

**Wuxi Lead Intelligent Equipment Co., Ltd.**

**Articles of Association**

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## CHAPTER I GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司) (the “Company”) as well as its shareholders and creditors, and regulate the organization and activities of the Company, the Articles of Association of the Company (the “Articles of Association”) are formulated in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “Company Law”), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “Securities Law”), the Rules Governing the Listing of Shares on the ChiNext market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》) (the “ChiNext Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), and other relevant provisions.

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

The Company was approved by the Department of Commerce of Jiangsu Province by issuing Su Shang Zi [2011] No. 1644 “Reply on Approving the Change of Wuxi Lead Auto Equipment Co., Ltd. into a Foreign Investment Joint Stock Company”. The Company was established through a complete restructuring of Wuxi Lead Auto Equipment Co., Ltd. (無錫先導自動化設備有限公司), and was registered with the Wuxi Administration for Industry and Commerce (無錫市工商行政管理局), and obtained a corporate legal person business license. The unified social credit code of the Company is 91320200735716149R. On July 27, 2015, as considered and approved at the third extraordinary general meeting of 2015 of the Company, it was agreed that the Company’s name is change to “Wuxi Lead Intelligent Equipment Co., Ltd.”. In view of Ziying International Limited (紫盈國際有限公司) having fully disposed of its shareholdings in the Company on August 17, 2016, the nature of the Company was changed from a foreign investment joint stock company to a joint stock limited company.

**Article 3** Upon approval by the China Securities Regulatory Commission (the “CSRC”) on April 23, 2015, the Company initially issued 17,000,000 RMB-denominated ordinary shares to the public in the PRC, and they were listed on the ChiNext of the Shenzhen Stock Exchange (the “SSE”) on May 18, 2015. Upon the filing with the CSRC on [•], the Company conducted the initial public offering of [•] overseas listed foreign shares in Hong Kong (the “H Shares”), which were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on [•].

Should the Company’s shares be delisted, they shall continue to be traded on the National Equities Exchange and Quotations. Save as otherwise provided by laws, regulations, departmental rules and national policies, no amendments may be made to the provisions of this paragraph.

**Article 4** Registered name of the Company: 無錫先導智能裝備股份有限公司

The English name of the Company: WUXI LEAD INTELLIGENT EQUIPMENT CO., LTD.

**Article 5** Address of the Company: No. 20 Xinxi Road, Xinwu District, Wuxi City, Jiangsu Province (place of business: No. 18 Xinzhou Road, Xinwu District, Wuxi City)

Postal Code: 214028

**Article 6** The Company's registered capital is RMB[•].

**Article 7** The Company is a joint stock limited company with perpetual existence.

**Article 8** The Chairman of the Board of Directors (the "Board") of the Company shall be the legal representative of the Company. Where the Chairman of the Board resigns, such person shall be deemed to have resigned as the legal representative at the same time. Where the legal representative resigns, the Company shall determine a new legal representative within 30 days of resignation of the legal representative.

**Article 9** Total capital of the Company is divided into shares with same par value per share. The shareholders shall assume their liabilities to the extent of their respective subscribed shares in the Company, and the Company shall be liable to the extent of its total property for its debts.

**Article 10** The Articles of Association shall, from the date when it comes into force, constitute a legally binding document regulating the organization and activities of the Company, and the rights and obligations between the Company and each shareholder and among the shareholders, and shall be binding on the Company, shareholders, Directors, Supervisors and senior management members. In accordance with the Articles of Association, shareholders may sue other shareholders; shareholders may sue Directors, Supervisors, general manager and other senior management members of the Company; shareholders may sue the Company; the Company may sue shareholders, Directors, Supervisors, general manager and other senior management members.

**Article 11** The term "other senior management members" in the Articles shall refer to deputy general managers, chief financial officer and secretary to the Board of the Company

**Article 12** The Company shall set up the organization of the Communist Party and conduct Party activities in accordance with the requirements of Constitution of the Communist Party of China. The Company shall provide the Party organization with necessary conditions for its activities.

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

**Article 13** The business objectives of the Company are: by leveraging the respective strengths of all parties in technology, management, operations and marketing, conduct business within the company's approved scope of operations to achieve sound economic returns and deliver investment satisfaction to all stakeholders.

**Article 14** Subject to registration in accordance with the law, the Company's scope of business includes: licensed activities: import and export of goods; import and export agency services (for activities subject to approval under the law, business operations may only commence after obtaining approval from the relevant authorities, and specific business projects shall be subject to the approval outcome). General activities: manufacture of specialized equipment (excluding licensed specialized equipment manufacturing); manufacture of electronic specialized equipment; Sales of electronic specialized equipment; Software development; Artificial intelligence application software development; Industrial design services; Information consulting services (excluding licensed information consulting services); Information technology consulting services (except for projects subject to approval under the law, business activities shall be carried out independently in accordance with the business license).

## CHAPTER III SHARES

### Section 1 Issuance of Shares

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

**Article 16** Shares of the Company shall be issued in accordance with the principles of openness, fairness and impartiality. Shares of the same class rank pari passu with each other.

For the same class of shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions; for the shares subscribed by any organization or individual, the price payable for each of such shares shall be the same.

**Article 17** All the shares issued by the Company are dominated in Renminbi, with a nominal value of RMB1.00 per share. Shares issued by the Company and listed on the SSE are hereinafter referred to as “A Share(s)”; the shares issued by the Company and listed on the Hong Kong Stock Exchange are hereinafter referred to as “H Share(s)”.

**Article 18** The A Shares issued by the Company shall be centrally deposited and managed with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The H Shares issued by the Company shall primarily be deposited in the custodian company of Hong Kong Securities Clearing Company Limited in accordance with the laws and practices for securities registration and depository of the place where the shares of the Company are listed, or may also be held by shareholders in their own names.

**Article 19** The Company was established as a joint stock limited company through a complete restructuring of Wuxi Lead Auto Equipment Co., Ltd. The promoters (shareholders) and share capital structure at the time of incorporation are as follows:

No.	Name of Promoters (shareholders)	Shares subscribed (shares)	Shareholding percentage
1	Wuxi Lead Investment Development Co., Ltd. (無錫先導投資發展有限公司)	27,591,000	54.10%
2	Wuxi Jiading Investment Co., Ltd. (無錫嘉鼎投資有限公司)	8,624,100	16.91%
3	Shanghai Qijia Equity Investment Partnership (Limited Partnership) (上海祺嘉股權投資合夥企業(有限合夥))	4,671,600	9.16%
4	Wuxi Lead Capacitor Equipment Manufacturing Company (無錫先導電容器設備廠)	3,621,000	7.10%
5	Tianjin Pengxuan Equity Investment Fund Partnership (Limited Partnership) (天津鵬萱股權投資基金合夥企業(有限合夥))	2,626,500	5.15%

No.	Name of Promoters (shareholders)	Shares subscribed (shares)	Shareholding percentage
6	Ziying International Limited (紫盈國際有限公司)	1,728,900	3.39%
7	Shanghai Xingye Venture Capital Co., Ltd. (上海興燁創業投資有限公司)	1,550,400	3.04%
8	Shanghai Yimei Equity Investment Management Partnership (Limited Partnership) (上海熠美股權投資管理合夥企業(有限合夥))	586,500	1.15%
<b>Total</b>		<b>51,000,000</b>	<b>100.00 %</b>

**Article 20** After the completion of the initial public offering of H Shares, the total share capital of the Company is [•] shares, all of which are ordinary shares; among which [•] A Share ordinary shares account for [•]% of the total share capital of the Company, and [•] H Share ordinary shares account for [•]% of the total share capital of the Company.

**Article 21** The Company or its subsidiaries (including affiliated enterprises of the Company) shall not provide any assistance in the form of, among others, gifts, advances, guarantees, compensations or loans to individuals who acquired or intend to acquire shares of the Company.

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

**Article 22** The Company may, pursuant to a resolution passed by a general meeting, adopt the following methods to increase its capital according to its operation and development needs and in compliance with the provisions of laws and regulations:

- (I) public issuance of shares;
- (II) non-public issuance of shares;
- (III) distribution of bonus shares to existing shareholders;
- (IV) conversion of the common reserve fund into additional share capital;
- (V) other means as prescribed by laws and administrative regulations and permitted by competent authorities.

**Article 23** The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be made in accordance with the Company Law, and other relevant provisions and the procedures stipulated in the Articles of Association.

**Article 24** In accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association, the Company shall acquire the shares of the Company under any of the following circumstances:

- (I) reducing the registered capital of the Company;
- (II) merging with other company that holds the shares of the Company;
- (III) using the shares for employee stocks plan or equity incentives;
- (IV) with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;
- (V) using the shares for the conversion of convertible corporate bonds issued by the listed company;
- (VI) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

Saved for the aforementioned circumstances, the Company shall not engage in the acquisition of its own shares.

**Article 25** When the Company acquires its own shares, such acquisition may be made through public and centralized transactions, or other methods recognized by laws, regulations, the CSRC and other regulatory authorities of the place where the Company's shares are listed.

Where the Company acquires its own shares due to the circumstances stipulated in items (III), (V) or (VI) of the first paragraph of Article 24 hereof, it should be conducted through public and centralized transactions.

**Article 26** The Company's acquisition of its own shares shall be approved by resolution of the general meeting if it arises from circumstances set forth in items (I) and (II) of Article 24 hereof, or may be approved by resolution of the meeting of Board attended by more than two thirds of Directors, if it arises from circumstances set forth in items (III), (V) and (VI) of Article 24 hereof, subject to the applicable securities regulatory rules of the place where the Company's shares are listed.

Subject to the applicable securities regulatory rules of the place where the Company's shares are listed, after the Company has acquired its own shares in compliance with the requirements of Article 24, if the acquisition is carried out under the circumstance stipulated in item (I), such shares so acquired shall be canceled within 10 days from the date of acquisition; if the acquisition is carried out under the circumstances stipulated in items (II) or (IV), such shares so acquired shall be transferred or canceled within six months; if the acquisition is carried out under the circumstances stipulated in items (III), (V) or (VI), the total number of the Company's shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or canceled within three years. Where the Company acquires its own shares, it shall fulfil its information disclosure obligations in accordance with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed.



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

**Article 27**   Shares of the Company may be transferred in accordance with the law. Transfer of all H Shares shall be executed with a written instrument of transfer in a general or common format or any other format accepted by the Board (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time); the said instrument of transfer may only be signed by hand, or be stamped with the valid corporate seal (if the transferor or the transferee is a company). If the transferor or the transferee is a recognized clearing house or its agent within the meaning of the relevant ordinances of Hong Kong laws effective from time to time or the rules of the securities regulatory authority of the place where the Company's shares are listed, the instrument of transfer may be signed by hand or in machine printed form. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time.

**Article 28**   The Company does not accept its own shares as collateral of pledge.

**Article 29**   Shares issued prior to the public offering of A Shares by the Company shall not be transferred within one year from the date on which the A Shares of the Company are listed and traded on the Stock Exchange.

Transfer of shares of the Company held by the promoters shall be in compliance with the provisions of the Articles of Association and the provisions on transfer of shares under the respective agreements signed between them and the Company, as well as relevant requirements of laws, administrative regulations, departmental rules, normative documents and regulatory authorities prevailing at the time of transfer of shares.

The Directors, Supervisors and senior management members of the Company shall report to the Company on their shareholdings in the Company and changes thereof, and shall not transfer more than 25% of the total shares held by them in the Company per annum during their terms of office; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The shares they held in the Company also cannot be transferred within half a year after such persons have left office. If it is otherwise provided in the listing rules of the place where the Company's shares are listed regarding restrictions on the transfer of the Company's shares, such provisions shall prevail.

**Article 30**   The Company's Directors, Supervisors, senior management members or shareholders holding more than 5% of the Company's shares (excluding recognized clearing houses or their agents as defined in the relevant ordinances in force from time to time under the laws of Hong Kong), who sell the Company's shares within six months after purchase, or buy back within six months after selling, all the gains generated shall belong to the Company, and the Board of the Company is responsible for recovering such gains. However, any securities company which holds more than 5% of the shares due to the purchase of remaining shares after underwriting, and other circumstances as prescribed by the provisions of the CSRC, are exempted. If it is otherwise provided in the listing rules of the place where the Company's shares are listed regarding restrictions on the transfer of the Company's shares, such provisions shall prevail.

Shares or other equity-based securities held by Directors, Supervisors, senior management members and natural person shareholders as mentioned in the preceding paragraph, include shares or other equity-based securities held by their spouses, parents or children, or through the accounts of others.



If the Board fails to execute the provisions as stated in the first paragraph of this Article, the shareholders shall have the right to require the Board to execute within 30 days. If the Board of the Company fails to execute such action within the aforesaid time limit, the shareholders shall have the right to directly initiate a lawsuit in the people's court in their own names for the benefit of the Company.

If the Board of the Company fails to execute the provisions as stated in the first paragraph of this Article, the responsible Directors shall bear joint and several liabilities under the law.

