



**江苏东方盛虹股份有限公司**  
**Jiangsu Eastern Shenghong Co., Ltd.**

## **Articles of Association**

**Stock Code: 000301**

## **Contents**

<b>Chapter 1</b>	<b>General Provisions</b>
<b>Chapter 2</b>	<b>Purpose and Scope of Business</b>
<b>Chapter 3</b>	<b>Shares</b>
Section 1	Issuance of Shares
Section 2	Increase, Reduction and Repurchase of Shares
Section 3	Transfer of Shares
Section 4	Financial Assistance for Purchase of Shares of the Company
<b>Chapter 4</b>	<b>Share Certificates and Register of Shareholders</b>
<b>Chapter 5</b>	<b>Shareholders and the General Meeting</b>
Section 1	Shareholders
Section 2	General Provisions of the General Meeting
Section 3	Convening of the General Meeting
Section 4	Proposals and Notices of the General Meeting
Section 5	Holding of the General Meeting
Section 6	Voting and Resolutions at the General Meeting
<b>Chapter 6</b>	<b>Board of Directors</b>
Section 1	Directors
Section 2	Board of Directors
<b>Chapter 7</b>	<b>Secretary to the Board of Directors</b>
<b>Chapter 8</b>	<b>Managers and Other Senior Management</b>
<b>Chapter 9</b>	<b>Board of Supervisors</b>
Section 1	Supervisors
Section 2	Board of Supervisors
<b>Chapter 10</b>	<b>Qualifications and Duties of Directors, Supervisors, Managers and Other Senior Management of the Company</b>
<b>Chapter 11</b>	<b>Financial and Accounting Systems, Distribution of Profits and Audit</b>
Section 1	Financial and Accounting Systems
Section 2	Internal Audit
Section 3	Employment of Accounting Firms
<b>Chapter 12</b>	<b>Notice and Announcement</b>
Section 1	Notice
Section 2	Announcement

---

**Chapter 13      Merger, Division, Capital Increase and Reduction, Dissolution  
and Liquidation**

Section 1 Merger, Division, and Capital Increase and Reduction

Section 2 Dissolution and Liquidation

**Chapter 14      Amendment of the Articles of Association**

**Chapter 15      Settlement of Disputes**

**Chapter 16      Supplementary Provisions**

## Chapter 1 General Provisions

**Article 1** The Articles of Association are formulated and enacted in accordance with 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 Special Regulations of the State Council on Overseas Share Offering and Listing of Joint Stock Companies (the "Special Regulations"), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the "Mandatory Provisions"), and other relevant regulations to safeguard the lawful rights and interests of the Company, its shareholders and creditors, and to standardize the organization and conduct of the Company.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the Special Regulations and other applicable regulations of the People's Republic of China (the Company).

The Company was set up by way of promotion on July 6, 1998 upon the approval of the document titled Su Zheng Fu [1998] No.71 issued by the People's Government of Jiangsu Province, and registered with the Administration of Industry and Commerce of Jiangsu Province on July 16, 1998 and obtained its business license.

The Company is now registered with the Administrative Examination and Approval Authority of Suzhou City and has obtained the business license with a unified social credit code of 91320500704043818X.

**Article 3** The Company was approved by the document titled Zheng Jian Fa Xing Zi [2000] No. 35 issued by the China Securities Regulatory Commission (the "CSRC"), for the initial public offering of 105 million ordinary shares dominated in RMB (A shares) on April 10, 2000, which was listed on the Shenzhen Stock Exchange on May 29, 2000.

The Company was approved by the CSRC and issued 39,794,000 Global Depositary Receipts (the "GDR(s)") on December 19, 2022, representing 397,940,000 A shares calculated in accordance with the conversion ratio determined by the Company, which were listed on the SIX Swiss Exchange on December 28, 2022.

**Article 4** Registered name of the Company: Jiangsu Eastern Shenghong Co., Ltd.  
(江苏东方盛虹股份有限公司)

**Article 5** Company domicile: No. 73 East Shichang Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province

Postal code: 215228

Tel.: 0512-63573480

Fax: 0512-63552272

**Article 6** The registered capital of the Company is RMB6,611,187,669.

**Article 7** The Company is a joint stock company with limited liability existing in perpetuity.

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

**Article 9** The entire assets of the Company are divided into equal shares, and the shareholders are liable for the Company to the extent of their subscribed shares, while the Company is liable for its debts to the extent of its entire assets.

**Article 10** The Articles of Association of the Company shall be a legally binding document that regulates the Company's organization and acts and governs the rights and obligations between the Company and its shareholders and amongst the shareholders themselves, as well as a legally binding document for the Company and its shareholders, directors, supervisors, the general manager and other senior management as of the date upon which it comes into effect. All of above persons may make any claims in relation to the matters of the Company pursuant to the Articles of Association.

Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders, shareholders may institute legal proceedings against directors, supervisors, the general manager, and other senior management of the Company, shareholders may institute legal proceedings against the Company, and the Company may institute legal proceedings against its shareholders, directors, supervisors, the general manager, and other senior management.

The legal proceedings referred to in the preceding paragraph include the initiation of proceedings in a court or the application of arbitration to an arbitration institution.

**Article 11** Other senior management stated in the Articles of Association refers to the deputy general manager, Secretary to the Board, CFO, assistant to the general manager and other personnel performing the same or similar duties as those above.

**Article 12** The Company may invest in other limited liability companies or joint stock companies and shall be liable for the invested company to the extent of such capital contribution. Unless otherwise provided by laws, the Company shall not be a contributor bearing joint and several liabilities to the debts of the invested enterprise.

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

## **Chapter 2 Purpose and Scope of Business**

**Article 14** The business purpose of the Company is to promote further development of the Company and maximize investment returns for all shareholders by following the operation mode stipulated by international practices and norms for joint stock companies, focusing on economic benefits, taking scientific and technological progress as motivation, and relying on modern management.

**Article 15** After approved by the company registry, the business scope of the Company covers the following:

General items: R&D of new material technologies; promotion services of new material technologies; R&D of emerging energy technologies; R&D of bio-based material technologies; R&D of biochemical product technologies; R&D of resource recycling technologies; R&D of special electronic materials; technology services, technology development, technology consultation, technology exchange, technology transfer, and technology promotion; engineering and technology research and experimental development; manufacturing of bio-based materials; manufacturing of special electronic materials; manufacturing of high-performance fibers and composite materials; manufacturing of synthetic fibers; heat production and supply; sales of bio-based materials; sales of petroleum products (excluding hazardous chemicals); sales of chemical products (excluding licensed chemical products); wholesale of refined oil (excluding hazardous chemicals); sales of special chemical products (excluding hazardous

chemicals); sales of new membrane materials; sales of synthetic materials; sales of ecological materials; sales of special electronic materials; sales of high-performance fibers and composite materials; sales of synthetic fibers; sales of coals and relevant products; investment activities with its own funds; business management consulting; leasing of non-residential real estate; property management. (Except the items subject to approval according to law, business activities shall be carried out pursuant to the business license independently according to law)

Operations limited to branches: power generation business, power transmission business, power supply (distribution) business

## Chapter 3 Shares

### Section 1 Issuance of Shares

**Article 16** The shares of the Company adopt the form of share certificates. The Company shall have ordinary shares at all times. With the approval from the company approval department authorized by the State Council, the Company may create other classes of shares when needed.

**Article 17** The shares of the Company shall be issued on the principle of openness, fairness and equity, and shares of the same class shall have equal rights.

Shares of the same class issued at the same time shall be issued under the same condition and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 18** All the shares issued by the Company shall have a nominal value, denominated in RMB, with each share having a nominal value of RMB1. With the approval of the competent securities authority under the State Council, the Company may issue shares or GDRs to domestic investors and foreign investors.

The foreign investors referred to in the preceding paragraph are investors in foreign countries and investors in Hong Kong, Macau and Taiwan of the People's Republic of China who subscribe for shares or GDRs issued by the Company; domestic investors refer to investors in the People's Republic of China other than the aforementioned regions who subscribe for shares issued by the Company or subscribe for GDRs in compliance with the national regulations on overseas investments.

**Article 19** The shares issued by the Company in Mainland China, as well as the new domestic shares corresponding to the issuance of GDRs outside Mainland China, are centrally deposited with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

**Article 20** The promoters of the Company and their method of capital contribution, shareholding ratio and time of capital contribution are as follows:

Names of promoters	Number of shares (10,000 shares)	Method of capital contribution	Time of capital contribution
Jiangsu Wujiang Silk Group Co., Ltd.	29,216.60	Net assets	1998



China Silk Industrial & Trading Corporation	651.10	Cash	1998
China National Garments Group Corp.	260.40	Cash	1998
Jiangsu Silk Group Co., Ltd.	1,106.80	Cash	1998
Suzhou Foreign Development General Company	65.10	Cash	1998

**Article 21** The total number of the Company's shares is 6,611,187,669 shares, which are RMB ordinary shares. The share capital structure of the Company is as follows: 6,611,187,669 ordinary shares, in which A-share shareholders hold 6,213,247,669 shares, accounting for 93.98%; GDRs held by foreign investors are calculated in accordance with the conversion ratio determined by the Company to be equivalent to 397,940,000 underlying A-shares, accounting for 6.02%.

## Section 2 Increase, Reduction and Repurchase of Shares

**Article 22** In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital by the following methods:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) the rights issue of new shares to existing shareholders;
- (IV) allotting bonus shares to existing shareholders;
- (V) capitalizing its capital reserve; and

(VI) other methods specified by laws and administrative regulations and approved by the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations of the PRC.

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

**Articles 24** The Company shall not repurchase its own shares. Except in any of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with another company that holds the shares of the Company;
- (III) to use the shares for Employee Stock Ownership Plan or as equity incentive;
- (IV) the shareholders disagreeing with the merger or division resolution made by the general meeting asking the Company to acquire their shares;

(V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;

(VI) necessary for the Company to protect its value and its shareholders' equity; or

(VII) other circumstances as permitted by laws and administrative regulations.

**Article 25** Where the Company repurchases its shares, one of the following methods shall be adopted:

(I) through public trading on stock exchanges;

(II) through offers;

(III) by agreement without involving a stock exchange; and

(IV) through other means as approved by the CSRC.

Where the Company intends to repurchase its shares in the situations prescribed in items (III), (V) or (VI) of paragraph 1 of Article 24 of the Articles of Association, the repurchase shall be conducted through public and centralized trading.

**Article 26** If the Company intends to repurchase its shares for the reasons set out in items (I) or (II) of paragraph 1 of Article 24 of the Articles of Association, the approval of the general meeting shall be obtained. If the Company intends to repurchase its shares for the reasons set out in items (III), (V) or (VI) of paragraph 1 of Article 24 of the Articles of Association, a resolution of the Board meeting attended by more than two-thirds of directors may be made in accordance with the provisions of the Articles of Association or as authorized by the general meeting.

Where the Company repurchases its shares under paragraph 1 of Article 24 of the Articles of Association, for the circumstances set out in item (I), it shall cancel the shares within ten days from the date of repurchase; for the circumstances set out in items (II) or (IV), it shall transfer or cancel the shares within six months from the date of repurchase; for the circumstances set out in items (III), (V) or (VI), the total number of shares of the Company held by the Company shall not exceed 10% of the total number of shares issued by the Company, and the shares shall be transferred or canceled within 3 years.

Where the Company cancels such part of its shares as a result of the repurchase of the Company's shares, it shall, within the period prescribed by laws and administrative regulations, cancel such part of the shares and apply to the original company registration authority for registration of the change in registered capital. The total par value of the cancelled shares shall be written down from the registered capital of the Company.

**Article 27** When the Company repurchases shares by agreement without involving a stock exchange, it shall be approved in advance by the general meeting in accordance with the provisions of the Articles of Association. With the prior approval of the general meeting in the same manner, the Company may rescind or alter the contract entered into by the aforesaid means, or waive any of its rights under the contract.

The contract for the repurchase of shares referred to in the preceding paragraph includes, but is not limited to, an agreement to agree to assume the obligation to repurchase shares and to acquire the right to repurchased shares. The Company shall not assign the contract for the repurchase of its shares or any of its rights under the contract.

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

**Article 28** Unless otherwise provided by laws and administrative regulations, shares of the Company shall be freely and legally transferable and shall also be free from all



liens.

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

**Article 30** Shares of the Company held by promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued by the Company prior to the public offering of its shares shall not be transferred within one year from the date of listing and trading of the shares of the Company on a stock exchange.

Directors, supervisors, and senior management of the Company shall declare the number of shares held by them and relevant changes thereto. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of the Company's shares held by them; The Company's shares held by them shall not be transferred within one year from the date of the listing and trading of the Company's shares. The shares of the Company held by them shall not be transferred within six months after their resignation.

**Article 31** For shareholders holding more than 5% of the Company's shares, directors, supervisors and senior management, if they have sold the shares of the Company or other securities with equity nature held by them within six months after purchasing, or if they have purchased such shares or securities again within six months after selling them, the gains obtained therefrom shall be attributed to the Company and be forfeited by the Board of Directors of the Company. However, securities companies holding more than 5% of the shares due to the purchase of the remaining shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

The shares or other securities with equity nature held by directors, supervisors, senior management and natural person shareholders as mentioned in the preceding paragraph shall include the shares or other securities with equity nature held by their spouses, parents, children, and those held in the accounts of others.

