution of material contracts as well as the reporting system to make reports to the Board;
- (4) other matters considered necessary by the Board.

Article 151 The general manager may resign before the expiration of his/her term of office. The specific procedures and methods for the resignation of the general manager shall be stipulated in the labor contracts between the general manager and the Company.

Other senior management may resign before expiry of his/her term of office, subject to submission of a written resignation report to the Board, and shall not evade his/her responsibilities by means of resignation or other means. The resignation of senior management shall take effect from the date on which the resignation report is delivered to the Board.

Article 152 The chief financial officer shall be accountable to the Board and assist the general manager in performing his/her duties. The chief financial officer bears direct responsibility for the preparation of financial reports, accounting policy processing, financial information disclosure, and other finance-related matters. As a senior manager, the chief financial officer shall strengthen control over the Company's financial processes, regularly check the Company's monetary funds and restrictions on assets, and monitor transactions and fund exchanges between the Company and related parties such as controlling shareholders and de facto controllers. The chief financial officer shall monitor cash inflows and outflows and changes in balance of the Company, take proactive measures when abnormal changes occur in the cash balance, and report to the Board in a timely manner.

The chief financial officer shall ensure the financial independence of the Company from controlling shareholders and de facto controllers, and if he/she receives instructions from controlling shareholders, de facto controllers and their related persons to encroach upon the interests of the Company by occupying or transferring funds, assets or other resources, he/she shall explicitly reject such instructions, and report to the Board in a timely manner.

Article 153 The deputy general managers of the Company shall be responsible to the general manager and report to him/her, and shall perform the relevant duties in accordance with the scope of assigned business.

Article 154 The Company shall have a secretary to the Board, who shall be responsible for the preparations for general meetings and Board meetings of the Company, keeping of documentation and the management of shareholders' data, handling of matters relating to information disclosure, etc. To perform his/her duties, the secretary to the Board, as a senior management of the Company, has the right to participate in relevant meetings, inspect relevant documents, and understand the Company's financial and operating conditions. The Board and other senior management shall support the work of the secretary to the Board. No organization or individual shall interrupt the secretary to the Board in performing his/her normal duties.

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

Article 155 Where the senior management causes damage to others in the course of performing his/her duties, the Company shall be liable for compensation; where the senior management acts with willful or material default, he/she shall also be liable for compensation.

Where the senior management, in discharging his/her duty with the Company in violation of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles, causes damage to the Company, he/she shall bear the liability of compensation.

Article 156 Senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

If any senior management of the Company causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing his/her duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.

CHAPTER VII FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Section 1 Financial and Accounting System

Article 157 The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities.

Article 158 The Company shall submit and disclose its annual reports to the delegated authority of the CSRC and the stock exchange of the place where the Company's shares are listed within four months from the ending date of each fiscal year, and submit and disclose its interim reports to the delegated authority of the CSRC and the stock exchange of the place where the Company's shares are listed within two months from the ending date of the first half of each fiscal year.

The aforesaid annual reports and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, the regulations of the CSRC and the stock exchange of the place where the Company's shares are listed.

Article 159 The Company does not establish account books other than the statutory account books. The funds of the Company shall not be deposited in any personal account.

Article 160 When distributing after-tax profits for a given year, the Company shall allocate 10% of such profits to the statutory reserves. If the cumulative statutory reserves reach 50% or more of the Company's registered capital, no further allocation is required.

Where the Company's statutory reserve is insufficient to cover losses from previous years, the Company shall first use the current year's profits to offset such losses before making any allocation to the statutory reserve.

After setting aside the statutory reserve, the Company may, subject to a resolution of the general meeting, allocate a portion of the remaining after-tax profits to a discretionary reserve fund.

After offsetting losses and allocating reserves, the remaining after-tax profits shall be distributed among shareholders in proportion to their shareholdings, unless otherwise provided in the Articles.

In the event that the general meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the provision to the Company; where any loss is caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The Company shall appoint not less than one payment receiving agent in Hong Kong for holders of H Shares. The payment receiving agents shall receive and hold on behalf of such holders of H Shares any dividends allocated to H Shares and other amounts payable by the Company, for future payments to such holders of H Shares. The payment receiving agents appointed by the Company shall comply with laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Article 161 The reserve fund of the Company shall be used for making up for the loss of the Company, expansion of the operation or increase of capital of the Company.