## **CHAPTER IV SHAREHOLDERS AND GENERAL MEETINGS**

### **Section 1 Shareholders**

**Article 31** The Company shall make a register of members in accordance with evidentiary documents provided by the securities registration and settlement authority, and such register of members shall be the sufficient evidence substantiating that the shareholders hold the shares of the Company.

The original copy of the register of members of H Shares listed in Hong Kong shall be kept in Hong Kong for inspection by the shareholders, however, the procedure for registration of members may be suspended by the Company in accordance with the applicable laws, regulations and securities regulatory rules of the place where the Company's shares are listed. For any person who is a registered shareholder or who claims to be entitled to have his/her name (title) entered in the register of members of H Shares if his/her share certificate is lost, he/she may apply to the Company for a replacement share certificate in respect of such shares. Shareholders of H Shares who have lost their share certificates and apply for re-issue may be processed pursuant to the relevant provisions of the laws, rules of the stock exchange or other relevant provisions of the place where the original copy of the register of members of H Shares is kept.

Shareholders enjoy rights and undertake obligations according to the class of shares they hold. Holders of the same class shall enjoy the same rights and bear the same obligations. For the purpose of this Article, A Shares and H Shares of the Company shall be deemed as same class of shares.

**Article 32** Where the Company convenes a general meeting, distributes dividends, liquidates and participates in other activities requiring the recognition of shareholders' identities, the Board or the convener of the general meeting shall decide the record date, and shareholders whose names appear on the register of members at the close of business on the record date are entitled to relevant rights and interests.

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

- (I) obtaining dividends and other forms of benefit distribution in proportion to the shares held by them;
- (II) requiring to hold, convene, chair, attend or appoint a proxy to attend a general meeting pursuant to the law and exercising the corresponding voting rights at the general meeting;
- (III) Supervising the Company's operations, proposing recommendations or raising questions;

- (IV) transferring, donating or pledging shares held by them pursuant to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (V) inspecting the Articles of Association, register of shareholders, corporate bond stubs, minutes of general meetings, resolutions of the Board meetings, resolutions of the meetings of the Supervisory Committee, and financial and accounting reports;
- (VI) upon termination or liquidation of the Company, participating in the distribution of the remaining property of the Company in proportion to the number of shares held by them;
- (VII) dissenting shareholders who object to the resolution on the merger or division of the Company passed by the general meeting may request the Company to acquire their shares;
- (VIII) other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 34** When a shareholder demands to inspect or obtain the information mentioned in the previous article, such shareholder shall provide the Company with written documents bearing evidence of the class and number of shares of the Company held by him/her/it. The Company shall provide the information as required by the said shareholder upon verification of his/her/its identity.

**Article 35** If the content of a resolution passed at the Company's general meeting or Board meeting violates the laws or administrative regulations, shareholders shall have the right to petition the people's court to invalidate the resolution.

If the procedures for convening, or the method of voting at, a general meeting or Board meeting violates the laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders shall have the right to petition the people's court to revoke the resolution within 60 days from the date of the adoption of such resolution.

**Article 36** Where a Director or senior management member violates the laws, administrative regulations or the Articles of Association in performing duties to the Company resulting in any loss to the Company, the shareholder(s) severally or jointly holding more than 1% of the Company's shares for more than 180 consecutive days may request the Supervisory Committee in writing to initiate legal proceedings in the people's Court; where the Supervisory Committee violates the laws, administrative regulations or the Articles of Association in performing duties to the Company resulting in any loss to the Company, the shareholders shall may request the Board in writing to initiate legal proceedings in the people's court.

If the Supervisory Committee and the Board, upon receipt of the shareholders' written request stipulated in the preceding paragraph, reject to initiate a lawsuit, or a lawsuit is not initiated within 30 days from the date of receipt of such request, or in the event of emergency where the interest of the Company will suffer irreparable damage if a lawsuit is not initiated immediately, the shareholders stipulated in the preceding paragraph shall have the right to initiate legal proceedings directly with the people's court in their own names for the interest of the Company.

Where other parties infringe the lawful interests of the Company resulting in losses to the Company, the shareholders stipulated in the first paragraph of this Article may initiate legal proceedings in a people's court in accordance with the provisions of the preceding two paragraphs.

**Article 37** Where any Director or senior management member violates the provisions of laws, administrative regulations or the Articles of Association, damaging the interests of shareholders, the shareholders may initiate legal proceedings in a people's court.

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

- (I) complying with laws, administrative regulations and the Articles of Association;
- (II) paying share payments as per the shares subscribed for and the method of subscription;
- (III) not to return the shares, except for circumstances stipulated by laws and regulations;
- (IV) not to abuse the shareholders' rights to impair the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to impair the interest of creditors of the Company;

Shareholders of the Company shall be liable for making compensation for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights in accordance with the law.

Shareholders of the Company who abuse the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company.

- (V) other obligations of the shareholders as prescribed by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 39** Shareholders holding more than 5% of the Company's voting shares who pledge their shares shall make a written report to the Company from the date of occurrence of such fact.

**Article 40** The controlling shareholders and actual controllers of the Company shall take effective measures to ensure the integrity of the Company's assets and the independence of its employees, finances, organizational structure and operation, and shall not interfere with the independence of the Company in any manner whatsoever.

**Article 41** The controlling shareholders and actual controllers of the Company shall not use their connected relationships to harm the interests of the Company. In the event of any violation of provisions causing losses to the Company, they shall be liable for compensation.

The controlling shareholders and actual controllers of the Company bear fiduciary duties towards the Company and its public shareholders. The controlling shareholders, actual controllers and other enterprises under their control shall not directly or indirectly misappropriate the funds or assets of the Company through related transactions, profit distribution, assets restructuring, advance payments, external investments, appropriation of funds, guarantees for loan, etc., thereby harming the interests of the Company and other shareholders.

**Article 42** The controlling shareholders, actual controllers and other enterprises under their control shall not utilizing their shareholder rights or actual control capabilities to manipulate or direct the Company, or its Directors, Supervisors, or senior management members to engage in the following acts, thereby harming the interests of the Company and other shareholders:

- (I) requiring the Company to provide funds, goods, services or other assets to them, other entities or individuals without charge;
- (II) requiring the Company to provide or accept funds, goods, services or other assets on unfair terms;
- (III) requiring the Company to provide funds, goods, services or other assets to entities or individuals without solvency;
- (IV) requiring the Company to provide guarantees for entities or individuals without solvency, or provide guarantees for other entities or individuals without legitimate cause;
- (V) requiring the Company to give up its claims or assume the debts without legitimate cause;
- (VI) seeking business opportunities that belong to the Company;
- (VII) harming the interests of the Company and other shareholders otherwise.

## **Section 2 General Requirements of General Meeting**

**Article 43** The general meeting is the body of power of the Company which exercises the following functions and powers according to law:

- (I) to decide on the business policy and investment plans of the Company;
- (II) to elect and replace the Directors and Supervisors who are not employee representatives and to decide on matters relating to the remuneration of Directors and Supervisors;
- (III) to resolve and approve the reports of the Board;
- (IV) to resolve and approve the reports of the Supervisory Committee;
- (V) to resolve and approve the proposed annual financial budgets and final accounts of the Company;
- (VI) to resolve and approve the Company's profit distribution plan and plan for recovery of losses;
- (VII) to resolve on the increase or reduction of the Company's registered capital;
- (VIII) to resolve on the issuance of corporate bonds;

- (IX) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (X) to amend the Company's Articles of Association;
- (XI) to make a resolution on the Company's engagement or dismissal of an accounting firm;
- (XII) to resolve and approve related transactions between the Company and related parties where the transaction amount exceeds 5% of the absolute value of the latest audited net assets and exceeds RMB30 million in absolute terms;
- (XIII) to resolve purchases and sales of significant assets within a year exceeding 30% of the Company's total assets as audited in the latest period;
- (XIV) to resolve and approve the guarantees under Article 44 hereof;
- (XV) to resolve and approve changes in the use of funds raised;
- (XVI) to resolve share incentive schemes and employee stock ownership plans;
- (XVII) to resolve other matters on which decisions shall be made by the general meeting as required by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The functions and powers of the general meeting mentioned above should not be delegated to the Board or other body or individual.

**Article 44** The Company shall not provide external guarantees without the approval of the Board of Directors or the general meeting.

The following acts of external guarantee of the Company shall be submitted to the general meeting for consideration and approval:

- (I) the single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;
- (II) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;
- (III) any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (IV) the total amount of guarantees provided by the Company in the last 12 consecutive months has exceeded 30% of the Company's latest audited total assets in the latest period;
- (V) the total amount of guarantees provided by the Company in the last 12 consecutive months has exceeded 50% of the Company's latest audited total assets in the latest period, and the absolute value exceeded RMB50 million;

(VI) the guarantee to be provided to a shareholder, or to an actual controller or related party thereof;

(VII) other guarantees as stipulated in the securities regulatory rules of the place where the Company's shares are listed or in the Articles of Association.

Any guarantee considered at the Board meeting shall be approved by more than two-thirds of the Directors present at the Board meeting and more than two-thirds of all independent Directors. Any guarantee in item (IV) of the preceding paragraph considered at the general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the general meeting considers a resolution on guarantee for shareholders, actual controllers and their related parties, such shareholder or the shareholder controlled by such actual controllers shall not participate in such voting, and such voting shall be passed by more than half of the voting rights held by other shareholders present at the general meeting.

**Article 45** Regarding the review and approval authority for major investments, the general meeting and the Board of the Company have set up corresponding review procedures:

(I) Unless otherwise provided by the applicable securities regulatory rules of the place where the Company's shares are listed, investment matters which reach the below authority thresholds shall be determined by the general meeting of the Company:

1. the total assets involved in the investment account for more than 50% of the audited total assets of the Company in the latest period; if the total assets involved in the investment have both book value and appraised value, the higher one shall prevail;
2. the relevant income of the principal business of the investment target (e.g. equity) in the latest fiscal year accounts for more than 50% of the audited income of the principal business of the Company in the latest fiscal year, and the absolute amount exceeds RMB50 million;
3. the relevant net profit of the investment target (e.g. equity) in the latest fiscal year accounts for more than 50% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB5 million;
4. the transaction amount (including assumed debts and expenses) of the investment accounts for more than 50% of the Company's audited net assets in the latest period, and the absolute amount exceeds RMB50 million;
5. the profits arising from the investment account for more than 50% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB5 million;

(II) Unless otherwise provided by the applicable securities regulatory rules of the place where the Company's shares are listed, investment matters which reach the below authority thresholds and do not reach the authority thresholds for the general meeting of the Company shall be determined by the Board of the Company:



1. the total assets involved in the investment account for more than 10% of the audited total assets of the Company in the latest period; if the total assets involved in the transaction have both book value and appraised value, the higher one shall prevail;
  2. the relevant income of the principal business of the investment target (e.g. equity) in the latest fiscal year accounts for more than 10% of the audited income of the principal business of the Company in the latest fiscal year, and the absolute amount exceeds RMB10 million;
  3. the relevant net profit of the investment target (e.g. equity) in the latest fiscal year accounts for more than 10% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB1 million;
  4. the transaction amount (including assumed debts and expenses) of the investment accounts for more than 10% of the Company's audited net assets in the latest period, and the absolute amount exceeds RMB50 million;
  5. the profits arising from the investment account for more than 10% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB1 million;
- (III) If any number involved in the calculation of indicators above is negative, the absolute value shall apply. Unless otherwise provided by the applicable securities regulatory rules of the place where the Company's shares are listed, investment matters which do not reach the authority thresholds for the Board shall be determined by the general manager of the Company and filed with the Board.

**Article 46** The general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

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

- (I) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;
- (II) the uncovered losses of our Company reach one-third of its total paid-in share capital;
- (III) the shareholders with 10% or more shares of the Company separately or jointly request;
- (IV) the Board of Directors considers it necessary;
- (V) the Supervisory Committee proposes that such a meeting shall be held;
- (VI) other circumstances conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.



**Article 48** The venue of a general meeting shall be the domicile of the Company or a venue specified in the notice of the general meeting.

The general meeting shall set up a venue and be held in the form of an on-site meeting. The company will also provide online voting to facilitate shareholders' participation in general meetings. Shareholders who participate in the general meeting through the above methods shall be deemed to have attended.

**Article 49** When the Company convenes a general meeting, a solicitor would be engaged to provide legal advice and make announcement on the following issues together with the resolutions of the general meeting:

- (I) whether the procedures for convening and holding the meeting comply with the laws, administrative regulations and the Articles of Association;
- (II) whether the eligibility of persons attending the meeting and the qualification of the convener are lawful and valid;
- (III) whether the voting process and voting results are lawful and valid;
- (IV) legal advice provided on other issues at the request of the Company.

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

**Article 50** The independent Directors shall have the right to propose to the Board to convene an extraordinary general meeting. The Board shall in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within ten days after receiving the proposal from independent Directors to convene an extraordinary general meeting.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after the resolution of the Board is made. Where the Board does not agree to convene an extraordinary general meeting, it shall explain the reasons and make an announcement in respect thereof.