If the Board of Directors of the Company does not comply with the provisions of paragraph 1 of this article, shareholders shall have the right to request the Board to do so within 30 days. If the Board of Directors of the Company fails to follow the above-mentioned deadline, shareholders shall have the right to file a lawsuit directly to the people's court in their own name in the interest of the Company.

If the Board of Directors of the Company does not comply with the provisions of paragraph 1 of this article, the responsible directors shall be jointly and severally liable in accordance with law.

#### **Section 4 Financial Assistance for Purchase of Shares of the Company**

**Article 32** The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons who directly or indirectly undertake obligations due to purchase of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The provisions of this article shall not apply to the cases referred to in Article 34 of this chapter.

**Article 33** The financial assistance referred to in this Chapter includes (but not limited to) the following ways:

(I) gift;

(II) guarantee (including the undertaking of liabilities or provisions of property by the guarantor in order to secure the performance of obligations by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and relief or waiver of rights;

(III) provision of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the parties to, and the assignment of rights under, such loan or contract;

(IV) financial assistance provided by the Company in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

For the purpose of the Articles of Association, the term "undertaking obligations" shall include the undertaking of obligations borne by the obligor due to entering of a contract or entering into an arrangement (whether enforceable or not and whether borne by the obligor or together with any other person), or a change in the obligor's financial position by any other means.

**Article 34** The acts listed below shall not be regarded as the acts prohibited by Article 32 hereof:

(I) the Company's provision of the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is part of a master plan of the Company;

(II) the Company's distribution of its assets as dividends in accordance with the laws;

(III) the Company's distribution of dividends in the form of shares;

(IV) the Company's reduction of its registered capital, repurchase of its shares and adjustments of the equity structure in accordance with the Articles of Association;

(V) the Company's provision of a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company);

(VI) the Company's provision of the funding for employee share scheme (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company).

## **Chapter 4 Share Certificates and Register of Shareholders**

**Article 35** Share certificates of the Company shall be in registered form.

The matters to be set out in the Company's share certificates shall include, in addition to those specified in the Company Law, other matters as may be required to be set out by the stock exchange on which the Company's shares or GDRs are listed.

**Article 36** The share certificates shall be signed by the Chairman of the Board. Where the signatures of senior management members of the Company are required by the stock exchange(s) where the Company's shares are listed, the share certificates shall also be signed by such senior management members. The share certificates shall become valid after the Company's seal is affixed thereto or imprinted thereon. The signature of the Chairman of the Board or such senior management members of the Company on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities and the stock exchange(s) in the place(s) where the Company's shares or GDRs are listed shall apply.

**Article 37** The Company shall establish a register of shareholders and register the following particulars:

- (I) the name (title), address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder;
- (VI) the date on which each shareholder ceases to be a shareholder.

The register of shareholders is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary. In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities and the stock exchange(s) in the place(s) where the Company's shares or GDRs are listed shall apply.

**Article 38** The Company may keep overseas the register of holders of GDRs and entrust the administration thereof to an overseas agent in accordance with the understanding and agreements reached between the securities regulatory authorities of the State Council and the overseas competent securities regulatory authorities.

The Company shall keep at its domicile a copy of the register of holders of GDRs. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of GDRs are consistent.

Where the original and copies of the register of holders of GDRs are inconsistent, the original shall prevail.

**Article 39** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (I) the register(s) of shareholders kept at the Company's domicile other than those specified in Items (II) and (III) of this Paragraph;
- (II) the register(s) of holders of GDRs kept in the place(s) of the overseas stock exchange(s) where the shares are listed;
- (III) the register(s) of shareholders kept in other places as the Board of Directors may decide and consider necessary for the purpose of the listing of the Company's shares.

The otherwise provision from the securities regulatory authorities or stock exchange(s) where the company's shares or GDRs are listed shall prevail.

**Article 40** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the place(s) where each part of the register of shareholders is kept. In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities and the stock exchange(s) in the place(s) where the Company's shares or GDRs are listed shall apply.

**Article 41** Change of the register of shareholders arising from share transfer shall not be registered within 30 before convening of a general meeting or within five days prior to the reference date set by the Company for the purpose of distribution of dividends.

as the provision otherwise in the laws, regulations, regulatory documents or securities regulatory authorities, stock exchanges or these Articles of Association where the Company's shares or GDRs are listed shall prevail.

**Article 42** If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the competent court to correct the register of shareholders.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities and the stock exchange(s) in the place(s) where the Company's shares or GDRs are listed shall apply.

**Article 43** If any shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her share certificate (the "Original Share Certificate"), the said shareholder or person may apply to the Company to issue in replacement the new share certificates in respect of the said shares (the "Relevant Shares").

If an A-share shareholder loses his/her share certificates and applies for their replacement, it may be dealt with in accordance with the relevant provisions of the Company Law. If a holder of GDRs loses his/her GDRs and applies for their replacement, it may be dealt with in accordance with the laws, the rules of the stock exchange, as well as other relevant regulations of the place where the original register of holders of GDRs is kept.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities and the stock exchange(s) in the place(s) where the Company's shares or GDRs are listed shall apply.

**Article 44** Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name (title) of a bona fide purchaser who obtains the aforesaid replacement share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities and the stock exchange(s) in the place(s) where the Company's shares or GDRs are listed shall apply.

**Article 45** The Company shall not be liable for any damages suffered by any person arising from the cancellation of the Original Share Certificate or the issuance of a

replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

## **Chapter 5 Shareholders and the General Meeting**

### **Section 1 Shareholders**

**Article 46** The Company shall make a register of shareholders based on the vouchers provided by securities registries. A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders. Shareholders shall enjoy the rights and assume the obligations according to the class and portion of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

**Article 47** When the Company convenes a general meeting, distributes dividends, executes clearing or makes other conducts that require confirmation of equities, the Board of Directors or the convener of the general meeting shall determine the Record Date. Shareholders included in the register of shareholders at the close of business on the Record Date shall be the entitled shareholders.

**Article 48** Shareholders of the Company shall enjoy the following rights:

(I) to receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;

(II) to legally request, convene, preside over, attend or dispatch shareholder's proxy to attend the general meeting and exercise the corresponding voting rights;

(III) to supervise, manage, and make recommendations or inquiries on the business operation activities of the Company;

(IV) to transfer, bestow or pledge the shares they hold according to laws, administrative regulations and the Articles of Association;

(V) to obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. to obtain a copy of the Articles of Association, subject to payment of cost;

2. to inspect and copy, subject to payment of a reasonable charge:

(1) the register of all classes of shareholders;

(2) personal particulars of the Company's directors, supervisors, general manager and other senior management members, including:

(a) present and former name and alias;

(b) principal address (domicile);

(c) nationality;

(d) primary and all other part-time occupations and duties;

(e) identification documents and the numbers thereof.

(3) status of the Company's issued share capital;

(4) reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the last accounting year and the aggregate amount incurred by the Company for this purpose;

(5) minutes of general meetings;

(6) resolutions of the Board meetings and meetings of the Board of Supervisors, and financial and accounting reports;

(VI) to participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;

(VII) to request the Company to acquire the shares of shareholders who object to a resolution of a general meeting on merger or division of the Company; and

(VIII) other rights set out in relevant laws, administrative regulations, departmental rules or the Articles of Association.

**Article 49** Any shareholder requesting for inspection of the relevant information as set forth in the preceding article or for obtaining information shall furnish with the Company written document evidencing the class and quantity of shares he/she holds in the Company and the Company shall comply with such shareholder's request upon verification of his/her shareholder capacity.

**Article 50** Shareholders shall be entitled to request the people's court to invalidate the resolution of the general meeting and Board meeting which violates laws and administrative regulations.

Shareholders shall be entitled to request the people's court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure or voting method of the general meeting or Board meeting violates laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association.

**Article 51** If a director or a senior management member causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of his/her duties, shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 consecutive days, have the right to request the Board of Supervisors in writing to file a lawsuit to the people's court; if the Board of Supervisors causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of its duties, the aforesaid shareholders can request the Board of Directors in writing to file a lawsuit to the people's court.

Upon receipt of the written request made by the shareholders as stipulated in the preceding paragraph, in case the Board of Supervisors and/or the Board of Directors refuses to file a lawsuit or fails to file a lawsuit within 30 days from receipt of such request, or under urgent circumstances that failure in filing a lawsuit immediately will have the Company suffer from irreparable damages, the aforesaid shareholders shall have the right to file a lawsuit to a people's court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company and causes losses thereto, the shareholders specified in the first paragraph may file a lawsuit to a people's court in accordance with the provisions of the preceding two paragraphs.

**Article 52** In the event of violation of laws, administrative regulations or the provisions under the Articles of Association by a director or a senior management member resulting damage to the interests of shareholders, the shareholders may file a lawsuit to a people's court.



**Article 53** Shareholders of the Company shall assume the following obligations:

- (I) to comply with laws, administrative regulations and the Articles of Association;
- (II) to pay subscription moneys for the shares subscribed in accordance with the agreed manner of payment;
- (III) not to withdraw the shares from the Company except for the circumstances set out in relevant laws and administrative regulations;
- (IV) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;

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

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

(V) other obligations to be assumed by shareholders according to laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

**Article 54** A shareholder holding more than 5% of the Company's shares with voting rights pledging any shares in his/her possession shall submit a written report to the Company from the date when he/she pledges his/her shares.

**Article 55** The controlling shareholders and actual controllers of the Company shall not damage the interests of the Company by taking advantage of their affiliation. They shall be liable for indemnifying the Company for the losses arising therefrom in case of violation of such requirement.

The controlling shareholders and actual controllers of the Company shall bear the fiduciary duty to the Company and shareholders of public shares. The controlling shareholders shall exercise the rights of investors in strict accordance with law, and shall not damage the legitimate rights and interests of the Company and the shareholders of public shares by means of profit distribution, asset restructuring, outbound investment, capital occupation, loan guarantee, etc., nor damage the interests of the Company and the shareholders of public shares by means of their controlling position.

Directors, supervisors and senior management of the Company are legally obligated to protect the safety of the Company's assets. Where a director or senior management member of the Company is found to assist in or connive at controlling shareholders and their subsidiaries misappropriating the assets of the Company, the Board of Directors of the Company shall, based on the seriousness, impose punishment on the person directly responsible, and remove the director who is seriously responsible until his/her criminal responsibilities are investigated. Meanwhile, the Board of Directors of the Company will immediately enable the mechanism of freezing upon misappropriation, i.e., apply for judicial freezing for the shares held by major shareholders. If the misappropriated assets cannot be compensated in cash, they shall be compensated through the realization of equity interests.

**Article 56** Except for the obligations imposed by laws, administrative regulations

or listing rules of the stock exchanges where the Company's shares or GDRs are listed, the controlling shareholders, in exercising their right as shareholders, shall not exercise their voting right to make decisions in respect of the following matters in a manner prejudicial to the interests of all or some shareholders of the Company:

(I) to relieve a director or supervisor of his/her duty to act honestly to the best interests of the Company;

(II) to approve a director or supervisor (for his/her own benefit or for the benefit of another person) to deprive the Company of its assets in any manner, including but not limited to, any opportunity favorable to the Company;

(III) to approve a director or supervisor (for his/her own benefit or for the benefit of another person) to deprive another shareholder of his/her individual interests, including (but not limited to) any allocation right and voting right, but excluding any corporate restructuring proposal made at the general meeting for approval in accordance with the Articles of Association.

The definition of controlling shareholder referred to in the preceding paragraph shall be the same as the definition in Article 246 of these Articles.

## **Section 2 General Provisions of the General Meeting**

**Article 57** The general meeting is the organ of power of the Company and exercises the following functions and powers according to laws:

(I) to decide on the business policy and investment plan of the Company;

(II) to elect and replace directors and supervisors who are not employee representatives, and to decide on matters relating to their remuneration;

(III) to review and approve the reports of the Board of Directors;

(IV) to review and approve the reports of the Board of Supervisors;

(V) to review and approve the annual financial budget plans and accounting plans of the Company;

(VI) to review and approve the profit distribution plans and loss recovery plans of the Company;

(VII) to make resolutions on the increase or reduction of the Company's registered capital;

(VIII) to make resolutions on the issuance of corporate bonds;

(IX) to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

(X) to amend the Articles of Association;

(XI) to make resolutions on the appointment, dismissal or discontinuance of engagement of accounting firms;

(XII) to review and approve the guarantee matters set out in Article 58 of the Articles of Association;

(XIII) to consider the Company's purchase or disposal of major assets within one year of an aggregate value exceeding 30% of the Company's audited total assets for the latest period; and

(XIV) to review transactions of the Company or its holding subsidiaries satisfying one of the following standards:

1. The total assets involved in the transaction account for more than 50% of the Company's audited total assets for the latest period;
2. The net assets involved in the transaction subject (such as equity) account for more than 50% of the Company's audited net assets for the latest period with an absolute amount exceeding RMB50 million;
3. The operating revenue of the transaction subject (such as equity) for the latest accounting year accounts for more than 50% of the Company's audited operating revenue of that year, with an absolute amount exceeding RMB50 million;
4. The net profit of the transaction subject (such as equity) for the latest accounting year accounts for more than 50% of the Company's audited net profit of that year, with an absolute amount exceeding RMB5 million;
5. The transaction amount of the transaction (including debts and expenses) accounts for more than 50% of the Company's audited net assets for the latest period, with an absolute amount exceeding RMB50 million;
6. The profit from the transaction accounts for more than 50% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMB5 million.