When using the reserve fund to cover the losses of the Company, any discretionary reserve fund and statutory reserve fund shall first be used to cover such losses; if there is still a shortfall, the capital reserve fund may be used in accordance with the requirements.

When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

Article 162 After the general meeting makes resolution for the proposal of profit distribution, or after the Board of the Company has formulated specific proposal based on the conditions and upper limit for the next year interim dividend approved by the annual general meeting, the Board shall complete the dividends (or shares) distribution within two months.

Article 163 The Company adopts consistent and stable profit distribution policies, which shall emphasize on investors' reasonable investment return while maintaining sustainable development of the Company. Among them, the cash dividend policy aims to achieve stable dividend growth.

If the Company's most recent annual audit report is qualified, or contains an unqualified opinion with a material uncertainty related to going concern, the Company may refrain from distributing profits.

The Company's profit distribution policy, decision-making procedures and mechanisms are as follows:

(1) Profit distribution policy

1. The Company may distribute dividends in cash, shares or a combination of both cash and shares. The Company shall actively distribute dividends in the form of cash. Cash dividend distribution shall enjoy preference over share dividend in profit distribution.

2. Subject to relevant laws and regulations as well as the conditions as stipulated in the Articles, the profit distributed by the Company in the form of cash every year shall be not less than 20% of the distributable profit realized in the respective year. The Company shall primarily adopt a cash dividend distribution policy, which stipulates: provided that the Company maintains sustainable operations and long-term development, if the Company realizes a profit for the year and its cumulative undistributed profit is positive, the auditing firm has issued an audit report with standard unqualified opinions on the annual financial report of the Company for that year (half-yearly profit distribution shall be made in accordance with the relevant regulations), and there are no major investment plans or other significant cash expenditure events (major investment plans or significant cash expenditures refer to: cumulative expenditures for proposed investments or acquisitions of assets by the Company within the following 12 months reaching or exceeding 30% of the Company's latest audited net assets, which exceed RMB50 million), the Company pays cash dividends after appropriation to the statutory reserve fund and surplus reserve fund in accordance with the laws. If the operating income of the Company is growing rapidly, and the Board believes the share prices of the Company do not match the scale of its share capital, the Board may propose and implement share dividend distribution proposals subject to the fulfillment of the above cash dividend distribution.
3. In principle, the Company shall distribute profits once a year; the Board of the Company may propose interim dividend distribution based on the Company's current profit level, cash flow status, development stage and capital requirements.
4. If any shareholder illegally occupies the Company's funds, the Company shall deduct the cash dividend allocated to such shareholder to repay the amount taken.

(2) Decision-making procedures and mechanisms for profit distribution

In the formulation of its annual profit distribution plan, the Company shall duly consider various factors including its actual profits, cash flow status, future business plans and long-term development, ability to repay debts and investor returns. The aforementioned profit distribution plan shall be approved by more than half of all directors before it is submitted to the general meeting for consideration.

When considering the above profit distribution plan, the Board shall diligently study and discuss on matters including the timing, conditions and minimum proportion, conditions for adjustments and the requirements of the decision-making procedures of the cash dividend distribution of the Company. Independent directors are entitled to express independent opinions in the event that they believe the specific cash dividend distribution proposal may harm the interests of the Company or the minority shareholders. If the Board does not adopt or does not fully adopt the opinions of the independent directors, it shall record the specific reasons for not adopting the opinion in the Board resolution and disclose the same.

Prior to the consideration of the above profit distribution proposal by the general meeting, the Company shall take the initiative to communicate and exchange ideas with the shareholders, in particular, minority shareholders, through multiple channels such as answering investor's calls, company public mailboxes, online platforms, or convening investor meetings, and attentively listen to the opinions and demands of the minority shareholders and give timely response to the issues that concern them.

When the Company holds an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, proportion cap and amount cap of cash dividend distribution for the interim period of the next year. The dividend cap for the interim period of the next year considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the listed company for the corresponding period. The Board shall formulate a specific interim dividend plan in accordance with the resolutions of the general meeting and subject to the conditions of profit distribution.