**Article 51** The Supervisory Committee shall have the right to propose to the Board to convene an extraordinary general meeting, and shall submit such proposal in writing to the Board. The Board shall in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within ten days after receiving the proposal.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after the resolution of the Board is made, and changes to the original proposal in the notice shall be subject to the consent of the Supervisory Committee.

Where the Board does not agree to convene an extraordinary general meeting, or fails to give feedback within ten days after receiving the request, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over it on its own.

**Article 52** Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting, and shall submit such request in writing to the Board. The Board shall in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within ten days after receiving the request.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after the resolution of the Board is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within ten days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Supervisory Committee to hold an extraordinary general meeting, and shall make a written request to the Supervisory Committee.

Where the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the Supervisory Committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Supervisory Committee has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

**Article 53** Where the Supervisory Committee or shareholders decide to convene a general meeting by themselves, they shall notify the Board in writing and file with Shenzhen Stock Exchange at the same time before issuing the notice of the general meeting.

Prior to the announcement of the resolution of the general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

The convening shareholders shall submit relevant supporting materials to Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting.

**Article 54** For general meetings convened by the Supervisory Committee or the shareholders, the Board and the secretary to the Board shall cooperate accordingly. The Board shall provide the register of members as at the record date.

**Article 55** The expenses necessary for the general meeting convened by the Supervisory Committee or the shareholders themselves shall be borne by the Company.

## **Section 4 Proposals and Notices of General Meetings**

**Article 56** The content of a proposal shall be within the scope of the duties and powers of the general meeting, with clear topics and specific matters for resolution, and shall be in compliance with laws, administrative regulations and the relevant requirements set forth in the Articles of Association.

**Article 57** Where the Company convenes a general meeting, the Board, the Supervisory Committee and shareholders who severally or jointly hold more than 3% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an interim proposal in writing to the convener ten days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposal, announcing the name of the shareholder submitting the interim proposal, his/her shareholding and the contents of the new proposal. Where the general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplementary notice of the general meeting, the convening of the general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except as provided by the preceding paragraph, the convener shall not amend the proposals set out in the notice of the general meeting or add new proposals subsequent to the issue of the notice of the general meeting.

Any proposal that is not stated in the notice of the general meeting or not in compliance with the requirements specified in Article 56 hereof shall not be voted and resolved at the general meeting.

**Article 58** The convener shall notify all shareholders by way of announcement 20 days prior to the convening of the annual general meeting, and each shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting.

When calculating the required time period, the date of the meeting shall not be included.

**Article 59** The notice of a general meeting includes the following:

- (I) the time, place and duration of the meeting;
- (II) the matters and proposals to be discussed at the meeting;
- (III) in plain language: all shareholders have the right to attend the general meeting, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;
- (IV) the equity registration date of the shareholders entitled to attend the general meeting;
- (V) name and telephone number of the permanent contact person for conference affairs.

The notice of the general meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals. If a proposal requires the independent Directors and the sponsor to express their opinions, the opinions of the independent Directors and the sponsor shall be disclosed no later than the issuance of the notice of the general meeting.

Where a general meeting is held online or by other means, the time and procedures for voting online or by other means shall be clearly stated in the notice of the general meeting. The time of voting for the online voting system of general meetings shall commence at 9:15 a.m. on the day the general meeting is convened. Voting shall end at 3:00 p.m. on the day the on-site general meeting concludes. The time for online voting through the trading system of the Shenzhen Stock Exchange shall be the trading hours on the day the general meeting is convened.

The interval between the equity registration date and the meeting date shall be no more than seven working days. Once the equity registration date is confirmed, it cannot be changed.

**Article 60** If matters in relation to the election of Directors or Supervisors are proposed to be discussed at the general meeting, the notice of such general meeting shall fully disclose the details of the candidates for such Directors and Supervisors, and shall at least include the following particulars:

- (I) personal information such as educational background, work experience and part-time jobs, especially their employment with the shareholders and actual controllers of the Company, etc.;
- (II) whether the candidates have connected relationship with the Company or its controlling shareholders or actual controllers of the Company;
- (III) their shareholdings in the Company;
- (IV) whether the candidates have been subject to penalties by the CSRC or other relevant authorities or sanctions by a stock exchange;
- (V) other contents as required by the securities regulatory rules of the place where the Company's shares are listed.

Except for the election of Directors or Supervisors by the cumulative voting system, a separate proposal shall be submitted for each Director or Supervisor candidate.

**Article 61** After issuance of the notice of general meeting by the Company, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall issue a notice explaining the specific reasons for the delay or cancellation at least two working days before the scheduled date. In the case of a postponement of the general meeting, the date of the postponed meeting shall be announced in the notice. If the securities regulatory rules of the place where the Company's shares are listed have special provisions regarding the procedures for postponing or canceling a general meeting, these provisions shall be followed, provided that they do not violate the domestic regulatory requirements.

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

**Article 62** The Board and other conveners shall take necessary measures to ensure the normal order of the general meeting. They shall take measures to prevent any interference with the general meeting, disturbance and violation of the legitimate rights and interests of shareholders and promptly report the same to the relevant departments for investigation.

**Article 63** All shareholders registered on the register of shareholders on the share registration date or their proxy(ies) shall be entitled to attend the general meeting, and speak and exercise their voting rights at the general meeting in accordance with the relevant laws, regulations and the Articles of Association, unless the individual shareholders are required to abstain from voting on particular matters in accordance with the securities regulatory rules of the place where the Company's shares are listed.

A shareholder may attend and vote at the general meeting in person or by proxy. Where a shareholder is a recognized clearing house (or its proxy) as defined under relevant ordinances enacted in Hong Kong from time to time, such shareholder may authorize its corporate representative or one or more persons as it thinks fit to act as its representative(s) at any general meeting.

**Article 64** Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents and stock account card. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (hereinafter referred to as the "Recognized Clearing House").

**Article 65** Any shareholder entitled to attend and vote at the general meeting may appoint one or more persons (who may not be shareholders) as proxy(ies) to attend and vote on his/her behalf. A proxy form issued by a shareholder to appoint another person as his/her proxy to attend the general meeting shall contain the following:

- (I) the name of the proxy;
- (II) whether the proxy has voting right or not;
- (III) separate instructions as to whether to cast affirmative, negative or abstention votes on each matter to be considered on the agenda of the general meeting;
- (IV) the issuing date and validity period of the proxy form;
- (V) signature (or seal) of the appointor. If the appointor is a legal person shareholder, it shall be affixed with the seal of the legal person or signed by a legally authorized person.

**Article 66** The proxy form shall contain a statement on whether the shareholder proxy may vote as he/she deems fit if no specific instruction is given by the shareholder.

**Article 67** The proxy form shall be deposited at the domicile of the Company or such other place as specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy statement is signed by a third party authorized by the appointor, the power of attorney signed under authorization or other authorization documents shall be notarized. The power of attorney or other authorization documents notarized shall be maintained, together with the proxy statement for voting, in the domicile of the Company or any other place designated for convening the meeting in the notice.

Where the appointor is a legal person, its legal representative or other persons authorized by resolutions of the Board or other decision-making bodies shall attend the general meeting of the Company as a representative.

If the shareholder is a Recognized Clearing House (or their proxies), the shareholder may authorize one or more persons as it deems appropriate to act as its representative at any General Meeting or creditors' meeting; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized, and shall be signed by an authorized officer of the Recognized Clearing House. A person so authorized may exercise power on behalf of the Recognized Clearing House (or their proxies) and shall be entitled to the same statutory rights as other Shareholders, including the right to speak and vote, as if such person were an individual shareholder of the Company (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its duly authorization).

**Article 68** The register of persons attending the meeting shall be prepared by the Company. The register shall set out the attendees' names (or the names of the entities they represent), ID numbers, domicile addresses, numbers of shares with voting rights held or represented and names of the appointors (or the names of the entities they represent).

**Article 69** The convener and the lawyer engaged by the Company shall jointly verify the qualification of shareholders according to the register of members provided by the securities registration and clearing institution, and register the names of the shareholders and the numbers of shares with voting rights he/she holds. The meeting registration shall be closed by the time the presider of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights they hold.

**Article 70** When a general meeting is convened, all Directors, Supervisors, and the secretary to the Board shall attend the meeting, and the general manager and other senior management members shall be present at the meeting.

**Article 71** The General Meeting shall be presided over by the Chairman of the Board. Where the Chairman of the Board is unable or fails to perform his/her duties, one Director shall be elected jointly by half or more of the Directors to preside over the meeting.

A general meeting convened by the Supervisory Committee itself shall be presided over by the chairperson of the Supervisory Committee. Where the chairperson of the Supervisory Committee is unable or fails to perform his/her duties, one Supervisor shall be elected jointly by half or more of the Supervisors to preside over the meeting.



A general meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

When a general meeting is held and the presider violates the rules of procedure which makes it impossible for the general meeting to continue, a person may be elected at the general meeting to act as the presider of the meeting so as to carry on with the meeting, subject to the approval of a majority of the attending shareholders with voting rights.

**Article 72** The Company formulates the rules of procedure for general meeting, and set out in details the content of the procedures for convening and voting procedure of general meeting, including notice, registration, consideration of resolution, voting, vote counting, announcement of voting results, forming of meeting resolution, minutes and its signing and announcement, etc., as well as principle for authorizing power to the Board by the general meeting. The content of the authorization should be clear and specific. The Company's rules of procedure for general meeting constitutes an appendix to the Articles of Association and is prepared by the Board and approved by the general meeting.

**Article 73** At the annual general meeting, the Board and the Supervisory Committee shall report on their work over the previous year. Each independent Director shall also present a work report.

**Article 74** The Directors, Supervisors and senior management members of the Company shall provide explanations regarding or answer the inquiry and suggestions of the shareholders at the general meeting.

**Article 75** The presider of the meeting shall announce the number of attending shareholders and proxies at the meeting and the total number of shares with voting rights they hold before voting. The number of attending shareholders and proxies at the meeting and the total number of shares with voting rights they hold shall be based on the meeting register.

**Article 76** Minutes of the General Meeting shall be kept by the secretary to the Board. The minutes of the meeting shall specify:

- (I) time, venue, agenda of the meeting, and the name of the convener;
- (II) the names of the presider of the meeting, and the Directors, Supervisors, general manager and other senior management members attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they hold and the proportion of these shares to the total number of the shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) the inquiries or suggestions of the shareholders, and the corresponding replies or explanations, if any;
- (VI) the names of the lawyer (if any), teller and scrutineer;
- (VII) other contents that shall be recorded in the minutes of the meeting pursuant to the Articles of Association.



**Article 77** The convener shall ensure that the minutes of a meeting are true, accurate and complete. The minutes shall be signed by the attending Directors, Supervisors, the secretary to the Board, the convener or representative thereof, and the presider of the meeting. The minutes of the meeting together with the attendance record signed by the attending shareholders, the proxy forms and the valid information relating to voting via the Internet or through other means shall be properly kept by the secretary to the Board as an important archive of the Company for 10 years.

**Article 78** A convener shall ensure that the general meeting shall be held continuously until a final resolution is formed. In the event that a general meeting is adjourned or no resolution can be made due to special circumstances such as force majeure, the convener shall take necessary measures to restore the meeting as soon as possible, or directly terminate the meeting, followed by a timely public announcement. At the same time, the convener shall report to the Jiangsu Office of CSRC and Shenzhen Stock Exchange

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

**Article 79** The resolutions of the general meeting divided into ordinary resolutions and special resolutions.

An ordinary resolution at a general meeting shall be passed by more than half of the voting rights held by the shareholders present at the general meeting.

A special resolution at a general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the general meeting.

Shareholders (including their proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. Where material issues affecting the interests of small and medium investors are considered at the general meeting, the votes of small and medium investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner. The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the general meeting. If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the general meeting for thirty-six months after the purchase. The Board of the Company, independent Directors and shareholders holding more than 1% of the shares with voting rights or investor protection agencies established in accordance with the laws, administrative regulations or the requirements of CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited persons. It is prohibited to solicit shareholders' voting rights by means of payment or disguised payment. The Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

**Article 80** The following matters shall be approved by the general meeting through ordinary resolutions:

- (I) work report of the Board and the Supervisory Committee;
- (II) plans of earnings distribution and loss make-up schemes drafted by the Board;

- (III) appointment or dismissal of the members of the Board and the Supervisory Committee, and their payment and payment methods;
- (IV) annual budgets and final accounts plans of the Company;
- (V) annual reports of the Company;
- (VI) other matters other than those approved by special resolution stipulated in laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 81** The following matters shall be approved by special resolution at the general meeting:

- (I) the increase or reduction of the registered capital of the Company;
- (II) the division, split-off, merger, dissolution and liquidation of the Company;
- (III) any amendment to the Articles of Association;
- (IV) purchase or sale of significant assets or guarantee amount within a year which exceeds 30% of the Company's audited total assets for the latest period;
- (V) share incentive scheme;
- (VI) other matters as required by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and matters approved by ordinary resolution of the general meeting which are believed could materially affect our Company and need to be approved by special resolution.