If both book value and appraised value exist for the above indicators, whichever is higher shall prevail. If the data involved in the calculation of the above indicators is negative, the absolute value of the data shall be used.

The "transaction" referred to in this item includes the following matters happening outside the ordinary course of business of the Company or its holding subsidiaries:

1. purchase of assets;
2. disposal of assets;
3. external investment (including entrusted wealth management, investment in subsidiaries);
4. leasing in or leasing out of assets;
5. entrusting or being entrusted to manage assets and businesses;
6. granting or donated assets;
7. restructuring of creditors' rights and debts;
8. transferring or being assigned to research and development projects;
9. signing a license agreement;
10. waiver of rights (including waiver of preemptive rights, priority to subscribe for capital contribution, etc.); and
11. other transactions recognized by the Shenzhen Stock Exchange.

The above "ordinary course of business" refers to the following types of matters related to daily operating activities of the Company or its holding subsidiaries:

1. purchase of raw materials, fuels and power;
2. acceptance of labor services;
3. sales of products and commodities;

4. rendering of services;
5. contracting of construction projects; and
6. other transactions related to daily operations

(XV) to review connected transactions between the Company or its holding subsidiaries and related legal persons (or other organizations) and related natural persons with a transaction amount of more than RMB30 million and accounting for more than 5% of the absolute value of the Company's audited net assets for the latest period (except the cash assets received by the Company and the guarantee provided by the Company, including the accumulated amount of connected transactions with the same subject or the same related party within 12 consecutive months);

The “connected transactions” mentioned in this item include the following types of matters that occur in the Company or its holding subsidiaries:

1. the transaction matters set out in item (XIV) of Article 57 of the Articles of Association;
2. purchase of raw materials, fuels and power;
3. sales of products and commodities;
4. providing or accepting labor services;
5. entrusting or entrusted sales;
6. deposit and loan business;
7. joint investment by related parties; and
8. other matters that may result in the transfer of resources or obligations by agreement.

The criteria for the identification of “related legal persons (or other organizations) and related natural persons” as mentioned in the Articles of Association shall be subject to the “Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange”.

(XVI) to consider and approve the change of use of proceeds;

(XVII) to review stock incentive plans and the ESOP;

(XVIII) to consider the Company's repurchase of its shares in the situations prescribed in items (I) or (II) of Article 24 of the Articles of Association;

(XIX) to consider proposals from shareholders representing more than 3% (inclusive) of the voting shares of the Company;

(XX) to consider other matters that shall be decided by the general meeting according to laws, administrative regulations, departmental rules and the Articles of Association.

**Article 58** The following external guarantees of the Company shall be reviewed and approved by the general meeting:

(I) any guarantee provided after the total amount of the external guarantees provided by the Company and its holding subsidiaries exceeds 50% of the Company's audited net assets for the latest period;

(II) any guarantee provided after the total amount of the external guarantees provided by the Company exceeds 30% of the Company's audited total assets for the latest period;

(III) the guarantee with its amount provided by the Company within one year exceeding 30% of the Company's audited total assets for the latest period;

(IV) the guarantee provided to the guaranteed object with a debt-to-asset ratio of more than 70%;

(V) any single guarantee with its amount exceeding 10% of the Company's audited net assets for the latest period;

(VI) any guarantee provided to shareholders, the actual controllers and their related parties; and

(VII) other guarantees stipulated by the Shenzhen Stock Exchange.

**Article 59** The general meeting comes in the annual and the extraordinary. The annual general meeting shall be convened once a year, and shall be held within six months after the prior accounting year ends.

**Article 60** The Company shall convene an extraordinary general meeting (EGM) within two months of the occurrence of any of the following circumstances:

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

(II) when the uncovered loss of the Company reaches one-third of the total paid-in share capital of the Company;

(III) upon the written request by shareholders individually or jointly holding more than 10% (inclusive) of the Company's shares;

(IV) when the Board considers it necessary;

(V) when the Board of Supervisors proposes to hold such a meeting;

(VI) when more than one-half and not less than two independent directors propose to hold such a meeting; or

(VII) other situations set out in relevant laws, administrative regulations, departmental rules or the Articles of Association.

**Article 61** The place for convening a general meeting of the Company is Shengze Town in Wujiang District, Suzhou City.

A venue shall be set for the general meeting which shall be convened on site. The Company may also provide an online voting method to facilitate shareholders' participation in the general meeting. Shareholders who participate in the general meeting in the aforesaid manner shall be deemed as present.

**Article 62** When convening a general meeting, the Company shall engage legal counsels to provide legal opinions on the following issues and make an announcement:

(I) whether the convening and holding procedures of the general meeting comply with relevant laws, administrative regulations, and the Articles of Association;

(II) whether the persons attending the meeting and the convener of the meeting are legally entitled to do so;

(III) whether the procedures of voting and the voting results at the general meeting are valid; and

(IV) provision of any legal advice on any other matters requested by the Company.

### **Section 3 Convening of the General Meeting**

**Article 63** Independent directors shall be entitled to propose to the Board of Directors to convene an EGM. For the proposal of independent directors of convening an EGM, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal.

If agreeing to convene the EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. If the Board does not agree to convene such meeting, the reasons shall be stated and announced.

**Article 64** The Board of Supervisors shall be entitled to propose to the Board of Directors to convene an EGM, provided that the proposal shall be made in written form. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal.

If agreeing to convene the EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Changes to the original proposal in the notice shall be subject to the approval of the Board of Supervisors.

If not agreeing to convene the EGM, or failing to provide a written feedback within ten days upon receipt of the proposal, the Board of Directors shall be considered to be unable or fail to perform the duty of convening an EGM. The Board of Supervisors may convene and preside over the meeting on its own.

**Article 65** Shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to request the Board of Directors in writing to convene an EGM. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the request.

If agreeing to convene the EGM, the Board shall, with five days after the Board resolution is made, issue a notice calling for the meeting. Changes to the original request in the notice shall be subject to the approval of relevant shareholders.

If the Board does not agree to convene the EGM or fails to give a written reply within ten days upon receipt of the request, shareholders individually or jointly holding more than 10% of the Company's shares shall be entitled to request the Board of Supervisors in writing to convene an EGM.

If agreeing to convene the EGM, the Board of Supervisors shall issue a notice calling for the meeting within five days after receipt of the said request. Changes to the original proposal in the notice shall be subject to the consent of relevant shareholders.

If the notice of such meeting is not issued within the specified time limit, it shall be deemed that the Board of Supervisors does not convene and preside over the meeting, in which case, shareholders either individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by themselves.

**Article 66** When the Board of Supervisors or the shareholders decide to convene a general meeting by themselves, they shall notify the Board in writing and file the notice with the Shenzhen Stock Exchange.

Before an announcement on the resolutions of the general meeting is made, the shareholding percentage of the convening shareholders shall not be less than 10%.



The Board of Supervisors or convening shareholders shall submit relevant supporting evidences to the Shenzhen Stock Exchange when issuing the notice for holding a general meeting and announcing the resolutions of the general meeting.

**Article 67** The Board of Directors and the Secretary to the Board shall align with the general meeting convened by the Board of Supervisors or the shareholders on their own. The Board shall provide the register of shareholders as at the Record Date.

**Article 68** If the Board of Supervisors or shareholders convene a general meeting on their own, the expenses necessary for the meeting shall be borne by the Company. If the Board of Directors does not agree to convene a general meeting due to Article 66 and Article 67 of the Articles of Association, resulting in the Board of Supervisors or shareholders convening a general meeting on their own, the expenses shall be deducted from the amount owed by the Company to the director in default.

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

**Article 69** The proposal contents shall fall into the terms of reference of the general meeting with definite topics and specific matters for resolution and complying with the relevant provisions of laws, administrative regulations and the Articles of Association.

**Article 70** Where the Company convenes a general meeting, the Board, the Board of Supervisors, and shareholders individually or jointly holding more than 3% of the Company's shares may make proposals to the Company.

Shareholders individually or jointly holding more than 3% of the shares of the Company may raise a temporary proposal and submit it to the convener in writing ten days before the general meeting is held. The convener shall, within two days after the receipt of the proposal, issue a supplementary notice of the general meeting and announce the content of the temporary proposal.

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

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or proposals not in conformity with Article 69 of the Articles of Association.

**Article 71** The convener will notify all shareholders of an AGM by way of announcement 20 days prior to the convening thereof, and notify all shareholders of an EGM by way of announcement 15 days prior to the convening thereof. The EGM shall not decide on matters not stated in the notice.

When calculating the notice time set out in the preceding paragraph, the meeting date shall not be counted.

**Article 72** The notice of the general meeting shall comply with the following requirements:

- (I) being in writing;
- (II) specifying the time, venue and duration of the meeting;
- (III) clarifying the matters and proposals to be reviewed at the meeting;

(IV) providing any information and explanations necessary to be made available to the shareholders for such shareholders to make decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the

reasons and effects when the Company proposes mergers, repurchase of shares, equity restructuring or other restructuring;

(V) in the event that any of the directors, supervisors, general manager and other senior management members has material interests in matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any director, supervisor, general manager and other senior management member as a shareholder in a manner different from the manner they affect other shareholders of the same class, the difference shall be explained;

(VI) containing the full text of any special resolution to be proposed for approval at the meeting;

(VII) conspicuous text explanation: all shareholders shall be entitled to attend the meeting and they may appoint a proxy to attend and vote at such meeting on their behalves and that such proxy need not be shareholders of the Company;

(VIII) specifying the time and venue for lodging a proxy form for voting at the meeting;

(IX) assigning the Record Date for shareholders who are entitled to attend the general meeting;

(X) the name and telephone number of the regular contact person for the meeting; and

(XI) specifying voting time and voting procedure by internet or other means.

The notice and the supplementary notice of the general meeting shall fully and completely disclose all the specific contents of all proposals. If the matters to be discussed require opinions from independent directors, the opinions and reasons of independent directors will be disclosed at the time when the notice of the general meeting or the supplementary notice is issued.

If an online method is adopted, the voting method and time shall be stated in the notice. The online voting time of the general meeting shall not be earlier than 3:00 p.m. on the day before the on-site general meeting and shall not be later than 9:30 a.m. on the day of the on-site general meeting, and shall not conclude earlier than 3:00 p.m. on the day of the on-site general meeting.

The interval between the Record Date and the date of the meeting shall be no more than 7 working days. The Record Date shall not be changed once confirmed.

**Article 73** Except as otherwise provided by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares or GDRs are listed or the Articles of Association, notice of general meetings shall be delivered to shareholders (whether or not they have the right to vote at the general meeting) by hand or by postage paid mail to the address registered in the register of shareholders.

For A-share shareholders, notice of a general meeting may also be given by way of an announcement. Once the announcement referred to in the preceding paragraph is made, all A-share shareholders are deemed to have received notice of the relevant general meeting. Holders of GDRs are notified in accordance with the relevant laws and regulations of the securities regulatory authorities and stock exchanges where the GDRs are listed.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive such notice shall not invalidate the meeting or the resolution passed at the meeting.

**Article 74** For the re-election or by-election of directors and supervisors or the replacement of the Board of Directors or the Board of Supervisors, the list of candidates for directors and supervisors shall be submitted to the general meeting for consideration in the form of proposals. The candidates for directors and supervisors may be nominated by the Board of Directors, the Board of Supervisors through consultation, or nominated by shareholders individually or jointly holding more than 3% of the total number of the Company's issued shares with voting rights.

**Article 75** When the general meeting intends to discuss the election of directors and supervisors, the notice of the meeting shall fully disclose the details of the candidates for directors and supervisors, including, as a shall be, the following contents:

(I) personal particulars such as education background, working experience and any concurrent positions;

(II) whether there is any connected relationship with the Company or the controlling shareholders and actual controllers thereof;

(III) their shareholdings in the Company; and

(IV) any penalties imposed by CSRC and other relevant authorities and punishments imposed by stock exchanges.

Save for the directors or supervisors who are elected by way of cumulative voting system, a single proposal shall be put forward for each candidate for directors or supervisors.

**Article 76** When the notice of a general meeting is issued, the general meeting shall not be adjourned or canceled without just cause, and the proposals listed in the notice of the general meeting shall not be canceled. In the event of a delay or cancellation, the convener shall give a notice and explanations at least two working days before the scheduled date of convening.

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

**Article 77** The Board of Directors and other conveners of the Company shall take necessary measures to maintain the normal order of the general meeting. They shall take measures to stop the conducts that interfere with the general meeting, provoke troubles and infringe on the legal rights and interests of the shareholders and report timely to relevant authorities for investigation.

**Article 78** All shareholders recorded in the register as at the Record Date or their proxies shall have the right to attend the general meeting and exercise the voting rights in accordance with relevant laws, regulations and the Articles of Association.