- (3) Conditions, decision-making procedures and mechanisms for adjusting or changing profit distribution policies

The Company may adjust or amend its profit distribution policy in light of business operations, investment plans and the requirement of long-term development of the Company as and when needed. The adjusted or amended profit distribution policy shall not violate relevant requirements of the CSRC and the stock exchanges.

Any adjustments or amendments to the profit distribution policy that the general meeting deliberates on shall be subject to detailed discussion, follow the corresponding decision-making procedures, and be approved by more than half of all directors on the Board and by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

- (4) Description of the implementation of the profit distribution policy in periodic reports

1. The Company shall disclose in detail the formulation and implementation of its cash dividend policy in its annual reports, with specific explanations on the following matters:

- (1) whether it is in compliance with the provisions of the Articles or requirements of the resolutions of the general meeting;
- (2) whether the criteria and proportion of dividend distribution is specific and clear;
- (3) whether the relevant decision-making procedures and mechanism are complete;
- (4) if the Company has not made cash dividends, it shall disclose the specific reasons therefor and the next steps it intends to take to enhance the level of investor returns;
- (5) whether minority shareholders have opportunities to fully express their opinions and requests and whether the legitimate rights and interests of minority shareholders are fully protected.

Where adjustments or changes are made to the cash dividend policy, a detailed explanation shall also be provided as to whether the conditions and procedures for such adjustments or changes are compliant and transparent.

2. If the Board of the Company did not propose cash profit distribution plan after the end of last fiscal year when the Company recorded profits in last fiscal year, it shall state the reason why the profit is not distributed in its annual report for the year and the uses of the undistributed capital reserved.

Section 2 Internal Audit

Article 164 The Company shall implement the internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit.

Article 165 The Company's internal audit system and the responsibilities of audit personnel shall be subject to approval by the Board and disclosed to the public.

Article 166 The Company's internal audit institution supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

Article 167 The internal audit institution shall be accountable to the Board.

The internal audit institution shall accept the supervision and guidance of the Audit Committee in the course of supervising and inspecting the Company's business activities, risk management, internal control and financial information. If the internal audit institution discovers relevant major issues or clues, it shall report directly to the Audit Committee immediately.

Article 168 The specific organization and implementation of the Company's internal control evaluation shall be the responsibilities of the internal audit institution. The Company issues an annual internal control evaluation report based on evaluation reports and relevant information issued by the internal audit institution and reviewed by the Audit Committee.

Article 169 When the Audit Committee communicates with external audit firms such as accounting firm and national audit institution, the internal audit institution shall actively cooperate with them, providing necessary support and collaboration.

Article 170 The Audit Committee shall participate in the evaluation of the person in charge of internal audit.

Section 3 Appointment of Accounting Firm

Article 171 The Company shall appoint such accounting firm which has complied with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be one year and can be re-appointed.

Article 172 The appointment or dismissal of an accounting firm by the Company shall be subject to approval by the general meeting. The Board shall not appoint an accounting firm without prior approval from the general meeting.

Article 173 The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information without any refusal of provision, withholding, and misrepresentation of information.

Article 174 The audit fee of the accounting firm shall be determined by the general meeting.

Article 175 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 a general meeting votes on the removal of an accounting firm, the accounting firm shall be allowed to make its representation.

An accounting firm tendering resignation shall state at a general meeting whether there are any irregularities in the operation of the Company.

CHAPTER VIII NOTICES AND ANNOUNCEMENTS

Section 1 Notices

Article 176 Notices of the Company shall be served by the following ways:

- (1) by hand;
- (2) by mail;
- (3) by announcement;
- (4) by other means as specified by the securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 177 Where a notice of the Company is sent by way of an announcement, such notice shall be deemed to have been received by all relevant personnel upon announcement.

Article 178 The notice of convening the general meeting of the Company shall be made in form of an announcement.

Article 179 The notice of convening the Board meeting of the Company shall be delivered by hand or fax, mail, etc.

Article 180 The Company's notice be delivered by hand, the recipient shall sign (or chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Company's notice be delivered by mail, the delivery date shall be five business days after the mail has been handed to post office. Should the Company's notice be delivered in the form of an announcement, the first date of announcement shall be the date of delivery.