**Article 82** Shareholders (including their proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. On a poll, shareholders (including their proxies) holding two or more votes are not required to cast all their votes as affirmative, negative or abstention votes. If it is otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

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

In accordance with the requirements of relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on the relevant proposal, or restricts any shareholder from voting only for or against the designated proposal, any vote taken by such shareholder or his representative in violation of the aforesaid provisions or restrictions shall not be counted in the voting results.

The Board, independent Directors and shareholders who meet the conditions prescribed by the relevant regulations may solicit shareholders' voting rights.

**Article 83** When matters relating to connected transactions are considered at a general meeting, connected shareholders may attend the general meeting and state their views to the shareholders attending the meeting in accordance with the procedures of the meeting, but the connected shareholders shall abstain from voting, and the voting shares held by them shall not be counted towards the total number of shares with voting rights. The announcement of the resolutions of the general meeting shall fully disclose the votes of non-connected shareholders.

The abstention and voting procedures of connected shareholders are as follows:

- (I) for transactions to be considered at the general meeting, the Company shall make a decision as to whether such transactions constitute connected transactions pursuant to the requirements of the laws, regulations and rules. The number of shares held by shareholders shall be based on business registration records when making such decision. If, based on the judgment of the Board, the transactions to be considered at the general meeting constitute connected transactions, the Board shall notify the connected shareholders in writing;
- (II) connected shareholders shall actively declare their relationships with the parties involved in the connected transaction to the Board at least five days before the general meeting. If the connected shareholders fail to actively declare and abstain from voting, shareholders who are aware of the situation shall be entitled to request them to abstain from voting;
- (III) when matters relating to connected transactions are considered at the general meeting, the convener of the meeting shall announce the list of the connected shareholders, and explanations and answers regarding the connected relationship of the connected shareholders with the parties involved in the connected transaction, as well as the abstention and voting procedures of connected shareholders;
- (IV) connected shareholders may participate the consideration of connected transactions that they are involved in, and may explain and answer the general meeting whether such connected transactions are fair and legal as well as the reason for entering into it, but such shareholders may not participate in the voting of that matter. The Board of the Company shall remind connected shareholders to abstain from voting before the shareholders vote;
- (V) for proposals abstained by connected shareholders, other shareholders attending the general meeting shall consider and vote on the related connected transactions, and the voting results shall have the same legal effect as other resolutions passed by the general meeting;
- (VI) the abstention and voting procedures of connected shareholders shall be recorded into the minutes of the meeting.

**Article 84** The Company shall, on the premise of ensuring the lawfulness and validity of the general meeting, facilitate shareholders' participation in the general meeting by adopting various methods and channels, including the provision of up-to-date information technology measures such as online voting platforms.

**Article 85** Unless the Company is in a crisis or under any other exceptional circumstance, the Company shall not enter into any contract with any person other than a Director, the general manager and other senior management members of the Company, according to which the Company entrusts the management of its business, wholly or essentially, to such person, unless it is approved at the general meeting by way of special resolution.

**Article 86** The list of Director or Supervisor candidates shall be submitted to the general meeting by way of proposal for voting.

The general meeting shall adopt the cumulative voting system when voting on the election of two or more Directors and Supervisor (other than employee representatives).

The cumulative voting system mentioned in the previous paragraph means that each share shall have the same number of voting rights as the number of Directors or Supervisors to be elected at the general meeting, and shareholders may consolidate their voting rights when casting a vote. Shareholders may cast all their votes either collectively in favor of one Director or Supervisor candidate, or separately in favor of a number of Director or Supervisor candidates. The Board shall elect Directors or Supervisors based on the number of votes received by each Director or Supervisor candidate and the number of Directors or Supervisors to be elected. Director or Supervisor candidates shall only be elected if they have votes representing more than half of the total votes for the effective voting shares held by shareholders (including their proxies) presented at the general meeting. Under the cumulative voting system, Directors and Supervisors shall be elected separately, and independent Directors shall be elected separately from other members of the Board. For a company in which a single shareholder and its persons acting in concert are interested in 30% or more of the shares, cumulative voting shall be adopted. Elections conducted by the Company under the cumulative voting system shall be carried out according to the implementation rules of the cumulative voting system approved by the general meeting.

**Article 87** The methods and procedures for nomination of Directors and Supervisors are:

Within the number of persons specified in the Articles of Association, the previous Board shall, in accordance with the number of persons to be elected, propose a list of recommended Director candidates based on recommendation lists from shareholders. After the resolution is approved by the Board, the Director candidates shall be submitted to the general meeting for voting. The previous Supervisory Committee shall propose Supervisor candidates based on recommendation lists from shareholders. After the resolution is approved by the Supervisory Committee, the Supervisory Committee shall submit the Shareholder Representative Supervisors candidates to the general meeting for voting. The Board shall provide the biographical details and basic particulars of the Director and Supervisor candidates to the shareholders.

Shareholders may, in accordance with laws and regulations, also propose Director and Supervisor candidates by way of submitting an interim proposal to the general meeting, and they shall provide the biographical details and basic particulars of the Director and Supervisor candidates at the same time.

**Article 88** The number of votes cast for a Director (or independent Director or Supervisor) by each shareholder shall not exceed the maximum limit of the number of voting rights for the Director (or independent Director or Supervisor) he/she owns. During the implementation of cumulative voting system, shareholders casting their votes shall indicate on a ballot all the Directors (or independent Directors or Supervisors) they elected, and shall mark the number of voting rights they casted for each Director (or independent Director or Supervisor) they elected after their respective names. A ballot shall be handled according to the provisions of Article 4 of the implementation rules of the cumulative voting system of the Company if the total number of voting rights used by the shareholder on the ballot exceeds the number of voting rights legally owned by such shareholder. A ballot shall be valid if the total number of voting rights used by the shareholder on the ballot does not exceed the number of voting rights legally owned by such shareholder.

**Article 89** The final candidates to be elected as Directors (or independent Directors or Supervisors) shall be determined according to the numbers of votes they have received, but the minimum number of votes each Director (or independent Director or Supervisor) candidate elected has received must exceed half of the total number of voting rights held by shareholders attending the general meeting. If the number of votes received by a Director or Supervisor candidate are less than half of the total number of voting rights held by shareholders attending the general meeting, and if this Article results in the number of Directors or Supervisors being fewer than the number required to be elected, the company shall hold a re-election of the vacant Director or Supervisor positions at a subsequent general meeting.

**Article 90** For Director (or independent Director or Supervisor) candidates with same number of votes, and electing them together would exceed the number of persons to be elected, a new vote shall be conducted by way of cumulative voting for the aforementioned Director (or independent Director or Supervisor) candidates.

**Article 91** Except for the cumulative voting system, all proposals shall be voted on a case by case basis at the general meeting; in the event of several proposals for the same matter, the voting shall be 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 on such proposals shall not be shelved or refused at the general meeting.

**Article 92** No amendment shall be made to a proposal when it is considered at a general meeting; otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at this general meeting.

**Article 93** The same vote may only be cast once at a general meeting on-site, online or through other means. Where the same vote is casted two or more times, the first one shall prevail.

**Article 94** Voting at general meetings shall be conducted by open ballot.

**Article 95** Before voting takes place on a proposal at the general meeting, two shareholder representatives shall be elected to count and scrutinize the votes. In the event that a shareholder has connections with a matter to be considered, the relevant shareholder and his/her proxy shall not participate in counting and scrutinizing the votes.

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

Shareholders of the Company or their proxies who cast their votes online or through other means shall have the right to inspect their own voting results through the respective voting system.

**Article 96** An on-site general meeting shall not end earlier than the one held via the Internet or through other means. The presider of the meeting shall announce the details and voting status and results on each proposal and whether a proposed resolution has been passed according to such voting results.

When a general meeting of the Company is convened in the form of an on-site meeting, the presider of the meeting shall determine whether a resolution has been passed based on the on-site voting result. When a general meeting of the Company is convened in the form of simultaneous on-site meeting and online voting, the number of votes by shareholders of the Company or their appointed proxies through the online voting system of the general meeting shall be taken into account for the total number of votes of the general meeting together with the number of votes at the on-site meeting and by other valid voting means.

Prior to the formal announcement of voting results, the Company, vote counters, vote scrutineers, major shareholders, network service providers and other related parties involved in the on-site general meeting, via internet or by other means, shall have an obligation to keep confidential details of the voting.

**Article 97** Shareholders attending a general meeting should express one of the following opinions on proposals submitted for voting: agree, disagree, or abstain.

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

**Article 98** If the presider of the meeting has any doubt as to the result of any resolution put to vote, he/she may have the votes counted. If the presider of the meeting has not counted the votes, any attending shareholder or proxy thereof who objects to the result announced by the presider of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the presider of the meeting shall have the votes counted immediately.

**Article 99** The resolution of the general meeting shall be promptly announced. The announcement shall state the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of voting shares of the Company, the form of voting, the voting result of each proposal, and the detailed content of each resolution passed.

In the event that a proposal is not passed, or a resolution passed at a previous general meeting is modified at the current general meeting, a special note shall be made in the announcement on resolutions of the general meeting.

**Article 100** The list of candidates for the Directors and Supervisors shall be submitted to the general meeting for voting by way of proposals. The methods and procedures for the nomination of Directors and Supervisors are as follows:

- (I) when a re-election of the Board or an addition or replacement of Director made by the incumbent Board takes place, candidates for Directors (excluding independent Directors) are nominated by shareholders who severally or jointly hold 3% or more of the Company's voting shares and the Board;



- (II) when a re-election of the Supervisory Committee or an addition or replacement of Supervisor made by the incumbent Supervisory Committee takes place, candidates for non-Employee Representative Supervisors are nominated by shareholders who severally or jointly hold 3% or more of the Company's voting shares;
- (III) shareholders who severally or jointly hold 3% or more of the Company's voting shares submitting an interim proposal to nominate a candidate for Director or Supervisor shall submit the written proposal to the convener no later than ten days prior to the date of the general meeting, and shall submit at the same time the biographical details of the Director or Supervisor candidate as required under Article 60 hereof. Upon receiving the nominations of Director or Supervisor candidate from the aforementioned shareholders, the convener shall promptly verify the biographical details and basic particulars of the nominated candidates.

In the event that a proposal on the election of Directors or Supervisors is passed at a general meeting, the new Directors or Supervisors shall assume office from the date when the proposal on the election is passed.

**Article 101** In the event that a proposal on the distribution of cash dividends or bonus shares or on share capital increase with transfers from the capital reserves has been passed at a General Meeting, or that the Board of the Company has formulated a specific plan based on the conditions and maximum amount of interim dividends for the following year, the Company shall implement a specific plan within two months. If a specific plan cannot be implemented within two months due to the laws, regulations or the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific plan may be adjusted in accordance with such regulations and the actual situation.

## **CHAPTER V BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 102** Directors of the Company may include executive Directors, non-executive Directors and independent Directors. Non-executive Director refers to the Director who does not hold any operational management position in the Company. Independent Directors refer to persons who comply with Article 124 hereof. Directors of the Company shall be natural persons. Directors shall have necessary knowledge, skills and quality to perform their duties, have reasonable professional structures, and ensure that they can commit enough time and effort to perform their duties.

None of the following persons shall serve as a Director of the Company:

- (I) a person who has no civil capacity or has limited civil capacity;
- (II) a person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense where less than five years have lapsed following the completion of the implementation of the punishment; or who has been deprived of his/her political rights for committing an offense where less than five years have lapsed following such deprivation; or who was given a suspended sentence and not more than 2 years has elapsed since the expiration of the suspended sentence;



- (III) a person who is a former director, factory manager or manager of enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license and close down of such company or enterprise;
- (V) a person who is listed as a defaulter by a people's court since he has a relatively large sum of debt, which was not paid at maturity;
- (VI) a person who is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;
- (VII) a person subject to administrative penalties by the CSRC within the last three years, or being publicly condemned within the last three years or given a notice of criticism more than three times by a stock exchange;
- (VIII) a person being investigated by the judicial authorities for suspected crimes or suspected violations of laws and regulations by the CSRC, with no clear conclusions have been made;
- (IX) a person publicly identified by the stock exchange as unsuitable to serve as a director of a listed company;
- (X) a person who is unable to ensure that he devotes sufficient time and effort to the affairs of the Company during his term of office to effectively perform the duties required of a director;
- (XI) any other circumstances stipulated by laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's shares are listed.

For any of the aforementioned periods, it shall be calculated from the date of the general meeting at which the election of the Director is proposed.

A Director candidate shall report to the Board or the Supervisory Committee on whether or not he/she is under any of the aforementioned circumstances immediately upon becoming aware or ought reasonably to become aware that he/she is being proposed as a Director candidate.

Where a Director candidate is under any of the circumstances listed in the second paragraph of this article, the Company shall not submit him/her as a Director candidate to the general meeting for voting.

The election, appointment or employment of a Director shall be invalid if the election or appointment of such Director is in violation of this Article. Where any of the above-mentioned circumstances in this Article occurs during the term of office of a Director, he/she shall be dismissed by the Company.

**Article 103** Directors shall be elected or replaced at a general meeting, and may be removed from their office by the general meeting prior to the expiration of their term of office. A Director shall serve a term of three years, and may serve a consecutive term if re-elected upon expiration of their term of office. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the re-election of directors, such rules shall prevail.