Any shareholder entitled to attend and vote at the general meeting may attend the general meeting in person, and also may appoint one or more persons (who may not be shareholders) to act as his/her proxy to attend and vote on his/her behalf. Such proxy may, pursuant to the instructions of the shareholder(s), exercise the following rights:

(I) the shareholder's right to speak at the general meeting;

(II) the right to demand a poll by himself/herself or jointly with others;

(III) the right to exercise voting rights by a show of hands or a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

**Article 79** The shareholder shall appoint a proxy in writing, signed by the principal

or by his proxy appointed in writing; if the principal is a legal person, the seal of the legal person shall be affixed or signed by its director or duly appointed proxy.

**Article 80** An individual shareholder who attends the meeting in person shall produce his/her own ID card or other valid documents or proofs evidencing his/her identity, and share account cards. If a proxy is appointed to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder.

Corporate shareholders shall attend the meeting by legal representative or proxies appointed by legal representative. The legal representative attending the meeting shall present his/her identity card and valid certificate evidencing his/her capacity as a legal representative; if a proxy is appointed to attend the meeting, such proxy shall present his/her identity card and a written power of attorney duly issued by the legal representative of the corporate shareholder.

**Article 81** The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall contain the following information:

- (I) name of the proxy;
- (II) whether the proxy has the voting right;
- (III) separate instructions as to whether to cast favor, against or abstention votes on each review issue listed on the agenda of the general meeting;
- (IV) the issuing date and validity period of the power of attorney; and
- (V) signature (or seal) of the principal. If the principal is a legal person, the power of attorney shall be stamped with the seal of the legal person.

**Article 82** Any proxy form issued to a shareholder by the Board of Directors of the Company for appointing a proxy of shareholder shall be in such form that allows the shareholder to freely instruct the proxy to cast affirmative or negative votes, and give separate instructions in respect of each individual matter to be voted on at the meeting. The power of attorney shall specify that in the absence of specific instructions from the shareholders, the proxies may vote as they think fit.

**Article 83** The proxy form for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of the meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours prior to the designated voting time.

If the power of attorney for proxy voting is signed by another person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized letter of authority or other authorization documents and the power of attorney for voting by proxies shall be deposited at the domicile of the Company or such other places as designated in the notice of the meeting.

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

**Article 84** Where the appointer has died, become incapacitated to act, withdraw the appointment or the power of attorney, or where the relevant shares have been transferred prior to voting, a vote given by the proxy in accordance with the power of attorney shall remain valid as long as no written notice of such event has been received by the Company before commencement of the meeting.

**Article 85** The meeting register for the attendees shall be prepared by the Company. The register shall set out the names of the persons attending the meeting (or names of the entity they are from), their ID card numbers, residential addresses, numbers of shares held or representing voting rights and names of the principal (or names of the entity they are from).

**Article 86** The convener and the lawyer engaged by the Company shall jointly verify the qualification of the shareholders according to the register of shareholders provided by the securities depository and clearing institution, and register the name (or title) of each shareholder and the number of shares with voting rights he/she holds. The meeting registration shall be terminated by the time the meeting presider announces the number of shareholders and proxies present on site at the meeting as well as the total number of shares with voting rights they hold.

**Article 87** When the general meeting is held, all directors, supervisors and the Secretary to the Board of the Company shall attend the meeting, while the general manager and other senior management shall attend as nonvoting delegates.

**Article 88** The general meeting shall be convened by the Board of Directors. The general meeting convened by the Board of Directors shall be presided over by the Chairman of the Board of Directors as the presider. The general meeting shall be presided over by the chairman of the Board. If the chairman of the Board is unable or fails to perform his/her duties, the deputy chairman of the Board shall preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a director elected by more than half of the directors shall preside over the meeting.

A general meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duty, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

A general meeting convened by shareholders shall be presided over by a representative elected by the convener. If, for any reason, the convener is unable to elect a representative to preside over the meeting, the shareholder holding the largest number of voting shares among the conveners (including the shareholder's proxy) shall act as the presider of the meeting.

During the course of the general meeting, if the presider of the meeting violates the rules of procedure such that the meeting cannot be continued, the shareholders in the general meeting may elect one person to act as the meeting presider to continue the meeting so long as the proposed presider has the consent of more than half of voting rights held by shareholders who are present at the meeting.

**Article 89** The Company shall formulate rules of procedure for the general meeting, and specify the convening and voting procedures thereof, including notice, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing and announcement thereof, as well as the principles of authorization of the general meeting to the Board of Directors. The content of authorization shall be clear and specific. The rules of procedure for the general meeting shall be annexed to the Articles of Association and shall be prepared by the Board and approved by the general meeting.

**Article 90** At the annual general meeting, the Board of Directors and the Board of Supervisors shall make a report on their works in the past year to the general meeting. Each independent director shall also make a work report.

**Article 91** The directors, supervisors and senior management shall make explanation

and interpretation on the inquiries and recommendations of shareholders at the general meeting.

**Article 92** The meeting presider shall announce the number of shareholders and proxies present and the total number of shares with voting rights they hold before voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

**Article 93** The general meeting shall have meeting minutes, and the Secretary to the Board shall be responsible for the meeting minutes. The meeting minute shall contain the following contents:

(I) the time, and venue of, and the agenda for the meeting, and the name or title of the convener;

(II) names of the meeting presider and the directors, supervisors, general manager and other senior management attending the meeting or attending the meeting as non-voting delegates;

(III) the number of shareholders and proxies present at the meeting, total number of voting shares held and their respective proportions in the total number of the Company's shares;

(IV) considerations on each proposal, key points and the voting results;

(V) queries and recommendations of shareholders and corresponding answers or explanations;

(VI) the names of the lawyer, vote counter and scrutineer; and

(VII) other contents that shall be included in the meeting minutes according to the Articles of Association.

**Article 94** The convener shall guarantee the authenticity, accuracy and integrity of the contents of the meeting minutes. The directors, supervisors, Secretary to the Board, convener or their representative who attend the meeting, and the meeting presider shall sign the meeting minutes. The meeting minutes shall be kept for a period of 15 years together with the sign-in register of the shareholders present in person, the power of attorney of proxies and the valid materials on online votes.

**Article 95** The convener shall guarantee that the general meeting will proceed continuously until the final resolution is made. If the general meeting is suspended or the resolution cannot be made due to force majeure or other special causes, necessary measures shall be taken to resume the general meeting or directly terminate the general meeting, and public announcement shall be made in time. Meanwhile, the convener shall report to the CSRC dispatched agency where the Company is domiciled and the Shenzhen Stock Exchange.

## **Section 6 Voting and Resolutions at the General Meeting**

**Article 96** The resolutions of the general meeting are classified into ordinary ones and special ones.

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

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



**Article 97** The following matters shall be adopted by the general meeting by way of an ordinary resolution:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) appointment, dismissal and remuneration of the members of the Board of Directors and the Board of Supervisors and the method of payment of the remuneration;
- (IV) annual financial budgetary plans and final accounting plans of the Company, balance sheet, income statement and other financial statements;
- (V) the annual report of the Company; and
- (VI) any matters not otherwise required by laws, administrative regulations or the Articles of Association to be adopted by special resolutions.

**Article 98** The following matters shall be adopted by the general meeting by way of a special resolution:

- (I) increase or reduction of the Company's registered capital and the issue of shares of any class, warrants and other similar securities;
- (II) issuance of corporate bonds;
- (III) separation, division, merger, dissolution and liquidation of the Company;
- (IV) amendment of the Articles of Association;
- (V) purchase and disposal of major assets or a guarantee by the Company within one year, in an amount exceeding 30% of the Company's audited total assets for the latest period;
- (VI) equity incentive plan;
- (VII) adjustment to profit distribution policy; and
- (VIII) other matters which are required by laws, administrative regulations or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and should be adopted by way of a special resolution.

**Article 99** Shareholders (including their proxies) shall exercise their voting rights by the number of voting shares they represent, and each share shall have one vote.

When material issues affecting the interests of minority shareholders are considered at the general meeting, the votes of minority shareholders shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The shares held by the Company itself have no voting right, and those shares are not included in the total number of voting shares present at the general meeting.

Where a shareholder's purchase of the Company's voting shares violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares shall not be included in the total number of voting shares of the shareholders attending the general meeting.

The Board of Directors, the independent directors, and shareholders holding more than 1% of the voting shares or the investor protection agency established in accordance with laws, administrative regulations or provisions of the CSRC can publicly solicit the

voting rights from the shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. Solicitation of shareholders' voting rights in a paid or disguised paid way shall be prohibited. Except for statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of shareholders' voting rights.

**Article 100** When connected transactions are considered at the general meeting, the interested shareholders shall not participate in voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes. The voting particulars of the uninterested shareholders shall be fully disclosed in the announcement on the resolutions of the general meeting.

**Article 101** The procedures for withdrawal and voting of interested shareholders are as follows:

(I) If the matters to be considered at the general meeting are connected transactions, the interested shareholders should take the initiative to apply for withdrawal, and other shareholders also have the right to propose to the convener to ask the interested shareholders to withdraw. The convener shall announce the names of the interested shareholders who should withdraw and the number of shares they represent before voting;

(II) The interested shareholders who should withdraw may participate in the discussion of the connected transactions, and may make explanations and statements to the general meeting on matters such as the reasons for such connected transactions, the basic situation thereof, and whether such transactions are legal and fair.

(III) When the general meeting votes on the connected transactions, after deducting the number of shares with voting rights represented by the interested shareholders, the uninterested shareholders present at the general meeting shall vote in accordance with the provisions stipulated in Articles 78 and 79 of the Articles of Association.

**Article 102** The list of candidates for directors and supervisors shall be included in a proposal to be submitted to the general meeting for voting.

The election of directors and supervisors shall adopt a cumulative voting system, unless there is only one director or supervisor candidate.

The voting on independent directors and non-independent directors shall be carried out separately if the cumulative voting system is adopted for the election of directors at the general meeting.

The cumulative voting system in the preceding paragraph indicates that each share has the number of voting rights identical to the number of directors or supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used when the general meeting elects directors or supervisors. The Board shall provide shareholders with the resumes and basic information of the candidates for directors and supervisors.

**Article 103** Unless the Company is in danger or under other special circumstances, the Company shall not, without the approval of the general meeting by way of a special resolution, make and enter into contracts with persons other than directors, manager or other senior management granting such persons the responsibility for managing all or part of the Company's material business.

**Article 104** In addition to the cumulative voting system, the general meeting shall resolve on all proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as

force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

**Article 105** When considering a proposal, the general meeting shall not revise it; otherwise such amendment shall be deemed as a new proposal and may not be voted at the current meeting.

**Article 106** The same voting right shall only be exercised on site, via the Internet or by other means. Where the same vote is cast for two or more times, the first cast shall hold.

**Article 107** Voting at the general meeting shall be conducted by open ballot, except for the resolutions on the procedures of the general meeting or administrative matters, which may be decided by the meeting presider in good faith and voted on by a show of hands in accordance with the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares or GDRs are listed.

**Article 108** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

**Article 109** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way, except as otherwise provided by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares or GDRs are listed.

**Article 110** In the case of an equality of votes, whether on a show of hands or on a poll, the meeting presider shall be entitled to an additional vote, unless otherwise provided by laws, administrative regulations or the listing rules of the stock exchange where the Company's shares or GDRs are listed.

**Article 111** Before the relevant proposed resolution is voted on at the general meeting, two representatives of the shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll. Any shareholder who is interested in the matter under consideration and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

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

Shareholders of the Company or proxies shall have the right to check the results of their votes through the voting system if they vote via the Internet.

**Article 112** An on-site general meeting shall not end before that held on-line or otherwise, and the meeting presider shall announce, according to the voting results of each proposal, to determine whether the resolution of the general meeting is passed, and his/her decision shall be final and conclusive, and shall be announced at the meeting and recorded in the minutes of the meeting.

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

**Article 113** Shareholders attending the general meeting shall express one of the following opinions on the proposal to be voted on: favor, against, or abstention.

The securities clearing and registration institution, as the nominal holder of the shares subject to the Mainland-Hong Kong Stock Connect, or the GDR depository institution, as the nominal holder of the underlying A shares corresponding to the GDRs, shall not make any declaration according to the intentions of the actual holders.

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

**Article 114** If the meeting presider has any doubts as to the result of a resolution put to vote at the general meeting, he/she may have the votes counted. If the meeting presider fails to count the votes, any shareholder present in person or by proxy who objects to the result announced by the meeting presider may, immediately after the declaration, demand to have the votes counted, and the meeting presider shall have the votes counted immediately. If votes are counted at a general meeting, the result of votes shall be recorded in the minutes. The minutes together with the attendance register of shareholders and the proxy forms shall be kept at the Company’s domicile.

**Article 115** Shareholders may inspect copies of the meeting minutes free of charge during office hours of the Company. If any shareholder demands from the Company a copy of the relevant meeting minutes, the Company shall send the copy within 7 days upon the receipt of reasonable charges.

**Article 116** Resolutions of the general meeting shall be announced in time, which shall set out the number of shareholders and proxies present at the meeting, the total number of voting shares held by them and their proportion in the total number of the Company's voting shares, voting methods, voting results of each proposal, and details of resolutions adopted.