Article 181 The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat solely for such reason.

Section 2 Announcements

Article 182 The Company publishes its announcements and other information required for disclosure in the newspapers, websites and other media designated by securities regulatory authorities and the stock exchange of the place where the Company's shares are listed.

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

CHAPTER IX MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Section 1 Merger, Division, Capital Increase and Capital Reduction

Article 183 The Company may implement a merger or division according to laws.

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

Article 184 If the price paid for the merger of the Company does not exceed 10% of the net assets of the Company, it may not be subject to a resolution of the general meeting, unless otherwise provided in the Articles.

Where the merger of the Company pursuant to the preceding paragraph is not subject to a resolution of the general meeting, it shall be subject to a resolution of the Board.

Article 185 If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the designated media and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) within 30 days as of the date of such resolution. A creditor may, within 30 days from the receipt of the notice or, in case where he/she fails to receive such notice within 45 days from the date of the announcement, require the Company to pay its debts in full or to provide commensurate security.

Article 186 When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Article 187 Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution, and publish an announcement on the designated media or through the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

Article 188 Unless otherwise agreed in a written agreement entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Article 189 Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list.

The Company shall notify its creditors within 10 days from the date of the resolution made by the general meeting for the reduction of its registered capital and shall publish an announcement on the designated media or through the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right within 30 days as of the receipt of the notice or, in case where it fails to receive such notice, within 45 days from the date of the announcement, require the Company to pay its debts in full or to provide commensurate security.

Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced correspondingly in proportion to the shares held by its shareholders, unless otherwise provided by law or by the Articles.

Article 190 Where the Company still incurs losses after making up its losses in accordance with Paragraph 2 of Article 161 of the Articles, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distribution to its shareholders, nor exempt the shareholders from their obligation to make capital contribution or calls on share.

The provisions of Paragraph 2 of Article 189 of the Articles shall not apply to the reduction in the registered capital in accordance with the preceding paragraph. The Company shall publish an announcement on the designated media or through the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at the general meeting.

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

Article 191 If the reduction of the registered capital is in violation of the Company Law and other relevant provisions, shareholders shall return the funds they have received and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the liable directors and senior management shall be liable for compensation.

Article 192 Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless otherwise provided in the Articles or the general meeting resolves that the shareholders shall have pre-emptive right.

Article 193 Where the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the laws. Where the Company dissolves, the Company shall cancel its registration in accordance with the laws. Where a new company is established, its establishment shall be registered in accordance with the laws.

When the Company increases or reduces its registered capital, such changes shall be registered with the company registration authority in accordance with the laws.

Section 2 Dissolution and Liquidation

Article 194 The Company shall be dissolved for the following reasons:

- (1) expiry of the term of business provided in the Articles or other cause of dissolution as specified therein;
- (2) a resolution on dissolution is passed by general meeting;
- (3) dissolution is required due to the merger or division of the Company;
- (4) the Company's business license is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (5) if the Company encounters serious difficulties in its operation and management, and its continued existence will cause significant losses to the interests of shareholders, and if the situation cannot be resolved through other means, shareholders holding more than 10% of the voting rights of the Company may request the people's court to dissolve the Company.

If the Company encounters any of the circumstances specified in the preceding paragraph, it shall announce the circumstances of its dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Article 195 Where the situation set forth in paragraph (1) and (2) of Article 194 of the Articles occurs, and no property has been distributed to its shareholders, the Company may continue to exist by amending the Articles or resolutions made by the general meeting.

Amendments to the Articles or resolutions made by the general meeting in accordance with preceding paragraph shall be passed by a vote representing more than two-thirds of the voting rights of the shareholders present at the general meeting.

Article 196 Should the Company dissolve due to reasons stipulated in the items (1), (2), (4) and (5) of Article 194 hereof, it shall be liquidated. The directors, who are the liquidation obligors of the Company, shall set up a liquidation committee to carry out liquidation within 15 days as of the dissolution circumstance arises.

The liquidation committee shall consist of the directors, unless otherwise provided for in the Articles or other persons resolved to be elected at the general meeting.

Where the liquidation obligors fail to fulfil their liquidation obligations in a timely manner and cause losses to the Company or its creditors, they shall be liable for compensation.