The term of office of a Director shall commence from the date when the general meeting passed the resolution approving his/her election until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, the said Director shall continue to perform the duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director assumes his/her office.

The general manager and other senior management members may serve concurrently as Directors, provided that the total number of Directors who concurrently serve as general manager or other senior management members do not exceed one half of the total number of the Directors of the Company.

The Company does not have any Directors who are also employee representatives.

**Article 104** The Directors shall abide by laws, administrative regulations and the Articles of Association, and shall bear the following fiduciary obligations towards the Company:

- (I) shall not use their authority to bribe or accept other illegal income and shall not misappropriate the properties of the Company;
- (II) shall not misappropriate company funds;
- (III) the assets or funds of the Company shall not be deposited in any personal account or account under other individuals;
- (IV) shall not provide loans to others with the Company's capital funds or provide guarantees in favor of others supported by the Company's assets without prior consent of the general meeting or the Board in violation of the Articles of Association;
- (V) shall not conclude any contract or engage in any transaction with the Company in violation of the Articles of Association or without consent of the general meeting;
- (VI) shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company, or engage in the same business as the Company either for their own account or for the account of any other person, without consent of the general meeting;
- (VII) shall not accept commissions for transactions with the Company as their own;
- (VIII) shall not disclose the Company's secrets without authorization;
- (IX) shall not use their connected relationships to damage the Company's interests;

- (X) other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the company's shares are listed and the Articles of Association.

The income obtained by the Director in violation of this Article shall belong to the Company. If losses are caused to the Company, he/she shall be liable for compensation.

**Article 105** Directors shall abide by laws, administrative regulations and the Articles of Association, and bear the following diligent obligations towards the Company:

- (I) shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and state economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;
- (II) shall treat all Shareholders fairly;
- (III) shall maintain a timely awareness of the operation and management of the Company;
- (IV) shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;
- (V) shall provide information and materials to the Supervisory Committee and shall not obstruct the Supervisory Committee or the Supervisors from performing their duties;
- (VI) other diligent obligations stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 106** Directors shall, on the basis of conducting investigations and obtaining the documents, materials, and information necessary for making decisions, diligently perform their duties in a normally and reasonably prudent manner, and shall express clear personal opinions over the matters being considered. Where any doubts arise regarding the matter being considered, he/she shall proactively conduct investigations or request the provision of more materials or information necessary for making the decision.

**Article 107** When considering authorizations, the Directors shall make prudent judgment on the scope, legal compliance, reasonableness and risks of the authorization, and shall conduct continuous supervision and inspection of the implementation of the authorization granted.

**Article 108** When considering major transactions, Directors shall understand in detail the reasons for the transactions, prudently assess the impact of the transactions on the financial position and long-term development of the Company, and pay special attention to whether there are acts to conceal the substance of connect transactions and damage the legitimate rights and interests of the Company and the small and medium shareholders by disguising them as non-connected transactions.

**Article 109** When considering connected transactions, Directors shall make clear judgments on the necessity, true intent and impact on the Company of the connected transactions, paying particular attention to the pricing policy and pricing basis of the transactions, including the fairness of the appraisal value, the relationship between the transaction price and the book value or appraisal value of the transaction subject, etc., and shall strictly observe the system of abstention of connected directors, so as to prevent the use of connected transactions to transfer benefits to connected parties and damage the legitimate rights and interests of the Company and the small and medium shareholders.

**Article 110** When considering major investments, Directors shall carefully analyze the investment's prospects and pay full attention to the investment risks as well as the corresponding countermeasures.

**Article 111** Before considering proposals on external guarantees, Directors shall actively understand the basic situation of the guaranteed party, such as its operational and financial status, creditworthiness and tax payment status, and make prudent judgments on the compliance and reasonableness of the guarantees, the ability of the guaranteed party to repay the debts and the actual affordability of the counter-guarantor.

When considering proposals for guarantees for holding companies and participating companies, Directors shall focus on whether each shareholder of the holding company or participating company has made a proportional guarantee according to the proportion of equity, and make prudent judgments on the compliance, reasonableness and necessity of the guarantee, and the ability of the guaranteed party to repay the debt.

**Article 112** When considering proposals for provision for asset impairment, Directors shall pay attention to the process of formation of the asset and the reasons for the provision for impairment, whether the provision for asset impairment is in line with the actual situation of the Company, and the impact on the Company's financial position and operating results.

**Article 113** When considering proposals for asset write-offs, Directors shall pay attention to the effectiveness of the internal control system for tracking reminders and improvement measures, handling of relevant responsible persons, and provisioning for asset impairment and handling of losses.

**Article 114** When considering matters involving changes in accounting policies, changes in accounting estimates and corrections of material accounting errors, Directors shall pay attention to whether the Company has taken advantage of such matters to adjust the profit for each period.

**Article 115** When considering the provision of financial assistance to a controlling subsidiary (other than a wholly-owned subsidiary), Directors shall pay attention to whether the other shareholders of the controlling subsidiary provide financial assistance in proportion to their capital contributions and on equal terms, whether there is any direct or indirect damage to the interests of the Company, and whether the Company has completed the approval procedures as required.

**Article 116** When considering the sale or transfer of in-use trademarks, patents, proprietary technologies, franchises and other assets related to the Company's core competitiveness, Directors shall pay full attention to whether the matter is detrimental to the legitimate rights and interests of the Company or the shareholders, and shall express a clear opinion in this regard. The aforementioned opinion shall be recorded in the minutes of the Board meeting.

**Article 117** Directors shall urge senior management members to perform their duties with loyalty and diligence, and to strictly implement the resolutions of the Board.

**Article 118** If any Director fails to attend two consecutive Board meetings either in person or by authorizing another Director on his/her behalf, he/she shall be deemed to have failed to perform his/her duties. The Board shall propose at the general meeting to replace such Director.

**Article 119** A Director may resign before the expiry of his/her term of office. A resigning director shall submit a written resignation report to the Board. The Board shall disclose the relevant information within two days.

In the event that the resignation of any Director results in the number of members of the Board to fall below the statutory quorum, the resignation report shall not take effect until a successor director fills the vacancy arising from his/her resignation. The proposed resigning Director shall continue to perform his/her duties before the resignation report takes effect.

Save as provided in the previous paragraph, a Director's resignation shall take effect upon the delivery of the resignation report to the Board.

**Article 120** Upon resignation becomes effective or expiry of term of office, a Director shall complete all transfer procedures to the Board. His/her fiduciary duty to the Company and Shareholders shall not be automatically relieved upon the expiration of his/her term of office, and shall remain in effect for a period of two years after the effective date of his/her resignation or the expiration of his/her term of office.

The Company enters into confidentiality agreements with the Directors. After a Director leaves office, his/her obligation of confidentiality with respect to the Company's trade secrets, including core technologies, shall remain in effect until such trade secrets become public information, and he/she shall not make use of the Company's core technologies in his/her possession to engage in business which is the same as or similar to that of the Company.

The duration of other duties shall be determined based on the principle of fairness, depending on the length of time between the occurrence of the event and his/her resignation, and the circumstances and conditions under which his/her relationship with the Company terminates.

**Article 121** Unless duly authorized by the Articles of Association or the Board, no Director shall act in his own name on behalf of the Company or the Board. When a Director acts in his/her own name, the Director shall declare his/her position and identity in advance if the third party reasonably believes that the Director is acting on behalf of the Company or the Board.

**Article 122** If a Director breaches the laws, administrative regulations, departmental rules or the Articles of Association when performing his/her duties to the Company resulting in any losses suffered by the Company, the said Director shall be liable for compensation.

**Article 123** Independent Directors shall act in accordance with the laws, administrative regulations, and the relevant provisions of the securities regulatory rules of the place where the Company's shares are listed.

For any independent Director not qualified or able to be an independent Director or that fails to independently fulfill his/her duty or protect the legitimate rights and interests of the Company and small and medium investors, shareholder(s) individually or jointly holding more than 1% of the shares of the Company may propose to the Board of the Company to question or remove the said independent Director. The questioned independent Director shall explain the issues in question and disclose them in a timely manner. The Board of the Company shall, upon receipt of the proposal on relevant question or dismissal, promptly hold a special meeting for discussion and disclose the results thereof.

## **Section 2 Independent Directors**

**Article 124** The Company shall have independent Directors. An independent Directors refers to a Director who does not hold any other post in the Company except as a Director, and has no direct or indirect interest in the Company, its major shareholders and actual controllers, or any other relationship that may affect his/her independent and objective judgment.

**Article 125** The members of the Board of Directors of the Company shall consist of more than one-third independent Directors, including at least one accounting professional (an accounting professional being a person who holds a senior title or is qualified as a certified public accountant and possesses appropriate professional qualifications in accordance with the requirements of the Hong Kong Listing Rules, or possesses appropriate accounting or related financial management expertise). One independent director shall reside permanently in Hong Kong. Independent Directors shall faithfully perform their duties and safeguard the interests of the Company, with particular attention to ensuring that the legitimate rights and interests of small and medium shareholders are not jeopardized. In principle, independent directors can only hold concurrently the post of independent Directors in three listed companies at maximum. They shall have enough time and energy to perform the duties of the independent Directors effectively.

**Article 126** The Board, the Supervisory Committee and shareholders individually or jointly holding more than 1% of Company's issued shares may nominate independent Director candidates, which will be confirmed through election at a general meeting.

**Article 127** An independent director shall be appointed for a term of three years, and shall be eligible to offer himself/herself for re-election and re-appointment; however, the period of re-appointment shall not exceed six years.

**Article 128** If an independent Director fails to attend two consecutive meetings of the Board in person without appointing another independent Director to attend on his/her behalf, the Board of Directors shall, within 30 days from the occurrence of such matter, submit a proposal to the general meeting for the dismissal of that independent Director.

**Article 129** An independent Director may resign before the expiry of his/her term of office. He/she shall submit a written resignation report to the Board and spell out any circumstances relating to the resignation or requiring the attention of the shareholders and the creditors of the Company.



Where the resignation of an independent Director would result in the proportion of independent Directors on the Board or its special committees to become less than the minimum required by the laws or the Articles of Association, or a lack of accounting professionals among the independent Directors, the proposed resigning independent Director shall continue to perform his/her duties until the date when a new independent Director is appointed. The Company shall complete the by-election within 60 days from the date when the independent Director submits his/her resignation.

**Article 130** Section 1 of this chapter applies to independent Directors.

**Article 131** A person serving as an independent director shall meet the following basic conditions:

- (I) qualified to serve as a Director of a listed company in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and other relevant provision;
- (II) meet the independence requirements of relevant laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and other relevant provision;
- (III) have a basic understanding of the operation of a listed company, and being familiar with relevant laws, administrative regulations, regulations and rules;
- (IV) possess five or more years of experience in law, accounting, economics, or other experience necessary for the performance of duties as an independent Director;
- (V) excel in virtue and have no bad records such as major breach of trust;
- (VI) other conditions stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 132** None of the following persons shall serve as an independent Director:

- (I) any person who holds a position in the Company or its subsidiaries, and his/her spouse, parents, children, or main social relationships;
- (II) any natural person shareholder who directly or indirectly holds 1% or more of the issued shares of the Company, or ranks among the top ten shareholders of the Company, and his/her spouse, parents or children;
- (III) any person who holds a position in a shareholder directly or indirectly holding 5% or more of the issued shares of the Company, or in a shareholder ranking among the top five shareholders of the Company, and his/her spouse, parents or children;
- (IV) any person who holds a position in a subsidiary of controlling shareholders or actual controllers of the Company, as well as his/her spouses, parents, and children;



- (V) any person who has significant business dealings with the Company, its controlling shareholders, actual controllers or any of their respective subsidiaries, or who holds a position in an entity and its controlling shareholders or actual controllers that have significant business dealings with the Company;
- (VI) any person who provides financial, legal, advisory, sponsorship or other services to the Company, its controlling shareholders, actual controllers or any of their respective subsidiaries, including but not limited to all project team members, review personnel at all levels, signatories of reports, partners, directors, senior management members or principal persons-in-charge of the intermediary institutions providing such services;
- (VII) any person who has fallen within any of the circumstances set out in items (I) to (VI) above within the latest twelve months;
- (VIII) any other person who is not independent under laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The "main social relationships" referred to in the preceding paragraph include siblings, parents of the spouse, spouses of children, spouses of siblings, and siblings of the spouse.

**Article 133** Independent Directors shall perform their duties independently and impartially, free from influence by the Company's major shareholders, actual controllers, or other entities and individuals with interests in the Company. If any matter to be considered affects their independence, they shall declare such circumstances to the Company and abstain from voting. If circumstances significantly affecting their independence arise during their terms of office, they shall promptly notify the Company and resign.