**Article 117** Where proposals fail to be approved or if the general meeting changes the resolutions of the previous one, a special notice shall be included in the announcement of the resolutions of the general meeting.

**Article 118** Where the proposed resolution in relation to the election of directors or supervisors are adopted at the general meeting, the new directors and supervisors shall take office immediately or on the date determined in the resolution of the general meeting adopting the proposal for the election of directors and supervisors.

**Article 119** If the general meeting adopts the proposal on cash dividends, scrip issue or conversion of capital reserve into share capital, the Company shall implement the specific plan within 2 months after the end of the general meeting.

## **Chapter 6 Board of Directors**

### Section 1 Directors

**Article 120** Directors shall be elected or replaced by the general meeting and may be relieved of their duties by the general meeting before the expiration of their term of office. Directors have a tenure of three years and can be reelected upon the expiry of the tenure.

The term of office of directors shall last from the date on which the directors take office to the expiration of the term of office of the current Board of Directors. If the term of office of a director expires but the director fails to be reelected in time, the former

director shall, before the newly elected director takes office, still perform the duties of the director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

A director may be the general manager or other senior management concurrently, provided that the total number of directors who concurrently serve as the general manager or other senior management and directors who are employee representatives shall not exceed half of the total number of directors of the Company. Directors need not hold shares of the Company

**Article 121** Directors shall fulfill the following obligations of loyalty in accordance with laws, administrative regulations and the Articles of Association:

(I) not to take advantage of his/her functions and powers to accept bribes or other illegal income, and not to misappropriate the property of the Company;

(II) not to misappropriate the funds of the Company;

(III) not to deposit the Company's assets or funds in an account opened in his/her own name or in the name of any other individual;

(IV) not to lend the Company's funds to others or use the Company's assets as guarantee for others in violation of the Articles of Association and without the prior approval of the general meeting or the Board of Directors;

(V) not to enter into contract or transaction with the Company in violation of the Articles of Association or without the prior approval of the general meeting;

(VI) not to take advantage of his/her position to seek business opportunities that shall belong to the Company for himself/herself or others, or engage in business similar to that of the Company for himself/herself or others, without the prior approval of the general meeting;

(VII) not to privately accept and keep commissions on transactions with the Company;

(VIII) not to disclose the secrets of the Company without authorization;

(IX) not to damage the interests of the Company by taking advantage of his/her affiliation; and

(X) other faithful obligations stipulated by laws, administrative regulations, and departmental rules and the Articles of Association.

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

**Article 122** Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following diligence to the Company:

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

(II) to be fair to all shareholders;

(III) to timely understand the business operations and management of the Company;

(IV) to approve periodic reports of the Company in written form; and to ensure that all information disclosed is true, accurate and complete;

(V) to provide the status reports and information to the Board of Supervisors honestly, and not to hinder the Board of Supervisors or supervisors from exercising their powers; and

(VI) other faithful obligations stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 123** If a director fails to attend the Board meeting in person or entrust any other directors to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board shall advise the general meeting to remove such director.

**Article 124** A director may resign before the expiration of his/her term. The director shall submit a written resignation report to the Board. The Board shall disclose information regarding such resignation within two days.

If the resignation of a director causes the number of Board members to fall below the quorum specified in the Company Law, the former director shall, before the newly elected director takes office, still perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

Except as provided in the preceding paragraph, the resignation of a director shall come into force upon the delivery of the resignation report to the Board.

**Article 125** When a director's resignation takes effect or his/her term of office expires, the director shall complete all handover procedures with the Board, and his/her faithful duties to the Company and shareholders shall not be discharged after the effectiveness of the resignation or the termination of office. The director's obligation to keep the Company's trade secrets confidential shall survive the termination of his/her employment until such secrets become public information. The duration of other fiduciary duties shall be determined in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company is terminated.

**Article 126** Without the legal authorization by the Articles of Association or the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her own name. Where a director acts in his/her own name, the director shall declare in advance his/her position and identity in the case that a third party would reasonably believe that the director is acting on behalf of the Company or the Board of Directors.

If a director his/herself or any enterprise for which he/she works has directly or indirectly connected with the contract, transaction or arrangement concluded or planned by the Company (except the employment contract), he/she shall disclose the nature and extent of his/her affiliation to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

Unless the interested director has disclosed such affiliation to the Board as required under the preceding paragraph thereof and the matter has been approved by the Board at a meeting in which he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except where the other party is a bona fide party.

**Article 127** If a director of the Company notifies the Board of Directors in writing before the Company first considers entering into the relevant contract, transaction, or



arrangement, stating that the Company has an interest in a contract, transaction, or arrangement entered into by the Company at a later date because of the contents listed in the notification, the relevant director is deemed to have made the disclosure required by the preceding article of this Chapter to the extent set forth in the notification.

**Article 128** A director who violates laws, administrative regulations, departmental rules or the Articles of Association and causes losses to the Company in performing duties of the Company shall be liable for compensation.

**Article 129** Independent directors shall perform in accordance with relevant provisions of laws, administrative regulations and departmental rules.

## **Section 2 Board of Directors**

**Article 130** The Company shall have a Board of Directors, which is accountable to the general meeting.

**Article 131** The Board of Directors consists of seven directors, of which no less than one-third are independent directors. The Board shall have one chairman and one vice chairman as needed.

**Article 132** The Board of Directors shall exercise the following functions and powers:

- (I) to convene and report to the general meeting;
- (II) to implement the resolutions of the general meeting;
- (III) to determine the business operation plans and investment plans of the Company;
- (IV) to formulate the annual financial budgetary plans and final accounting plans of the Company;
- (V) to formulate the profit distribution plans and loss recovery plans of the Company;
- (VI) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (VII) to draft plans for substantial acquisition, repurchase of shares, or merger, division and dissolution and change of corporate form of the Company;
- (VIII) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and external donations of the Company within the authority granted by the general meeting;
- (IX) to determine the setup of the Company's internal management structure;
- (X) to appoint or dismiss the general manager, Secretary to the Board and other senior management of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior management such as deputy manager and CFO according to the nomination of the general manager, and decide on matters of remuneration, rewards and punishments;
- (XI) to formulate the basic management system of the Company;
- (XII) to formulate the proposals for any amendment to the Articles of Association;

(XIII) to manage the information disclosure of the Company;

(XIV) to request the general meeting to engage or replace the accounting firm that provides audits for the Company;

(XV) to debrief the work report of the general manager of the Company and check the works of the general manager;

(XVI) to make decisions on the Company's repurchase of its shares in the situations prescribed in items (III), (V) or (VI) of Article 24 of the Articles of Association; and

(XVII) other functions and powers granted by relevant laws, administrative regulations, departmental rules and the Articles of Association.

Resolutions relating to the above, with the exception of Items (VI), (VII) and (XII) which shall be approved by more than two-thirds of the directors, shall be approved by more than half of the directors. Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors of the Company sets up the Audit Committee, and as necessary, sets up relevant special committees, such as the Strategy Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. The special committees shall be accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Their proposals shall be submitted to the Board of Directors for consideration and decision. All special committees are comprised of directors. The majority of members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee shall be independent directors, who shall also be the conveners, provided that the convener of the Audit Committee shall be an accounting professional. The Board of Directors shall be responsible for formulating the working rules of the special committees and regulating the operation thereof.

**Article 133** When the Board of Directors disposes of fixed assets, if the sum of the expected value of the fixed assets to be disposed of and the value obtained from the fixed assets already disposed of in the four months prior to this proposed disposal exceeds 33% of the value of the fixed assets as shown in the balance sheet most recently considered by the general meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the approval of the general meeting.

For the purposes of this Article, a disposition of fixed assets includes an act involving the transfer of an interest in assets but does not include the provision of fixed assets as guarantee.

The validity of a disposition by the Company of fixed assets shall not be affected by the breach of the first paragraph of this Article.

**Article 134** The Board shall make explanations to the general meeting on the non-standard audit opinions issued by the certified public accountants on the Company's financial reports.

**Article 135** The Board of Directors shall formulate the rules of procedures of the Board meeting to ensure the implementation of the resolutions of the general meeting, improvement of work efficiency and scientific decision-making.

**Article 136** The Board of Directors shall determine the authority of outbound investment, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions and external donations, and set up strict inspection and decision-making procedures; for important investment projects, the

Board of Directors shall organize relevant experts and professionals to review and report at the general meeting for approval.

Based on the above provisions, the decision-making authority of the Board of Directors on relevant matters is as follows:

(I) to consider and decide on transactions of the Company or its holding subsidiaries satisfying one of the following standards but not reaching the criteria of the general meeting for consideration:

1. The total assets involved in the transaction accounts for more than 10% of the Company's audited total assets for the latest period;

2. The net assets involved in the transaction subject (such as equity) accounts for more than 10% of the Company's audited net assets for the latest period, with an absolute amount exceeding RMB10 million;

3. The operating revenue of the transaction subject (such as equity) for the latest accounting year accounts for more than 10% of the Company's audited operating revenue of that year, with an absolute amount exceeding RMB10 million;

4. The net profit of the transaction subject (such as equity) for the latest accounting year accounts for more than 10% of the Company's audited net profit of that year, with an absolute amount exceeding RMB1 million;

5. The transaction amount of the transaction (including debts and expenses) accounts for more than 10% of the Company's audited net assets for the latest period, with an absolute amount exceeding RMB10 million; or

6. The profit from the transaction accounts for more than 10% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMB1 million.

If both book value and appraised value exist for the above indicators, whichever is higher shall prevail. If the data involved in the calculation of the above indicators are negative, the absolute value of the data shall be used. The scope of the above-mentioned "transaction" is the same as that stipulated in item (XIV) of Article 57 of the Articles of Association.

The Board of Directors authorizes the chairman to review and approve the transactions not satisfying the above standards.

(II) to consider and decide on the Company's purchase or disposal of assets within one year of an aggregate value exceeding 10% of the Company's audited total assets for the latest period but not reaching the criteria of the general meeting for consideration.

The purchase or disposal of assets failing the above standards shall be reviewed and approved by the chairman of the Board with the authorization thereof.

(III) to consider and decide on the external guarantees of the Company or its holding subsidiaries not reaching the criteria of the general meeting for consideration.

If the Company provides guarantee, the matter shall, in addition to the approval of more than half of all directors, be approved and adopted by more than two-thirds of the directors present at the board meeting.

(IV) to consider and decide on the connected transactions of the Company or its holding subsidiaries satisfying one of the following standards but not reaching the criteria of the general meeting for consideration:

1. The total transaction amount of connected transactions with related natural

persons exceeds RMB300,000 (including the accumulated amount of connected transactions with the same subject or the same related party within 12 consecutive months); or

2. The total transaction amount of connected transactions with related legal persons (or other organizations) exceeds RMB3 million and accounts for more than 0.5% of the absolute value of the Company's audited net assets for the latest period (including the accumulated amount of connected transactions with the same subject or the same related party within 12 consecutive months).

The scope of the above-mentioned “connected transaction” is the same as that stipulated in item (XV) of Article 57 of the Articles of Association.

The Board of Directors shall formulate detailed decision-making procedures and rules on relevant matters in accordance with the above provisions.

**Article 137** If the matters mentioned in Article 136 of the Articles of Association are otherwise stipulated by laws, administrative regulations, departmental rules or regulatory documents of the CSRC and Shenzhen Stock Exchange, such provisions shall prevail.

**Article 138** The chairman and vice chairmen of the Board shall be directors and shall be elected and dismissed by more than half of all directors. The chairman and vice chairman of the Board shall have a term of office of three years, and are eligible for re-election.

**Article 139** The chairman of the Board shall perform the following functions and powers:

(I) to preside over the general meeting, and to convene and preside over the Board meeting;

(II) to supervise and inspect the execution of the resolutions of the Board of Directors; and

(III) to sign the shares, corporate bonds and other securities issued by the Company, if otherwise required by laws and regulations, the securities regulatory authorities and the stock exchange where the Company's shares or GDRs are listed, such provisions shall prevail;

(IV) to sign important documents of the Board;

(V) to exercise the functions and powers of a legal representative, and sign relevant documents that should be signed by a legal representative;

(VI) to exercise the special disposal power on the Company affairs in line with the interests of the Company in accordance with the provisions of laws and regulations in case of an emergency of force majeure such as a major natural disaster, and reporting to the Board or the general meeting of the Company afterwards; and

(VII) to exercise relevant functions and powers granted by Article 136 of the Articles of Association; and

(VIII) other functions and powers granted by the Board of Directors.

**Article 140** The vice chairman shall assist the chairman in his/her work. If the chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice chairman. If the vice chairman is unable or fails to perform his/her duties, a director shall be elected jointly by more than half of the directors to perform such duties.

**Article 141** The Board of Directors shall hold at least two meetings each year, which shall be convened by the chairman of the Board and notified to all directors and

supervisors ten days prior to the meeting in writing.

**Article 142** The shareholders representing more than one-tenth of the voting rights, and more than one-third of the directors or the Board of Supervisors may propose to convene an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over a Board meeting within ten days after receiving the proposal.

**Article 143** The notice of the extraordinary meeting of the Board shall be sent by hand, fax or e-mail. The time limit for sending such notice is three days before the convening of the meeting.