Article 197 During the liquidation period, the liquidation committee shall exercise the following powers:

- (1) to check the Company's assets and separately prepare a balance sheet and an inventory of assets;

- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes and taxes incurred in the course of liquidation;
- (5) to claim credits and pay off debts;
- (6) to distribute the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in any civil proceedings.

Article 198 As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and make public announcement on the designated media or through the National Enterprise Credit Information Publicity System within 60 days. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during period of credit declaration.

Article 199 After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for the confirmation by general meeting or the people's court.

The remaining properties of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholding ratios.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation.

The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

Article 200 If the liquidation committee, after checking the Company's assets and preparing a balance sheet and an inventory of assets, finds that the Company's assets are insufficient to pay off its debts, it shall file an application to the people's court for bankruptcy liquidation in accordance with the laws.

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

Article 201 Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the general meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the Company.

Article 202 Members of the liquidation committee shall perform the liquidation duties and have obligations of loyalty and diligence.

Where members of the liquidation committee neglect to perform the liquidation duties and cause any loss to the Company, he/she shall be liable to make compensation; where any members of the liquidation committee cause any loss to any creditor with intention or due to gross negligence, he/she shall be liable to make compensation.

Article 203 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 enterprises.

CHAPTER X AMENDMENTS TO THE ARTICLES

Article 204 The Company will amend the Articles in any of the following circumstances:

- (1) after the amendments are made to the Company Law or relevant laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed, any term contained in the Articles become inconsistent with the provisions of the amended laws and administrative regulations;
- (2) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles;
- (3) the general meeting has resolved to amend the Articles.

Article 205 Where the amendments to the Articles passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

Article 206 The Board shall amend the Articles in accordance with the resolution of the general meetings on amendment to the Articles and the examination and approval opinions from relevant authorities.

Article 207 Where the matters on the amendments to the Articles constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to these requirements.

CHAPTER XI SUPPLEMENTARY PROVISIONS

Article 208 Definitions

- (1) A controlling shareholder refers to a shareholder who holds more than 50% of the total share capital of the Company; a shareholder who holds less than 50% of the total share capital of the Company but whose voting rights are sufficient to exert significant influence over the resolutions of the general meeting, or a controlling shareholder as defined in the securities regulatory rules of the place where the Company's shares are listed.

- (2) The “de facto controller” refers to the natural person, legal person or other organization that, by virtue of investment relations, agreements or other arrangement, is able to exercise effective control over the activities of the Company.
- (3) A connected relationship refers to the relationship between the Company’s controlling shareholders, de facto controllers, directors, senior management and those enterprises which are directly or indirectly controlled by the foregoing parties, as well as other relationships that may result in the transfer of the Company’s interests. However, state-controlled enterprises are not considered to have connected relationship solely because they are all being controlled by the State.
- (4) The “accounting firm” defined herein has the same meaning with the “auditors” defined in the Hong Kong Listing Rules, and the “independent director” defined herein has the same meaning with the “independent non-executive director” defined in the Hong Kong Listing Rules.

Article 209 The Board may formulate by-laws in accordance with the provisions of the Articles, provided that such by-laws shall not be in violation of the Articles.

Article 210 The Articles are written in Chinese. In case of any inconsistency between the Articles and the Articles in any other language or of different version, the latest Chinese version of the Articles approved by and registered with Nanjing Market Supervision Administration shall prevail.

Article 211 For the purpose of the Articles, “above” and “within” as stated herein shall include the number itself, while “exceeding”, “except”, “less than”, “more than” and “over” does not include the number itself.

Article 212 The Board of the Company shall be responsible for the interpretation of the Articles.

Article 213 For matters not covered by the Articles, or in the event of any inconsistency between the relevant provisions under the Articles and laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company’s shares are listed, the relevant laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company’s shares are listed shall prevail.

Article 214 The Articles shall be supplemented by the Rules of Procedure for General Meetings and the Rules of Procedure for the Board.

Article 215 The Articles shall take effect and come into force upon the date of listing and trading of the H Shares issued by the Company on The Stock Exchange of Hong Kong Limited, subject to the consideration and approval by the general meeting.

ESTUN AUTOMATION CO., LTD