**Article 134** Independent directors shall exercise the following special functions and powers:

- (I) to independently engage intermediaries to conduct audits, provide consultancy or perform verifications on specific matters of the Company;
- (II) to propose to the Board the convening of an extraordinary general meeting;
- (II) to propose to the Board the convening of an extraordinary general meeting;
- (III) to propose to convene a Board meeting;
- (IV) to solicit shareholder rights publicly from shareholders in accordance with the law;
- (V) to issue independent opinions on matters that may prejudice the interests of the Company or small and medium shareholders;
- (VI) to exercise other functions and powers as prescribed by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. The exercise by independent Directors of the functions and powers listed in items (I) to (III) of the preceding paragraph shall be subject to the consent of more than half of all the independent Directors.

**Article 135** Independent Directors shall spend no fewer than 15 days per year working on-site at the Company.

Independent Directors shall submit their annual work report to the annual general meeting of the Company. The annual work report shall include the contents specified in the Company's "Rules for Independent Directors" and the securities regulatory rules of the place where the Company's shares are listed.

**Article 136** Independent Directors shall maintain work records to record in detail the performance of their duties. With respect to the important contents of the work records, the independent Directors may request the Board secretary and other relevant personnel to sign to confirm the same, and the Company and the relevant personnel shall cooperate with such request.

**Article 137** The Company shall provide the conditions necessary for independent directors effectively performing their duties.

- (I) The Company shall ensure that the independent Directors have the same right to know as other Directors. In respect of any issue to be decided by the Board. The Company shall inform the independent Directors in advance before the specified deadline and provide adequate documents. Where any independent Director deems the documents as inadequate, he and she can require supplementation. Where 2 or more independent directors are of the opinion that the information provided is insufficient or unclear, they may make a joint written proposal to the Board to postpone the holding of the Board meeting or postpone consideration of the issues, and the Board shall adopt such a proposal.

Work records of the independent Directors and information provided by the Company to independent Directors should be kept for at least ten years.

- (II) The Company shall provide independent Directors with necessary working conditions for their performance of duties. The Board secretary shall actively provide assistance to independent Directors in the performance of their duties, such as briefing and providing materials.
- (III) When the independent Directors are performing their duties, relevant persons of the Company shall actively support and shall not refuse, hinder or conceal relevant information or interfere in their independent performance of duties.
- (IV) The expenses for intermediaries appointed by the independent Directors and other expenses for performing duties shall be borne by the Company.
- (V) The Company shall provide appropriate allowances to independent Directors. Allowance standards shall be subject to pre-arranged planning formulated by the Board, and consideration and approval at the general meeting

Other than that, independent Directors shall not obtain any other interests from the Company and its substantial shareholders or actual controllers or other interested entities and persons.

- (VI) The Company can establish necessary liability insurance systems for independent Directors to reduce the possible risks arising from the normal duty performance of independent Directors.

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

**Article 138** The Company has established the Board, which is responsible to the general meeting.

**Article 139** The Board consists consist of 8 directors, 4 of whom are independent Directors, and has 1 Chairman of the Board.

**Article 140** The Board shall exercise the following duties and powers:

- (I) to convene the general meeting and report on work to the general meeting;
- (II) to implement the resolutions of the general meeting;
- (III) to determine the business and investment plans of our Company;
- (IV) to formulate the Company's annual budgets and final accounts;
- (V) to devise the earnings distribution and loss offset plans of our Company;
- (VI) to formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of our Company;
- (VII) to formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, corporate merger, separation, dissolution and changing the form of the Company;
- (VIII) to determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the general meeting;
- (IX) to decide on the setup of our Company's internal management organization;
- (X) to decide on matters such as appointment or dismissal of the Company's general manager, and secretary to the Board; matters such as appointment or dismissal of the Company's deputy general managers, chief financial officer and senior management members based on the nominations by the general manager and on their compensation and incentives/disincentives;
- (XI) to set the basic management systems of the Company;
- (XII) to make the modification plan to the Articles of Association;
- (XIII) to manage the disclosure of company information;
- (XIV) to request to the general meeting to hire or replace the accounting firm auditing for the Company;

- (XV) to listen to the work report of the Company's general manager and review the work of the general manager;
- (XVI) to decide on the acquisition of shares of the Company for the reasons specified in items (III), (V), and (VI) of Article 24 hereof;
- (XVII) Other powers and duties authorized by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association and the general meeting.

The Board of Company shall set up an audit committee, and, as necessary, set up relevant special committees such as strategy, nomination, remuneration and appraisal committees. The special committees shall be responsible to the Board and fulfill duties as specified in the Articles of Association and as authorized by the Board, and their proposals shall be submitted to the Board for approval. The special committees shall all consist of Directors. The members of the audit committee shall be Directors not serving as senior management members of the Company, and half or more of them shall be independent Directors. The convener of the audit committee shall be an independent director with accounting expertise. Half and more of the members of the nomination committee and the remuneration and appraisal shall be independent Directors, and an independent Director shall serve as convener. The Board shall be responsible for formulating the procedures governing the work of the special committees to regulate their operations.

Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

**Article 141** The specific powers and duties of the Board as stipulated in items (I) to (VII), (IX), (X) and (XI) of the first paragraph of the preceding article shall be exercised collectively by the Board and shall not be delegated to others, and shall not be changed or deprived according to the Articles of Association, resolutions of the general meeting, etc.

With regard to other powers and duties of the Board as stipulated in items (VIII), (XII) to (XV) of the first paragraph of the preceding article, significant businesses and matters shall be subject to collective decision-making and approval, and shall not be separately determined by one or more Directors.

**Article 142** The Board shall make an explanation to the general meeting on the non-standard auditing opinions issued by certified public accountants on the financial statements of the Company.

**Article 143** The Board shall formulate the rules of procedure for Board meetings to ensure that the Board can implement the resolutions of the general meeting, improve work efficiency and ensure scientific decision-making.

The rules of procedure for Board meetings shall detail the procedures for convening and voting at a Board meeting. The rules of procedure for Board meetings as an appendix to the Articles of Association shall be drafted by the Board and approved at the general meeting.

**Article 144** The Board shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the general meeting for approval.

The Board shall have the authority to consider matters concerning the provision of guarantees by the Company. For guarantees (excluding connected transactions) which meet the criteria specified in Article 44 hereof, they shall be considered and approved by the Board before being considered by the general meeting.

Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, the Board shall have the authority to consider the Company's connected transaction with connected natural persons with the transaction amount exceeding RMB300,000, and the Company's connected transaction with connected legal persons with the transaction amount exceeding RMB3 million and accounting for more than 0.5% of the absolute value of the Company's latest audited net assets. For any connected transaction of the Company (excluding provision of guarantees) which meets the criteria for connected transactions specified in item (XII) of the first paragraph of Article 43 hereof and shall be submitted to the general meeting for consideration and approval, they shall be considered and approved by the Board before being considered by the general meeting.

For the matters beyond the decision-making authority of the Board as stipulated in this article, they shall be submitted to the general meeting for consideration and approval (except for cash assets received as gifts).

For the matters within the scope of the decision-making authority of the Board as stipulated in this article, such as those shall be submitted to the general meeting for consideration and approval as stipulated by laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's shares are listed, and regulatory authorities, they shall be governed by the related requirements.

For the transactions between the Company and its subsidiaries within its scope of consolidation, or those between such subsidiaries, they are exempt from the corresponding procedures required under this article, unless otherwise specified by regulatory authorities.

**Article 145** "Transactions" as referred to in the Articles of Association include:

- (I) purchase or disposal of assets;
- (II) external investment (including entrusted wealth management, investment in subsidiaries, etc., and excluding establishment or capital increase of wholly-owned subsidiaries);
- (III) provision of financial assistance (including entrusted loans);
- (IV) provision of guarantees (provision of guarantee by the Company to other parties, including guarantee provided for subsidiaries);
- (V) lease-in or lease-out of assets;
- (VI) signing management contract (including entrusted or trusted operations, etc.);
- (VII) donating or receiving assets;
- (VIII) credit and debt reorganization;
- (IX) transfer of research and development projects;

(X) conclusion of franchise agreements;

(XI) waiver of rights (including waiver of pre-emptive right, priority for invited capital contribution, etc.);

(XII) other transactions identified by laws, administrative regulations, the Articles of Association and the general meeting of the Company.

The purchase and sale of assets exclude the purchase of raw materials, fuel and power, and the sale of products and goods relating to daily business operations, but include the purchase or sale of such assets involved in asset replacement

When the Company enters into two related transactions with the same counterparty that are opposite in direction to each other, excluding those specified in items (II) to (IV) above, the higher of the indicators involved in the two single-direction transactions shall apply.

Where the subject matter of a transaction involves equity interest in a company, and the purchase or sale of such equity interest results in a change to the scope of the consolidated financial statements of the Company, the total assets and operating revenue of the Company corresponding to such equity interest shall be deemed as the total assets involved in the transaction as described in the preceding article and the operating revenue related to the subject matter of the transaction.

When the Company engages in a transaction under the category of “purchase or disposal of assets”, the higher of the total asset value or the transaction amount shall serve as the calculation basis. Such transactions shall be aggregated over a consecutive 12-month period according to the type of transaction.

When the Company makes an external investment to establish a limited liability company or a joint stock limited company, the provisions of the preceding article shall apply based on the total capital contribution amount agreed upon in the agreement.

When the Company engages in transactions such as “provision of financial assistance” and “entrusting wealth management”, the amount incurred shall serve as the calculation basis.

For the similar transactions related to a subject matter within a 12-month period, they shall be aggregated and the preceding article shall apply.

**Article 146** When the Board considers and approves the Company’s external guarantees, they shall be approved by more than two-thirds of the Directors present at the Board meeting.

When the Board considers a connected transaction of the Company, the convener of the meeting shall remind connected Directors to abstain from voting before voting. If a connected Director fails to voluntarily declare his/her interest and abstain from voting, any directors who are aware of such interest shall request the connected Director to abstain from voting. The connected Director shall abstain from voting and shall not exercise voting rights on behalf of other Directors. Such Board meeting may be held if half or more of the non-connected Directors are present, and



resolutions made at the meeting of the Board shall be passed by half or more of the non-connected Directors. If the number of non-connected Directors attending the Board meeting is less than three, the transaction shall be submitted to the general meeting for consideration.

**Article 147** The Board shall have one Chairman of the Board, who shall be a Director of the Company and shall be elected by half or more of all Directors of the Board.

**Article 148** The Chairman of the Board shall exercise the following functions and powers:

- (I) to preside over general meetings and convene and preside over Board meetings;
- (II) to supervise, promote and oversee the implementation of resolutions of the Board;
- (III) to exercise other powers conferred by the Board under the principle of prudent delegation in accordance with related laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed.

The Chairman of the Board shall not engage in any conduct beyond the scope of his/her authority.

When exercising his/her powers within the scope of his/her authority (including conferred authority), the Chairman of the Board shall exercise prudence in decision-making when encountering matters that may have a significant impact on the Company's operations. Where necessary, such matters shall be submitted to the Board for collective decision-making.

The Chairman of the Board shall promptly inform all Directors of the implementation of the authorization granted.

**Article 149** In the event that the Chairman of the Board is incapable of performing or not performing his/her duties, the duties shall be performed by a Director jointly elected by half of more Directors.

**Article 150** The Chairman of the Board shall actively promote the formulation and improvement of systems within the Company, strengthen the development of the Board, ensure normal operation of the Board in accordance with the law, lawfully convene and preside over Board meetings, and urge Directors to attend Board meetings in person.

**Article 151** The Chairman of the Board shall strictly adhere to the collective decision-making mechanism of the Board, shall not substitute Board decisions with personal opinions, and shall not influence the independent decision-making of other Directors.

**Article 152** The Chairman of the Board shall actively oversee the implementation of Board resolutions. Should any non-compliance with Board resolutions or changes in circumstances that prevent their implementation be identified, the Chairman of the Board shall promptly take corrective measures.

**Article 153** The Chairman of the Board shall ensure that independent Directors and the Board secretary have access to relevant information, create favorable working conditions for them to perform their duties, and shall not obstruct them in any way from exercising their powers in accordance with the law.

**Article 154** The Board shall hold at least four regular meetings each year. The Chairman of the Board convenes a meeting and give written notice to all Directors and Supervisors at least 14 days before the meeting.

**Article 155** The Board shall convene an extraordinary meeting in case of any of the following circumstances:

- (I) when shareholders representing more than one-tenth of the voting rights make a proposal;
- (II) when more than one-third of the Directors make a joint proposal;
- (III) when the Supervisory Committee makes a proposal;
- (IV) when the Chairman of the Board considers it necessary;
- (V) when half or more independent Directors make a proposal;
- (VI) when the general manager makes a proposal;
- (VII) when securities regulatory authorities require a meeting to be convened;
- (VIII) other circumstances conferred by the Articles of Association.

The Chairman of the Board shall convene and preside over a Board meeting within ten days of receiving a proposal or a request from any securities regulatory authority.

**Article 156** The notice of an extraordinary Board meeting shall be given in writing by hand, by post, by email, by facsimile, etc. to all Directors and Supervisors; the notice time limit shall be 3 days before the meeting.

**Article 157** The notice of the Board meeting shall include the following:

- (I) time, venue and duration of the meeting;
- (II) manner of holding the meeting;
- (III) matters to be considered (proposals for the meeting);
- (IV) convener and chairman of meeting, proposer of the extraordinary meeting and his/her written proposal;
- (V) meeting materials necessary for the Directors to vote;
- (VI) request that Directors should either attend in person or authorize other Directors to attend on their behalf;
- (VII) contact person and contact information;
- (VIII) time of delivery of the notice.