In case of emergency and being necessary to convene an extraordinary meeting of the Board as soon as possible, the Board may not be subject to the above time limit, provided that the convener shall make explanations at the meeting.

**Article 144** The notice of the Board meeting shall include the following:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) reason for convening the meeting and agenda thereof; and
- (IV) the date of issuing the notice.

**Article 145** A board meeting shall not be held unless more than half of the directors are present.

Each director shall have one vote for the resolutions of the Board of Directors. Each director shall have one vote. The resolutions of the Board shall be adopted by more than half of all the directors. In the case of an equality of votes, the chairman of the Board of Directors shall be entitled to an additional vote, unless otherwise provided by laws and regulations, the securities regulatory authorities and the stock exchange where the Company's shares or GDRs are listed.

**Article 146** Where a director is affiliated with the matter involved in the resolution of the Board meeting, he/she shall not exercise the right to vote on the resolution, nor shall he/she exercise the right to vote on behalf of another director. The Board meeting can be held by more than half of the uninterested directors present. The resolutions of the Board meeting shall be adopted by more than half of the uninterested directors. If the number of uninterested directors present at the Board meeting is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 147** Votes on the resolutions at the Board meeting shall be cast by open ballot or by a show of hands.

The Board may conduct the voting and make resolutions by means of communication signed by the directors present, provided that the directors have fully expressed their opinions.

**Article 148** A director shall attend the meeting of the Board in person. If a director is unable to attend the Board meeting, he/she may appoint another director by a written power of attorney to attend on his/her behalf. The power of attorney shall specify the name of the proxy, the matters entrusted, the scope of authorization and the term of validity, and shall be signed or sealed by the principal. The proxy shall exercise the rights of a director within the scope of the authorization. A director failing to attend the Board meeting in person or by proxy shall be deemed as having waived his/her voting rights at such meeting.

**Article 149** Decisions on matters discussed at the Board meeting shall be recorded

in the meeting minutes which shall be signed by directors attending such meetings and the recorder. Directors attending the meeting have the right to have their speeches at the meeting descriptively recorded on the meeting minutes.

Directors shall be responsible for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates the laws, administrative regulations or the Articles of Association and causes serious losses to the Company, the directors participating in the resolution shall be liable for compensation to the Company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from such liability.

The minutes of the Board meeting shall be kept in corporate archives for a period of 15 years.

**Article 150** The minutes of the Board meeting shall contain the following information:

- (I) the date and venue of the meeting and the name of the convener;
- (II) names of the directors present and of directors (proxies) appointed by others to attend the Board meeting;
- (III) agenda of the meeting;
- (IV) main points made by the directors; and
- (V) table method and results of each item (the results of the table shall indicate the number of votes approved, opposed or abstained).

## **Chapter 7 Secretary to the Board of Directors**

**Article 151** The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management of the Company.

**Article 152** The secretary to the Board of Directors shall be a natural person who has the requisite professional knowledge and experiences and shall be appointed by the Board of Directors. His/ Her main responsibilities are:

- (1) to ensure that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and submits reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the register of shareholders of the Company is properly maintained, and to ensure that persons entitled to access to relevant records and documents of the Company are furnished with such records and documents without delay.

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

**Article 153** A director or other senior management of the Company may concurrently serve as the secretary to the Board of Directors. The accountant of the accounting firm engaged by the Company shall not concurrently serve as the secretary to the Board of Directors.

Where a director concurrently serves as the secretary to the Board of Directors of the Company and an act is required to be done by a director and the secretary to the Board separately, the person who concurrently serves as a director and the secretary to the Board



of Directors of the Company shall not perform the act in both capacities.

## **Chapter 8 Managers and Other Senior Management**

**Article 154** The Company has one general manager and one deputy general manager who shall be appointed or dismissed by the Board of Directors.

Other senior management refer to the general manager, deputy general manager, CFO, Secretary to the Board, assistant to the general manager and other personnel performing the same or similar duties as those above.

**Article 155** Persons who hold administrative posts other than directors and supervisors in the controlling shareholder units of the Company shall not serve as the senior management of the Company.

The Company's senior management shall be only paid by the Company, not by the controlling shareholders.

**Article 156** The general manager shall serve a term of three years and may serve consecutive terms if reappointed.

**Article 157** The general manager shall be accountable to the Board and exercise the following functions and powers:

(I) to be in charge of the production, operation and management of the Company, to organize the implementation of the Board resolutions, and to report on his/her work to the Board of Directors;

(II) to arrange for the implementation of the Company's annual business plans and investment plans;

(III) to draft the plan for establishment of the Company's internal management organization;

(IV) to draft the Company's basic management system;

(V) to develop the specific rules of the Company;

(VI) to request the Board to appoint or dismiss the deputy general manager and chief financial officer;

(VII) to appoint or dismiss the officers other than those whose appointment or dismissal shall be decided by the Board; and

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

The general manager may attend the Board meeting as a non-voting delegate, and the general manager who is not a director shall have no right to vote at the Board meeting.

**Article 158** The general manager shall formulate the working rules of the general manager, which shall be submitted to the Board for approval before implementation.

**Article 159** The working rules of the general manager shall include the following:

(I) the conditions, procedures and participants of the general manager's meeting;

(II) the respective responsibilities of the general manager and other senior management and their division of labor;

(III) the Company's use of funds and assets, the authority to enter into major contracts, and the reporting system to the Board of Directors and the Board of

Supervisors; and

(IV) other matters deemed necessary by the Board of Directors.

**Article 160** The general manager and senior management may resign before the expiration of their term of office. The specific procedures and methods for the resignation of the general manager and senior management shall be stipulated in the employment contract between the general manager and senior management and the Company.

**Article 161** The deputy general management shall assist the general manager in his/her work. When the general manager is unable to perform his/her functions and powers, he/she shall designate a deputy general manager to exercise on his/her behalf.

**Article 162** If a senior management violates laws, administrative regulations, departmental rules and the Articles of Association while performing his/her duties and causes losses to the Company, he/she shall be liable for compensation.

**Article 163** The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management of the Company fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and shareholders of public shares, they shall be liable for compensation in accordance with the law.

## **Chapter 9 Board of Supervisors**

### **Section 1 Supervisors**

**Article 164** The directors, general manager and other senior management shall not serve concurrently as supervisors.

**Article 165** The supervisors shall comply with laws, administrative regulations and the Articles of Association, and bear the faithful obligations and diligence obligations to the Company, and shall not take bribes or other illegal income by making use of their position, nor seize the properties of the Company.

**Article 166** The term of office of supervisors is three years. Upon expiration of the term, the supervisor may be re-elected and serve consecutive terms.

**Article 167** If the term of office of a supervisor expires but a new one is not reelected in time, or the resignation of a supervisor during the term of office causes the number of members of the Board of Supervisors to be less than the quorum, the former supervisor shall still perform the duties as a supervisor in accordance with the provisions of laws, administrative regulations, and the Articles of Association before the newly elected supervisor takes office.

**Article 168** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign written confirmation opinions on periodic reports.

**Article 169** Supervisors shall not use their affiliation to impair the interests of the Company; in the event of causing losses to the Company, the supervisor shall be liable for compensation.

**Article 170** A supervisor who violates laws, administrative regulations, departmental rules or the Articles of Association and causes losses to the Company in performing his/her duties shall be liable for compensation.

## Section 2 Board of Supervisors

**Article 171** The Company shall have a Board of Supervisors, which shall consists of five supervisors, including one chairman. The chairman of the Board of Supervisors shall be elected by more than half of all supervisors. The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors, when the chairman of the Board of Supervisors is unable or fails to perform his/her duty, a supervisor jointly recommended by more than half of the supervisors shall convene and preside over meetings of the Board of Supervisors.

The Board of Supervisors shall comprise shareholder representatives and an appropriate ratio of employee representatives of the Company, including three shareholder representatives, two employee representatives. The shareholder representatives are elected and removed by the general meeting; the employee representatives are democratically elected and removed by the Company's employees at the employee representative assembly, general staff meeting or otherwise.

**Article 172** The Board of Supervisors shall accountable to the general meeting, and exercise the following functions and powers in accordance with the laws:

(I) to review the periodic reports of the Company prepared by the Board of Directors and to submit written review opinions thereon;

(II) to check the finance of the Company;

(III) to supervise the directors and senior management in the performance of their duties and to propose the dismissal of directors or senior management who violate laws, administrative regulations or the Articles of Association or resolutions of the general meeting;

(IV) to require the director or senior management to correct his/her act that is detrimental to the Company's interests;

(V) to propose the holding of EGMs and, in the event that the Board of Directors fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting in accordance with the Company Law;

(VI) to submit proposals to the general meeting;

(VII) to represent the Company in negotiation with or sue the director or senior management in accordance with article 151 of the Company Law;

(VIII) to verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general meetings and, should any query arise, to authorize, in the name of the Company, a re-examination by certified public accountants and practicing auditors;

(IX) to conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, to engage a law firm, accounting firm, or other professional institutions to assist in their work with expenses to be borne by the Company;

(X) other functions and powers conferred by laws, administrative regulations, departmental rules or the Articles of Association and the general meetings.

Supervisors shall attend Board meetings as non-voting delegates.

**Article 173** Regular meetings of the Board of Supervisors shall be held at least once every six months and shall be convened by the chairman of the Board of Supervisors. The supervisors may propose an extraordinary meeting of the Board of Supervisors.

The notice of the meeting of the Board of Supervisors shall include the date, venue and duration of the meeting, the reason for convening the meeting and agenda thereof, and the date of issuing the notice.

The resolutions of the Board of Supervisors shall be adopted by more than half of the supervisors.

**Article 174** The Board of Supervisors shall formulate the rules of procedures for the Board of Supervisors, and stipulate its methods of discussion of matters and voting procedures, so as to ensure its efficient operation and reasonable decision-making. The rules of procedures of the Board of Supervisors shall be attached to the Articles of Association as an appendix.

**Article 175** The Board of Supervisors shall make meeting minutes for all decisions on matters discussed at the meeting, and the attending supervisors shall sign the meeting minutes.

A supervisor is entitled to request for some descriptive record to be made with regard to his/her speech at the meeting. The meeting minutes of the Board of Supervisors shall kept in corporate archives for a period of 15 years.

## **Chapter 10 Qualifications and Duties of Directors, Supervisors, Managers and Other Senior Management of the Company**

**Article 176** A person may not serve as a Director, Supervisor, or senior management of the Company under any of the following circumstances:

(I) a person without civil capacity or with restricted civil capacity;

(II) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and had received criminal penalty because of committing such offence; or who has been deprived of his political rights, in each case less than five (5) years have elapsed since the date of the completion of enforcement of such punishment or deprivation;

(III) a person who is a former Director, factory manager or manager of a company or enterprise that has entered into insolvent liquidation due to unsound business operation and he/she is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

(IV) a person who is a former legal representative of a company or enterprise whose its business license was revoked due to the violation of the laws and who bears personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;

(V) a person who has a relatively large amount of debts due and outstanding;

(VI) a person who is under criminal investigation or prosecution by a judicial authority for violation of the criminal law and the said investigation or prosecution is not yet concluded;

(VII) a person who is punished by the securities regulatory authority under the State Council and prohibited from entering the securities market, where the period of punishment has not yet expired;

(VIII) a person who is ineligible for enterprise leadership according to laws and administrative regulations;

(IX) a non-natural person;

(X) a person found to be in violation of provisions of relevant securities regulations by a competent authority and such violation involves a finding that he/she has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the finding;

(XI) other content stipulated by laws, administrative regulations or departmental regulations.

If a Director, Supervisor or senior management member is elected, appointed or engaged in violation of this Article, such election, appointment or engagement shall be invalid. In the event that the circumstances as stipulated in this Article arise during the term of office of such Directors, Supervisors or senior management, the Company shall dismiss the appointment.

**Article 177** The validity of an act of a Director, manager or other senior management of the Company on behalf of the Company towards a bona fide third party shall not be affected by any incompliance in his/her current position, election or qualifications.

**Article 178** In addition to obligations imposed by the laws, administrative regulations or listing rules of the stock exchanges where the Company's shares or GDRs are listed, the Company's Directors, Supervisors, general manager and other senior management shall owe the following obligations to each shareholder in the exercise of the functions and power granted to them by the Company:

(I) not to allow the Company to operate beyond the scope stated in the business license;

(II) to act, bona fide, in the best interests of the Company;

(III) not to deprive in any way the properties of the Company, including but not limited to opportunities advantageous to the Company;

(IV) not to deprive the individual rights and interests of the shareholders, including (but not limited to) any distribution rights and voting rights, but excluding any plan of reorganization of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 179** The Company's Director, Supervisor, manager and other senior management shall have a duty, in the exercise of his/her power and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 180** The Company's Directors, Supervisors, general manager and other senior management shall, in the exercise of their duties, abide by the principles of good faith and shall not place themselves in positions where there is a possible conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

(I) to act, bona fide, in the best interests of the Company;

(II) to exercise powers within the scope of their powers;

(III) to personally exercise the discretion vested in him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by the laws and administrative regulations or with the consent of the general meeting that has been informed;

(IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(V) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the consent of the general meeting that has been informed;

(VI) not to use the Company's property for their own benefit without the informed consent of the general meeting;

(VII) not to use his/her functions and powers as a means for accepting bribes or other forms of illegal income, and not to illegally appropriate Company assets in any way, including (but not limited to) any opportunities that are favorable to the Company;

(VIII) not to accept commissions in connection with the transactions of the Company without the informed consent of the general meeting;

(IX) to abide by the Articles of Association, perform his/her duties faithfully, protect the interests of the Company and not to seek personal gains with his/her position, functions and powers in the Company;

(X) not to compete with the Company in any way without the consent of the general meeting that has been informed;

(XI) not to embezzle the Company's funds or lend the Company's funds to others, not to deposit the Company's assets in accounts opened in his/her own or in other's name, or not to use the Company's assets as guarantee for the debts of the Company's shareholders or other persons;

(XII) Unless otherwise permitted by the general meeting, to keep confidential the information acquired by them in the course of and during their tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if the disclosure is:

1. required by the laws;
2. required for the public interest;
3. required for the own interests of such Director, Supervisor, manager and other senior management of the Company.