**Article 158** A Board meeting shall be held only if half or more of the Directors are present. Resolutions of the Board shall be passed by half or more of all Directors. In the event of a tied vote, the Board may, based on the consideration, amend the relevant matter for submission to the next Board meeting for consideration, or propose to submit it directly to the general meeting for consideration and voting.

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

**Article 159** If a Director has a connected relationship with the enterprises of a resolution of the Board, such Director shall not exercise the voting right on such resolution, nor shall such Director act on behalf of other Directors in exercising the voting right. A Board meeting may be held if half or more of the non-connected Directors are present, and resolutions made at the Board meeting shall be passed by half or more of the non-connected Directors. If the number of non-connected Directors attending the Board meeting is less than 3, the matter shall be submitted to the general meeting for consideration. If laws, regulations, or the securities regulatory rules of the place where the Company's shares are listed impose any additional restrictions on Directors' participation in Board meetings and voting, such provisions shall prevail.

**Article 160** Any resolution put to vote at the Board meeting shall be decided by a registered vote.

Subject to the thorough expression of opinions by all Directors, an extraordinary Board meeting may be convened to pass resolutions by facsimile, circulating and signing draft Board resolution, telephone or video conference, and all Directors attending the meeting shall sign on such resolutions.

**Article 161** A Director shall attend a Board meeting in person. Where a Director is unable to attend a Board meeting in person for any reasons, he/she shall carefully select and authorize another Director to attend on his/her behalf in writing. An independent Director shall authorize another independent Director to attend on his/her behalf. The authorization letter shall specify the name of the authorized person, the matters to be authorized, the scope of authorization and valid period, and shall be signed or sealed with the chop by the appointor. For the matters subject to voting, the appointor shall clearly state in the authorization letter their position of approval, opposition, or abstention for each matter. Directors shall not issue or accept authorization without voting instructions, full authorization, or authorization without a clear scope. Directors attending meetings on behalf of others shall exercise their rights within the scope of their authorization.

A Director shall not accept authorization by more than two Directors to attend one Board meeting on his/her behalf.

A Director who does not attend a Board meeting or by authorized person shall be deemed to have waived his/her voting rights at such meeting.

**Article 162** The Board shall keep the minutes of the decisions on the matters discussed at the meeting. Board meeting minutes shall be true, accurate, and complete. Directors, the Board secretary and minute-taker attending the meeting shall sign the minutes.

The minutes of the Board meetings shall be properly kept by the secretary to the Board as an important archive of the Company for 10 years.

**Article 163** The minutes of the Board meeting shall include the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the Directors attending the meeting, and the names of Directors (authorized person) authorized by other Directors to attend the meeting;

- (III) the agenda of the meeting;
- (IV) key points of directors' speeches;
- (V) the voting methods and results for each resolution (the voting results shall indicate the number of votes for and against the proposal or abstention).

**Article 164** The Directors shall be responsible for the resolutions made by the Board. Where a resolution of the Board is in violation of laws, administrative regulations, the Articles of Association or resolutions of the general meeting and causes any serious loss to the Company, the Directors who participate in adopting such resolution shall be liable for compensation to the Company. If a Director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

#### **Section 4 Special Committees under the Board of Directors**

**Article 165** The Board of the Company shall set up special committees such as a strategy committee, a nomination committee, an audit committee and a remuneration and appraisal committees

**Article 166** The strategy committee shall consist of 3 members, all of whom shall be Directors, including at least an independent Director. The convener of the strategy committee shall be the Chairman of the Board.

**Article 167** The primary duties of the strategy committee are:

- (I) to study and make suggestions on the Company's long-term development strategy and planning;
- (II) to study and make suggestions on material investment and financing proposals that require the Board's approval as stipulated by the Articles of Association;
- (III) to study and make suggestions on major capital operation and asset management projects that require the Board's approval as stipulated by the Articles of Association;
- (IV) to study and make suggestions on other material matters affecting the Company's development;
- (V) to inspect the implementation of the above matters;
- (VI) Other matters authorized by the Board.

**Article 168** The nomination committee shall consist of 3 members, all of whom shall be Directors and include half or more of independent Directors. The convener shall be an independent Director.

**Article 169** The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management members, as well as screening and reviewing candidates for directors and senior management members and their qualifications. The Committee also makes recommendations to the Board on the following matters:

- (I) to nominate or appoint and remove Directors;
- (II) to appoint or dismiss senior management members
- (III) other matters as required by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 170** The audit committee shall consist of 3 members, all of whom shall be Directors not serving as senior management members of the listed company, including half or more of independent Directors, at least one of whom shall be a professional accountant. The convener shall be an independent Director who is a professional accountant.

**Article 171** The audit committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board for consideration after being approved by half or more of all members of the audit committee:

- (I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) engagement or dismissal of accounting firms that conduct an audit business for the Company;
- (III) appointment or dismissal of the Company's financial officer;
- (IV) changes to accounting policies, accounting estimates or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters as required by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The audit committee shall hold at least one meeting every quarter. An extraordinary meeting may be convened if proposed by two or more members, or if the convener deems it necessary. A meeting of the audit committee shall be held only if two-thirds or more of its members are present.

**Article 172** The remuneration and appraisal committee shall consist of 3 members, all of whom shall be Directors and include half or more of independent Directors. The convener shall be an independent Director.

**Article 173** The remuneration and appraisal committee shall be responsible for formulating the appraisal standards and conducting appraisals for the Directors and senior management members, and formulating and reviewing the remuneration policies and plans relating to the Directors and senior management members. The Committee also makes recommendations to the Board on the following matters:

- (I) remuneration of directors and senior management members;
- (II) formulation or amendment of share incentive schemes or employee stock ownership plans, including the entitlements of participants and the conditions for exercising such rights;
- (III) arrangements for directors and senior management members to participate in shareholding plans of subsidiaries proposed for spin-off;
- (IV) other matters as required by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 174** If necessary, each special committee may engage intermediaries to provide professional advice, and the expenses shall be borne by the Company.

**Article 175** Each special committee is responsible to the Board. The proposals from each special committee shall be submitted to the Board for review and decision.

## **CHAPTER VI GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS**

**Article 176** The Company has 1 general manager and certain deputy general managers, appointed or dismissed by the Board.

The Company's general manager, deputy general managers, chief financial officer and secretary to the Board are senior management members of the Company.

**Article 177** The circumstances of disqualification for Directors prescribed in the Article 102 hereof shall be applicable to senior management members.

A candidate for senior management member shall report to the Board on whether or not he/she is under any circumstances prescribed in the Article 102 immediately upon becoming aware or ought reasonably to become aware that he/she is being proposed for a candidate for senior management member.

Where a candidate for senior management member is under any of the circumstances listed in Article 102, the Company shall not submit him/her as a candidate for senior management member to the general meeting or the Board for voting.

The election, appointment or employment of a senior management member shall be invalid if the election or appointment of such senior management member is in violation of this Article. Where any of the above-mentioned circumstances in this Article occurs during the term of office of a senior management member, he/she shall be dismissed by the Company.



The provisions in the Article 104 regarding the fiduciary obligations and the provisions in the Article 105 regarding the diligent obligations shall also apply to senior management members.

**Article 178** A person serving other administrative duties other than director and supervisor in any entity of the controlling shareholders or actual controllers of the Company shall not serve as a senior management member of the Company. The senior management members of the Company shall receive remuneration from the Company only, and the controlling shareholders shall not pay any remuneration to them on behalf of the Company.

**Article 179** The general manager is appointed for a term of three years and may be re-appointed upon expiration of term of office.

**Article 180** The general manager is responsible to the Board of Directors and exercises the following powers:

- (I) to be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board and report on works to the Board;
- (II) to organize and implement the Company's annual business plan and investment proposals;
- (III) to draft plans for the establishment of the Company's internal management organizations;
- (IV) to draft the Company's basic management system;
- (V) to formulate general rules and regulations for the Company;
- (VI) to propose to the Board on the appointment or dismissal of deputy general managers and chief financial officer of the Company;
- (VII) to appoint or dismiss responsible management personnel other than those required to be appointed or dismissed by the Board;
- (VIII) other functions and powers conferred by the Articles of Association or the Board.

The general manager is present at Board meetings.

**Article 181** The general manager shall formulate the working rules for the general manager and submit the same to the Board for approval before implementation.

**Article 182** The working rules for the general manager shall contain the following:

- (I) conditions for the convening of and the procedures for the general manager's meetings, and the attendees thereof;
- (II) specific duties and division of work of the general manager and other senior management members;
- (III) the authority to use the funds and assets and execute material contracts, and the system of reporting to the Board and the Supervisory Committee;
- (IV) other matters as the Board considers necessary.

**Article 183** The general manager may resign before the expiration of his/her term. The specific procedures and measures regarding the resignation of the general manager shall be governed by the labor contract between the general manager and the Company.

**Article 184** Deputy general managers and chief financial officer shall be nominated by the general manager, and appointed or dismissed by the Board.

Deputy general managers assist the general manager in overseeing specific areas of work according to their assigned responsibilities.

The chief financial officer oversees the Company's financial operations, is responsible to the Board, and carries out duties under the leadership of the general manager.

**Article 185** The Company shall have a secretary to the Board, who shall be responsible for the preparation of the general meeting, custody of documents and management of the shareholders' information of the Company.

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

**Article 186** The secretary to the Board shall possess the necessary professional knowledge in finance, management, law, and other relevant fields to perform his/her duties, and shall demonstrate sound professional ethics and personal integrity. Individuals who fall under any of the following circumstances shall not serve as a secretary to the Board:

- (I) any circumstance specified in Article 178 of the Company Law;
- (II) less than three years having elapsed since the most recent administrative penalty imposed by the CSRC;
- (III) being publicly condemned within the last three years or given a notice of criticism more than three times by a stock exchange;
- (IV) being a Supervisor of the Company;
- (V) a person who is currently being prohibited from participating in the securities market by the CSRC, and such barring period has not elapsed;
- (VI) a person publicly identified by a stock exchange as unsuitable to serve as a director, supervisor, or senior management member of a company, and such barring period has not elapsed;
- (VII) other circumstances where a stock exchange identifies a person as unsuitable to serve as a secretary to the board of directors.

**Article 187** The secretary to the Board shall be appointed from among the Company's Directors, general manager, deputy general managers, or chief financial officer.

**Article 188** The secretary to the Board shall be nominated by the Chairman of the Board, recommended by the Board of the Company and appointed by the Board.

**Article 189** Where a senior management member violates the laws, administrative regulations, departmental rules or the Articles of Association in performing duties to the Company resulting in any loss to the Company, he/she shall be liable for compensation. Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If senior management members of the Company fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and the public shareholders, they shall be liable for compensation in accordance with the law.

## **CHAPTER VII SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 190** The circumstances of disqualification for Directors prescribed in the Article 102 hereof shall be applicable to Supervisors.

A Supervisor candidate shall report to the Supervisory Committee on whether or not he/she is under any circumstances prescribed in the Article 102 immediately upon becoming aware or ought reasonably to become aware that he/she is being proposed for a Supervisor candidate.

Where a Supervisor candidate is under any of the circumstances listed in Article 102, the Company shall not submit him/her as a Supervisor candidate to the general meeting or the Supervisory Committee for voting.

The election, appointment or employment of a Supervisor shall be invalid if the election or appointment of such Supervisor is in violation of this Article. Where any of the above-mentioned circumstances in this Article occurs during the term of office of a Supervisor, he/she shall be dismissed by the Company.

**Article 191** The Directors and senior management members of the Company shall not concurrently serve as Supervisors of the Company. During their term of office, their spouses and immediate family members shall not serve as Supervisors of the Company.

The number of Supervisors who have served as Directors or senior management members of the Company in the last two years do not exceed one half of the total number of the Supervisors of the Company.

**Article 192** The Supervisors shall abide by laws, administrative regulations and the Articles of Association, and shall bear fiduciary obligations and diligent obligations towards the Company. They Shall not use their authority to bribe or accept other illegal income and shall not misappropriate the properties of the Company;

**Article 193** A Supervisor shall be appointed for a term of three years, and shall be eligible to offer himself/herself for re-election and re-appointment.

**Article 194** Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Supervisor, and in the event that the resignation of any Supervisor results in the number of members of the Supervisory Committee to fall below the statutory quorum, the said Supervisor shall continue to perform the duties as a Supervisor in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Supervisor assumes his/her office.

**Article 195** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign written statements confirming the regular reports.

**Article 196** A Supervisor may be present at the Board meetings and raise inquiries or suggestions concerning the matters subject to resolutions to be adopted by the Board.

**Article 197** Supervisors shall not use their connected relationships to damage the Company's interests. If losses are caused to the Company, they shall be liable for compensation.

**Article 198** If a Supervisor breaches the laws, administrative regulations, departmental rules or the Articles of Association when performing his/her duties to the Company resulting in any losses suffered by the Company, the said Supervisor shall be liable for compensation.