**Article 181** The Director, Supervisor, manager and other senior management of the Company shall not cause the following persons or entities ("associates") to do what he/she is prohibited from doing:

(I) The spouses or minor children of the Directors, Supervisors, manager and other senior management of the Company;

(II) Trustees of the Directors, Supervisors, manager and other senior management of the Company or of any person referred in Item (I) hereof;

(III) Partners of the Directors, Supervisors, manager and other senior management of the Company or of any person referred in Items (I) and (II) hereof;

(IV) The Company over which the Directors, Supervisors, manager and other senior management of the Company individually have de facto control, or jointly with any person referred to in Items (I), (II) and (III) hereof or any other Directors, Supervisors, manager or other senior management of the Company have de facto control; and

(V) The Directors, Supervisors, manager and other senior management of the



controlled company referred to in Item (IV) of this Article.

**Article 182** The obligation of good faith of the Company's Directors, Supervisors, manager and other senior management does not necessarily cease with the termination of their terms of office. Their confidentiality obligation in relation to the Company's trade secrets shall continue after the termination of their terms of office. The duration of other fiduciary duties shall be determined in accordance with principle of fairness, depending on the time lapsed between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company is terminated.

**Article 183** The liability of Directors, Supervisors, manager and other senior management of the Company for breaching a given obligation may be waived by the general meeting that has knowledge of the circumstances, save for the circumstances specified in Article 56 of the Articles of Association.

**Article 184** When Directors, Supervisors, managers and other senior management of the Company have a material interest, directly or indirectly, in a contract, transaction or arrangement entered into or planned by the Company (except for employment contracts between the Company and Directors, Supervisors, managers and other senior management), they shall disclose the nature and extent of their interest to the Board of Directors as soon as possible, regardless of whether the relevant matters require the approval and consent of the Board of Directors under normal circumstances.

Unless the interested Director, Supervisor, manager or any of other senior management of the Company has disclosed such interest to the Board as required under the preceding paragraph of this Article and the matter has been approved by the Board at a meeting in which he/she was not counted in the quorum and had withdrew from voting, the Company shall have the right to void the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, Supervisor, manager or any of other senior management concerned.

A Director, Supervisor, manager or other senior management of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a Connected Person of that Director, Supervisor, manager or other senior management has an interest.

**Article 185** Where a Director, Supervisor, manager and other senior management of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 186** The Company shall not by any means pay taxes for or on behalf of its Director, Supervisor, manager and other senior management.

**Article 187** The Company may not directly or indirectly provide a loan or loan guarantee to its Directors, Supervisors, manager or other senior management, or those of its parent company, or connected persons of the above-mentioned persons.

However, the following transactions are not subject to the above prohibition:

(I) provision of a loan or loan guarantee by the Company to its subsidiary;

(II) provision of a loan or loan guarantee or other funds by the Company to a Director, Supervisor, manager or other senior management of the Company under an employment contract approved by the general meeting, so as to enable him/her to pay the expenses incurred for a purpose in relation to the Company or for the performance of his/her duties to the Company;

(III) provision of a loan or loan guarantee by the Company to the relevant Director, Supervisor, manager or other senior management of the Company or to a Connected Person thereof on normal commercial terms, if the ordinary business scope of the Company covers the lending of money or the provision of loan guarantee.

**Article 188** A loan provided by the Company in violation of the preceding Article shall be immediately repayed by the recipient of the loan, regardless of the terms of the loan.

**Article 189** Loan guarantee provided by the Company in breach of Item (I) of Article 187 shall not be enforceable against the Company, unless:

(I) a loan was provided to a respective associate of any of the Director, Supervisor, manager and other senior management of the Company or of the Company's parent company and the lender did not know the relevant circumstances;

(II) the collaterals provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 190** For the purpose of the foregoing provisions of this Chapter, a guarantee includes an undertaking of responsibilities or a provision of property to secure the performance of obligations by the obligors.

**Article 191** If the Director, Supervisor, manager or other senior management violates the obligations to the Company, the Company shall be entitled to take the following measures in addition to the rights and remedial measures under the relevant laws and administrative regulations:

(I) to require the relevant Director, Supervisor, manager or other senior management to compensate for the losses suffered by the Company as a consequence of his/her dereliction of duty;

(II) to rescind the contracts or transactions concluded between the Company and the Directors, Supervisors, manager and other senior management of the Company, and between the Company and a third person (if the third person knows or is supposed to know that the Directors, Supervisors, manager and other senior management representing the Company have breached their obligations to the Company);

(III) to require the relevant Director, Supervisor, manager or other senior management to surrender the gains derived from the breach of his/her obligations;

(IV) to recover any fund received by the relevant Director, Supervisor, manager or other senior management that shall have been received by the Company, including (but not limited to) commissions;

(V) to require the relevant Director, Supervisor, manager or other senior management to return any interest accrued or could have accrued on funds that should have been paid to the Company.

**Article 192** The Company shall enter into a written contract with each Director and Supervisor concerning his/her remuneration. Such contract shall be approved by the general meeting before it is entered into. The above-mentioned remuneration shall

include:

(I) the remuneration in respect of his/her service as a Director, Supervisor or senior management of the Company;

(II) the remuneration in respect of his/her service as a Director, Supervisor or senior management of the subsidiary of the Company;

(III) the remuneration in connection with other services he/she provides for the management of the Company or any subsidiary thereof;

(IV) the funds as compensation for loss of office or retirement for the Director or Supervisor.

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

**Article 193** The contract for remunerations entered into between the Company and its Directors or Supervisors shall provide that in the event of a acquisition of the Company, the Directors and Supervisors shall, subject to the prior approval of the shareholders in the general meeting, have the right to receive compensation or other payment for their loss of the position or retirement. A “acquisition the Company” as referred to above means:

(I) anyone making a general offer to all the shareholders;

(II) anyone making a general offer with the purpose of making the offeror a controlling shareholder. A “controlling shareholder” shall have the same meaning as defined in Article 48 of the Articles of Association.

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

## **Chapter 11 Financial and Accounting Systems, Distribution of Profits and Audit**

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

**Article 194** The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and the rules of the relevant authorities of the State. The Company shall prepare its financial report upon expiration of each fiscal year and submit it for examination and verification in accordance with the laws.

**Article 195** The Board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by any of the laws, administrative regulations or regulatory documents promulgated by local governments and competent departments and to be prepared by the Company.

**Article 196** The Company shall deposit its financial reports at the Company for inspection by the shareholders at least twenty (20) days before the convening of the annual general meeting. Each shareholder of the Company is entitled to obtain the financial reports mentioned in this Chapter.

**Article 197** The Company shall submit and disclose its annual report to the CSRC and the stock exchange within four months as of the end of each accounting year, and its

interim report to the agency of the CSRC and the stock exchange within two months as of the end of the first half of each accounting year.

The above-mentioned annual report and interim report shall be prepared in accordance with relevant laws, administrative regulations and the provisions of the CSRC and the Shenzhen Stock Exchange.

**Article 198** The Company will not set up any other accounting books except for the legal accounting books. The assets of the Company shall not be deposited into an account opened in the name of any individual.

**Article 199** When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve. The Company may not withdraw statutory reserve if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory reserve of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up for the loss before the withdrawing of the statutory reserve in accordance with the above provisions.

After the Company withdraws the statutory reserve from the after-tax profits, the discretionary reserve may be withdrawn from the after-tax profits with the approval of the general meeting.

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

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

The Company's shares held by the Company shall not be subject to profit distribution.

**Article 200** The Company's reserve shall be used to make up for the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's capital. However, the capital reserve will not be used to make up for the Company's losses.

When the statutory reserve is converted into capital, the remaining reserve shall not be less than 25% of the Company's registered capital before such conversion.

The capital reserve includes the following:

- (I) the premium received when shares are issued at a price over their par value;
- (II) any other income required to be included in the capital reserve funds by the competent finance departments of the State Council.

**Article 201** When a resolution is made by the general meeting on the profit distribution plan, the Board shall complete the dividend (or share) distribution within two months after the general meeting.

**Article 202** The profit distribution policy and decision-making procedures of the Company are as follows:

(I) Basic principles for profit distribution of the Company:

1. The Company shall give full consideration to the return to the investors and

distribute dividends to the shareholders per annum in proportion to distributable profits realized for the year concerned attributable to parent company;

2. The Company's profit distribution policy shall maintain continuity and stability, and shall be for the long term interest of the Company, in the interest of all shareholders as a whole, and for the sustainable development of the Company; and

3. The Company shall give priority to adopt dividend distribution in cash.

(II) Specific policies of the Company for profit distribution are as follows:

1. Form of profit distribution: The Company distributes profits in cash, stock or a combination of cash and stock. The Company can make interim profit distributions when conditions permit.

2. Specific conditions and proportions of cash dividend distribution of the Company:

The profits that have accumulatively distributed in cash in the last three years shall account for no less than 30% of the average annual distributable profits of parent company realized in the last three years.

Except in special circumstances, the Company shall first distribute dividends in cash when it is profitable in the current year and the accumulative undistributed profit is positive, and the profits to be distributed in cash per annum shall account for no less than 10% of the distributable profits of parent company realized for the year concerned.

Special circumstances refer to:

(1) The distributable profit per share realized for the year concerned is less than RMB0.09.

(2) The Company has no events such as material investment plan or significant cash expenditure (excluding fund raising projects) for the next 12 months.

The material investment plan or significant cash expenditure refers to the Company's accumulative expenditure on proposed external investment, acquisition of assets or purchase of equipment within the next 12 months exceeding 30% of the Company's net assets in the audited consolidated statements for the latest period and exceeding RMB50 million.

(3) The asset-liability ratio in the audited consolidated statements for the year concerned exceeds 70%.

The Board of Directors shall determine the minimum percentage of the Company's annual profit distribution in cash based on the following situations after comprehensively considering such factors as the industry characteristics, the Company's development stage, operation mode, profitability and whether it has any significant capital expenditure arrangement:

(1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, when profit distribution is made, the cash dividends shall at least account for 80% of the profit distribution;

(2) If the Company is at the mature stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 40% of the profit distribution; and

(3) If the Company is at the growth stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 20% of the profit distribution.

If it is difficult to distinguish the development stage of the Company and there are significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

3. Specific conditions for the Company to issue stock dividends:

The Company can propose a stock dividend distribution plan when it is in good operating condition, and the Board of Directors believes that the Company's stock price does not match the Company's share capital and that issuing stock dividends is beneficial to the overall interests of all shareholders of the Company, under the premise that the above-mentioned conditions for cash dividends are met.

Distributing profits by way of dividend in shares shall include true and reasonable factors such as growth of the Company and dilution of net assets per share.

(III) Procedures for considering the Company's profit distribution plan:

1. The profit distribution plan of the Company shall be submitted to the Board of Directors and the Board of Supervisors for consideration. The Board of Directors shall fully discuss the rationality of the profit distribution plan and form a special proposal which shall be submitted to the general meeting for consideration after independent directors express clear opinions thereon. When considering the profit distribution plan, the Company shall make online voting accessible to shareholders.

2. When the Company chooses not to distribute cash dividends due to the special situations stipulated in the preceding paragraph, the Board of Directors shall give special explanations on the specific reasons for not distributing cash dividends, the exact use of the Company's retained earnings and the expected investment income, which shall be commented by independent directors and submitted to the general meeting for consideration, and then disclosed on the designated media of the Company.

(IV) the change to the Company's profit distribution policy:

In the event of force majeure such as war or natural disasters that have a significant impact on the Company's production and operation, or significant changes to the Company's own operating conditions, the profit distribution policy may be adjusted by the Company.

If the Company intends to adjust its profit distribution policy, the Board of Directors must make a special discussion to demonstrate the reasons in detail, and form a written demonstration report which shall be submitted to and adopted by the general meeting by means of a special resolution with the consent of independent directors.

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

**Article 203** The Company shall appoint a receiving agent for the holders of GDRs. The receiving agent shall collect on behalf of the relevant GDR holder the dividends distributed and other amounts payable by the Company to the GDR holder. The receiving agents appointed by the Company shall meet the requirements of the laws of the place of listing or the relevant regulations of the stock exchange.

## Section 2 Internal Audit

**Article 204** The Company shall implement the internal audit system and appoint full-time auditors to supervise its financial revenues and expenditures and economic activities through internal audit.



**Article 205** The Company's internal audit system and the duties of the auditors shall be implemented upon the approval of the Board of Directors. The chief auditor shall be accountable and report to the Board.

### **Section 3 Employment of Accounting Firms**

**Article 206** The Company shall employ an accounting firm that complies with the provisions of the Securities Law to audit financial reports, verify net assets, and offer other relevant consulting services. The term of employment of such accounting firm shall be one year from the conclusion of the annual general meeting of the Company at which the appointment is made until the conclusion of the next annual general meeting, which is renewable. Unless otherwise provided by the laws, administrative regulations, listing rules of the stock exchange where the Company's shares or GDRs are listed.

**Article 207** The audit fees of the accounting firm or the methods of determining the audit fees shall be decided by the general meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

**Article 208** The accounting firm appointed by the Company shall have the following rights:

(I) the right to inspect at any time the accounting books, records and certification of the Company, and to require the Directors, managers or other senior management of the Company to provide relevant information and explanations thereof;

(II) the right to request the Company to take all reasonable measures to obtain from its subsidiaries such information and explanations as are necessary for the accounting firm to perform its duties;

(III) the right to attend the general meeting and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to be heard at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 209** If the position of accounting firm becomes vacant, the Board of Directors may appoint an accounting firm to fill such vacancy before a general meeting is held. However, if there are other accounting firms holding the position as an accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act

**Article 210** The shareholders in general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages from the Company in respect of such removal.

**Article 211** The Company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports.

**Article 212** The audit fee of an accounting firm shall be decided by the general meeting.

**Article 213** When the Company dismisses or does not renew the employment of an accounting firm, it shall give a 30-day prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a

voting process concerning the dismissal of such accounting firm is carried out.

Where an accounting firm tenders its resignation, it shall inform the general meeting of whether there is any irregularity in the Company.

## **Chapter 12 Notice and Announcement**

### **Section 1 Notice**

**Article 214** The Company's notice may be given in the following means:

(I) by hand;

(II) by post;

(III) by announcement; and

(IV) other forms specified in the Articles of Association of the Company.

**Article 215** If a notice of the Company is sent by way of announcement, once an announcement is made, it is deemed that all relevant personnel have received the notice.

**Article 216** The notice of the general meeting held by the Company shall be made by post or public announcement.

**Article 217** The notice of the meeting of the Board of Directors held by the Company shall be sent by hand, fax or e-mail.

**Article 218** The notice of the meeting of the Board of Supervisors held by the Company shall be sent by hand, fax or e-mail.

**Article 219** If the notice of the Company is delivered by hand, the addressee shall sign (or stamp) on the receipt of service, and the date of signature of the addressee shall be the date of service; if the notice of the Company is sent by post, the date of service shall be the 5th business day after the date of delivery to the post office; and if a notice of the Company is sent by public announcement, the date of the first announcement shall be the date of service.

**Article 220** The meeting and the resolution thereof shall not be null and void if the notice of the meeting fails to be delivered to or received by any person entitled to the notice due to accidental omission.

### **Section 2 Announcement**

**Article 221** The Company shall designate Securities Times as the media publishing company announcements and other information that needs to be disclosed. The Company shall designate cninfo.com.cn as the website for publishing company announcements and other information that needs to be disclosed.

## **Chapter 13 Merger, Division, Capital Increase and Reduction, Dissolution and Liquidation**

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

**Article 222** In the event of a merger or division of the Company, a plan shall be proposed by the Board of Directors of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by the laws. Shareholders who

oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan to purchase their shares at a fair price. A specific document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.

**Article 223** Merger of the Company may take the form of merger by absorption or merger by new establishment.

A company absorbing other companies is a merger by adsorption, and the absorbed company is dissolved. The merger of two or more companies to create a new company is a merger by new establishment, and the merging parties are dissolved.

**Article 224** In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within ten days since the date on which the resolution to proceed with the merger is passed, and publish announcements on the merger in the media specified in Article 221 of the Articles of Association within 30 days. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off their debts in full or to provide a corresponding guarantee.

**Article 225** After the merger, the rights and the obligations of the merging parties shall be assumed by the company in existence or the newly established company after the merger.

**Article 226** If the Company is to be divided, its property shall be divided accordingly.

For the division of the Company, a balance sheet and a schedule of assets shall be prepared. The parties concerned shall conclude a Division Agreement and the Company shall notify its creditors within ten days since the date on which the resolution to proceed with the division is passed, and publish announcements on the division in the media specified in Article 221 of the Articles of Association within 30 days.

**Article 227** Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division jointly and severally, except as otherwise stated in the agreement entered into between creditors and the Company for debt service prior to the division.

**Article 228** In case the Company needs to reduce its registered capital, it must prepare a balance sheet and a schedule of assets.

The Company shall notify its creditors of the reduction in capital within ten days and publish an announcement of the reduction in the media designated in Article 221 of the Articles of Association within 30 days after the resolution approving the reduction has been adopted. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off their debts in full or to provide a corresponding guarantee.

The registered capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

**Article 229** Where the merger or division of the Company results in a change to its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be

registered according to law.

## **Section 2 Dissolution and Liquidation**

**Article 230** The Company is dissolved for the following reasons:

(I) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(II) the general meeting resolves to dissolve the Company;

(III) dissolution is required due to merger or division of the Company;

(IV) the Company is declared to be insolvent in accordance with the laws due to its failure to repay debts as they become due;

(V) the Company is revoked of its business license, ordered to close down or annulled according to law due to violation of laws and administrative regulations; and

(VI) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of its shareholders and there is no other way to resolve, shareholders who hold an aggregate of over 10% of the whole voting rights can make a petition to the people's court to dissolve the Company.

**Article 231** For the circumstance in item (I) of Article 230 of the Articles of Association, the Company may continue to subsist by amending the Articles of Association.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph shall be adopted by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

**Article 232** If the Company is dissolved under items (I), (II), or (VI) of Article 230 of the Articles of Association, a liquidation committee shall be set up, which shall start liquidation within 15 days from the date of occurrence of the cause for dissolution. The members of such liquidation committee shall be determined by the Board or the general meeting. If the liquidation committee is not established within the prescribed period, creditors can submit an application to the people's court to appoint relevant officers to establish such committee to carry out the liquidation.

Where the Company is dissolved pursuant to Item (IV) of Article 230 of the Articles of Association, the People's Court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Where the Company is dissolved pursuant to Item (V) of Article 230 of the Articles of Association, the competent authority shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to carry out the liquidation.

**Article 233** Where the Board of Directors proposes to liquidate the Company (due to causes other than that the Company has declared it is insolvent), the Board of Directors shall include a statement in its notice of a general meeting convened for considering the proposal about the facts that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the adoption of the resolution by the general meeting for liquidation, the

functions and powers of the Board of Directors shall cease.

The liquidation committee shall act in accordance with the instructions of the general meeting to make a report at least once a year to the general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the general meeting on completion of the liquidation.

**Article 234** The liquidation committee shall exercise the following functions and powers during liquidation:

(I) examining the assets of the Company and prepare a balance sheet and a schedule of assets respectively;

(II) notifying the creditors by a notice or public announcement;

(III) handling the outstanding business of the Company in connection with liquidation;

(IV) repaying all outstanding tax payment and the tax payment which arise in the course of the liquidation process;

(V) clearing up claims and debts;

(VI) dealing with the remaining assets after full payment of the Company's debts; and

(VII) participating in civil litigation on behalf of the Company.

**Article 235** The liquidation committee shall notify its creditors within ten days since the date it is established, and publish relevant announcements on the media designated by Article 221 of the Articles of Association within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, report their creditors' rights to the liquidation committee.

When reporting his/her rights, the creditor shall provide an explanation of matters relevant to his/her rights and provide the supporting evidence. The liquidation committee shall register the creditors' rights.

In the course of reporting the creditors' rights, the liquidation committee shall not repay the creditors.

**Article 236** After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and a schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

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

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

**Article 237** If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and a schedule of assets, believes that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of

bankruptcy.

After the people's court has ruled the Company to declare itself bankrupt, the Company's liquidation committee shall refer the liquidation matters to the people's court.

**Article 238** Following the completion of the liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in the PRC, submit the same to the general meeting or relevant people's court for confirmation. Within 30 days from the date of confirmation of the above-mentioned documents by the general meeting or the People's Court, the liquidation committee shall submit the same to the company registration authority to apply for cancellation of the Company's registration, and announce the Company's termination.

**Article 239** Members of the liquidation committee shall be faithful to their duties and fulfill their liquidation obligations in accordance with the law.

Members of the liquidation committee shall not take advantage of his/her authority to accept bribes or other illegal income, and shall not misappropriate the property of the Company.

Members of the liquidation committee who cause losses to the Company or creditors due to intentional or gross negligence shall be liable for compensation.

**Article 240** If the Company is declared bankrupt, the bankruptcy liquidation shall be implemented in accordance with the laws on enterprise bankruptcy.

#### **Chapter 14 Amendment of the Articles of Association**

**Article 241** The Company shall amend the Articles of Association in accordance with the laws, administrative regulations and its Articles of Association under any of the following circumstances:

(I) after the PRC Company Law or relevant laws and administrative regulations are amended, the provisions of the Articles of Association are in conflict with that of the amended ones;

(II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association; or

(III) the general meeting decides to amend the Articles of Association.

**Article 242** The amendment to the Articles of Association approved by way of resolution at the general meeting shall be submitted to the relevant examination and approval authorities for approval (if necessary). Where the Company's registered items are involved, change to registration shall be made according to law. Any amendment to the Articles of Association involving anything set out in the Mandatory Provisions as approved by the general meeting shall become effective upon the approval by the company approval department authorized by the State Council and the securities regulatory agency of the State Council (if applicable).

**Article 243** The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the general meeting and the approval opinions of relevant competent authorities.

**Article 244** If the amendments to the Articles of Association are information required to be disclosed by laws and regulations, they shall be announced in accordance



with relevant provisions.

## **Chapter 15 Settlement of Disputes**

**Article 245** If any dispute or claim in relation to any other affairs of the Company arises between a shareholder and the Company, or between a shareholder and a Director, Supervisor, general manager or other senior management of the Company, or among shareholders, based on the rights and obligations provided for in the Articles of Association and relevant laws and administrative regulations, the securities regulatory authority of the State Council has not reached an understanding or agreement with the relevant overseas securities regulatory authorities in respect of the methods of dispute resolution, the parties concerned may settle the dispute in accordance with the laws and administrative regulations, or by agreement between the parties. The laws of the People's Republic of China shall apply to the settlement of disputes mentioned aforesaid.

## **Chapter 16 Supplementary Provisions**

### **Article 246 Definitions**

(I) The "controlling shareholder" refers to a person who meets any one of the following conditions:

a person who may elect more than half of the Directors when acting alone or in concert with others;

a person who may exercise or control the exercise of more than 30% (including 30%) of the voting rights of the Company when acting alone or in concert with others;

a person who holds more than 30% (including 30%) of issued and outstanding shares of the Company when acting alone or in concert with others;

a person who may de facto control the Company in any other manner when acting alone or in concert with others.

(II) The term "actual controller" means a person who, although not a shareholder of the Company, is able, through investment relationships, agreements or other arrangements, to actually control the conduct of the Company.

(III) The term "affiliation" refers to the relationship between the controlling shareholders, actual controllers, directors, supervisors and senior management of the Company and the enterprise directly or indirectly controlled by the Company, and other relationships that may lead to the transfer of interests of the Company, provided that the state-controlled enterprises are not affiliated because they are controlled by the state.

**Article 247** The Board of Directors may formulate the articles in accordance with the provisions of the Articles of Association. The articles shall not contradict the provisions of the Articles of Association.

**Article 248** The Articles of Association are prepared in Chinese. In case of discrepancies between any other languages or different versions of the articles of association and the Articles of Association, the Chinese version of the Articles of Association after the latest approval of registration with the Administrative Examination and Approval Authority of Suzhou City shall prevail.

**Article 249** Terms of "above", "within", and "below" used in the Articles of Association shall include the given number; while "beyond", "lower", "over" and "more than" shall exclude the given number.

The “total assets” and “net assets” in the Articles of Association refer to the “total assets” and “total equity attributable to shareholders of the parent company” in the Company’s consolidated balance sheet respectively; the “operating revenue” and “net profit” therein refer to the “total operating revenue” and “net profit attributable to shareholders of the parent company” in the Company’s consolidated income statement respectively.

**Article 250** The Articles of Association shall be interpreted by the Board of the Company. If the Articles of Association are inconsistent with the laws and regulations, the requirements of the laws and regulations, the requirements of the securities regulatory authorities and stock exchanges where the Company’s shares or GDRs are listed shall apply.

**Article 251** The appendix to the Articles of Association shall include the Procedural Rules for General Meetings, the Procedural Rules for Meetings of the Board and the Procedural Rules for Meetings of the Board of Supervisors.

**Article 252** The Articles of Association shall come into effect from the date on which it is considered and adopted by the general meeting of shareholders of the Company and the GDRs issued by the Company were listed on SIX Swiss Exchange, and the same applies when it is revised.

**Jiangsu Eastern Shenghong Co., Ltd.**

**December 28, 2022**