## **Section 2 Supervisory Committee**

**Article 199** The Company has established the Supervisory Committee, which consists of 3 Supervisors, including 2 shareholder representatives and 1 employee representative. The Supervisory Committee shall have one chairman, who shall be elected by half or more of all Supervisors. The chairman of the Supervisory Committee shall convene and preside over meetings of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is incapable of performing or not performing his/her duties, a meeting of the Supervisory Committee shall be convened and presided over by a Supervisor jointly elected by half of more Supervisor s.

The Supervisory Committee shall have shareholder representatives and an appropriate proportion of employee representatives of the Company. The proportion of the employee representatives shall not be lower than one third. The employee representatives in the Supervisory Committee shall be elected by employees of the Company through the employee representative congress.

**Article 200** The Supervisory Committee exercises the following powers:

- (I) to examine the Company's financial affairs;
- (II) to supervise the Directors and senior management members in their performance of their duties and to propose the removal of Directors and senior management members who have violated laws, administrative regulations, the Articles of Association or resolutions of the general meeting;
- (III) to demand rectification by a Director or a senior management member when the acts of such person are harmful to the Company's interest;
- (IV) to propose the convening of extraordinary general meetings, and to convene and preside over general meetings when the Board fails to perform the duty of convening and presiding over general meetings under the Company Law;
- (V) to submit proposals to the general meeting;
- (VI) to initiate legal proceedings against Directors and senior management members in accordance with the Company Law;

(VII) to conduct investigations at its discretion if it discovers any abnormal operations of the Company; and when necessary, at its discretion, retain an accounting firm, a law firm, or any other professional institution to assist in its work, at the expenses of the Company;

(VIII) to review the Company's regular reports prepared by the Board and making written comments thereon after review;

(IX) other powers and duties authorized by laws, administrative regulations, departmental rules, the Articles of Association or the general meeting.

**Article 201** The Supervisory Committee shall hold at least 1 meeting every six months. An extraordinary meeting of the Supervisory Committee may be convened if proposed by a Supervisor.

Any resolution of the Supervisory Committee shall be passed by half or more of the Supervisors.

**Article 202** The Supervisory Committee shall formulate the rules of procedure for meetings of the Supervisory Committee to detail specifying the discussion methods and voting procedures of the Supervisory Committee, so as to ensure the work efficiency and scientific decision-making of the Supervisory Committee.

The rules of procedure for meetings of the Supervisory Committee shall detail the procedures for convening and voting at a meeting of the Supervisory Committee. The rules of procedure for meetings of the Supervisory Committee as an appendix to the Articles of Association shall be drafted by the Supervisory Committee and approved at the general meeting.

**Article 203** The Supervisory Committee shall keep the minutes of the decisions on the matters discussed at the meeting. Supervisors and minute-taker attending the meeting shall sign the minutes.

Any Supervisor shall have the right to have certain explanatory notes entered into the minutes regarding his/her statements at the meeting. The minutes of the meetings of the Supervisory Committee shall be properly kept as an important archive of the Company for 10 years.

**Article 204** The notice of the meeting of the Supervisory Committee shall include the following:

- (I) time, venue and duration of the meeting;
- (II) subject matter and topics of the meeting
- (III) date of delivery of the notice.

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

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

**Article 205** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC.

**Article 206** The Company shall submit and disclose its annual reports to the CSRC and the stock exchange where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The annual and interim reports mentioned above shall be prepared in accordance with relevant laws, administrative regulations, departmental rules and requirements of the CSRC and the stock exchange.

Annual financial and accounting reports shall be audited by an accounting firm in accordance with the law.

The financial and accounting reports mentioned above shall be prepared in accordance with relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

**Article 207** The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 208** The Company is required to withdraw 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further withdrawal is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

Subject to a resolution of the general meeting, after withdrawal has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

If the general meeting violates the provisions of the preceding article by distributing profit to shareholders before making up of losses and appropriation to statutory reserve funds by the Company, the profits distributed in violation of the provisions shall be returned by such shareholders to the Company.

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

The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H Shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of laws, regulations and securities regulatory rules of the place where the Company's shares are listed.



**Article 209** Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital. However, capital reserve shall not be used for recovering losses of the Company.

When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

**Article 210** The profit distribution policy of the Company is as follows:

(I) Principle of profit distribution

1. The profit distribution of the Company places full emphasis on providing investors with reasonable returns on their investment and takes into account the sustainable development of the Company. The Company implements an active, consistent, and stable profit distribution policy, provided that the capital requirements for the normal production and operations are met. The Company's cash dividend policy aims for steady dividend growth. If the Company's audit report for the most recent year contains a modified opinion or an unqualified opinion with a material uncertainty paragraph related to going concern, the Company may choose not to distribute profit.
2. The Company fully considers the opinions of independent directors and public investors in the decision-making and argumentation process of the profit distribution policy of the Board and the general meeting.
3. The profit distributed by the Company shall not exceed its accumulated distributable profit.

(II) Decision-making procedures and mechanism for profit distribution

1. When formulating its profit distribution policy, the Company shall follow the decision-making procedures stipulated in the Articles of Association. The Board shall specifically study and discuss matters relating to the returns for shareholders, set out a specific and clear plan on the returns for shareholders and explain the reasons for the formulation of the plan in details.
2. When determining specific cash dividend distribution proposal of the Company, the Board shall study and discuss, among others, the timing, conditions as well as the minimum ratio, conditions for adjustments and the requirements of the procedures for decision making in respect of the cash dividend distribution. Independent Directors shall issue independent opinions if they consider the specific cash dividend distribution proposal may prejudice the interests of the Company or the small and medium shareholders. If the Board does not adopt or fully adopt the opinion of the independent Directors, it shall record the opinion of the independent Directors and the specific reasons for non-adoption in the resolution of the Board and disclose the same.

3. After the Board adopts a resolution on the profit distribution proposal, it shall submit the same to the general meeting for consideration. Before a profit distribution proposal is considered at a general meeting, the Company shall communicate with shareholders, especially the small and medium shareholders through various channels to listen to their opinion and requests and give timely responses to issues which the small and medium shareholders are concerned about.
4. The Supervisory Committee shall supervise the Board in respect of the implementation of the profit distribution policy and the shareholder return plan and the relevant decision-making procedures.
5. If the Board of the Company decides not to distribute profit, or if the profit distribution proposal does not include a cash distribution or the cash distribution is below the proportion stipulated in the Articles of Association, a special explanation shall be provided regarding the specific reasons for not distributing profit or for the profit distribution proposal not including a cash distribution or the cash distribution being below the proportion stipulated in the Articles of Association. Such explanation shall be submitted to the general meeting of the Company for consideration.
6. When the Company convenes an annual general meeting to consider the annual profit distribution proposal, the conditions, maximum proportion and maximum amount of interim cash dividends for the next year may be considered and approved. The maximum amount of interim dividends for the next year to be considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the listed company for the corresponding period. The Board shall formulate specific interim dividends distribution proposal in accordance with the resolution of the general meeting, subject to the conditions for profit distribution.
7. After the profit distribution proposal has been adopted at the Company's general meeting, or after the Board of the Company formulates a specific proposal based on the conditions and cap for interim dividends for the next year considered and approved by the annual general meeting, the dividend (or share) distribution shall be completed within 2 months after the general meeting. If the specific proposal cannot be implemented within 2 months due to laws and regulations or the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific proposal may be adjusted accordingly in accordance with such regulations and the actual situation.

### (III) Specific Policy on Profit Distribution

1. Form of profit distribution: The Company's profit distribution may take the form of cash, shares, or a combination of cash and shares. The Company may make interim profit distribution based on the actual business operations.
2. Specific conditions for cash dividends
  - (1) the Company records profit in the current year and has a positive cumulative undistributed profit;

- (2) there is a significant surplus of funds after meeting the capital requirements for the our normal production and operations

### 3. Interval and proportion of cash dividends

In principle, the Company shall distribute profit annually, with cash dividends given priority. The amount of profit distributed in cash each year shall not be less than 20% of the distributable profits realized for that year, and the proportion of cash dividends in the profit distribution shall not be less than 20%.

The Board of the Company shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, profit level, debt servicing capacity, whether it has any significant capital expenditure plans, and investor returns in distinguishing the following situations, and formulate differentiated profits distribution proposals:

- (1) If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividends shall be at least 80% in the profit distribution;
- (2) If the Company is at the mature stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 40% in the profit distribution;
- (3) If the Company is at the growing stage and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 20% in the profit distribution.

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in (3) of the preceding paragraph.

The proportion of cash dividends in the profit distribution is the cash dividends divided by the sum of cash dividends and share dividends

4. Conditions for distributing dividends in shares: When the Company is operating well with growth potential, and the Board of Directors considers that the share price of the Company does not reflect its size of share capital and the distribution of dividends in shares is in the interests of all shareholders of the Company, the Company may distribute dividends in the form of shares in addition to a cash dividend distribution proposal. When distributing profit through dividends in the form of shares, genuine and reasonable factors such as the dilution of net assets per share of the Company must be considered.

### (IV) Adjustment to profit distribution policy

1. If the Company has to adjust its profit distribution policy in accordance with its production and operation situation, investment planning and long-term development needs, or changes in the external operation environment, the adjusted profit distribution policy shall not violate the related provisions of the CSRC and the stock exchange.

2. Resolutions on adjusting the profit distribution policy shall be formulated by the Board and approved by independent Directors before submission to the Board for consideration. Independent Directors shall express independent opinions on the adjustment to the profit distribution policy. The resolution on the adjustment to the profit distribution policy shall be considered and approved by the Board (with the consent of at least two-thirds of the independent Directors), and submitted to the general meeting for consideration and decision after the independent Directors have issued their independent opinions. The Board shall provide a written explanation to the general meeting regarding the adjustment to the profit distribution policy.
3. The general meeting which considers the resolution on adjustment to the profit distribution policy shall, in addition to arranging on-site voting, provide convenience for public shareholders to participate in the meeting through online voting systems for general meeting of listed companies, including the stock exchange trading system and the internet voting system. Online voting shall be conducted in accordance with the relevant regulations of the CSSRC and the stock exchange.
4. The resolution on adjustment to the profit distribution policy shall be passed by at least two-thirds of the voting rights held by the shareholders present at the general meeting.

**Article 211** In the event that a shareholder of the Company misappropriates the funds of the Company, the Company shall deduct the cash dividends distributable to such shareholder for recovery of the misappropriated funds.

## **Section 2 Internal Audit**

**Article 212** The Company has implemented an internal audit system. Dedicated audit personnel are employed to oversee the Company's financial receipts and expenditures, as well as its economic activities, through internal audits.

**Article 213** The Company's internal audit system and the responsibilities of audit personnel shall be implemented after approval by the Board. The head of audit shall be responsible to the Board and report to it.

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

**Article 214** The Company shall appoint such accounting firm which has complied with the Securities Law and securities regulatory rules of the place where the Company's shares are listed for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is 1 year and can be re-appointed.

**Article 215** The appointment of accounting firm by the Company shall be subject to the approval of the general meeting. The Board may not appoint accounting firm before the approval of the general meeting.

**Article 216** The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

**Article 217** The audit fees of an accounting firm shall be determined at the general meeting.

**Article 218** If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm 30 days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the general meeting.

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

## **CHAPTER XI NOTICES AND ANNOUNCEMENTS**

### **Section 1 Notices**

**Article 219** Notices of the Company shall be served by the following methods:

- (I) by hand;
- (II) by post;
- (III) by email;
- (IV) by facsimile;
- (V) by way of an announcement;
- (VI) other methods stipulated in the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association. A notice given by the Company, if made by way of an announcement, shall be deemed to have been received by all persons concerned upon such announcement.

Unless the context otherwise requires, an "announcement" as referred to in the Articles of Association, in respect of announcements to holders of A Shares or announcements required to be made within China in accordance with the relevant provisions and the Articles of Association, means the publication of information on the website of the Shenzhen Stock Exchange and media meeting the conditions specified by the CSRC; in respect of announcements to holders of H Shares or announcements required to be made in Hong Kong in accordance with the relevant provisions and the Articles of Association, such announcements shall be published on the Company's website, the website of the Hong Kong Stock Exchange and other websites as required under the Hong Kong Listing Rules from time to time in accordance with the relevant requirements of the Hong Kong Listing Rules.

For the purpose of the Company providing and/or despatching corporate communications to holders of H Shares as required under the listing rules of the place where the Company's shares are listed, and subject to compliance with the relevant listing rules of the place where the Company's shares are listed, the Company may send or provide corporate communications to the holders of H Shares of the Company by electronic means, or by publishing information on the Company's website, or on the website of the stock exchange of the place where the Company's shares are listed, in lieu of despatching corporate communications to holders of H Shares by delivery by designated persons or by prepaid mail.

**Article 220** Notice of the general meeting of the Company shall be issued by way of announcement.

**Article 221** Notice of a board meeting of the Company shall be delivered by hand, by post, by email or by facsimile.

**Article 222** Notice of a meeting of the Supervisory Committee of the Company shall be delivered by hand, by post, by email or by facsimile.

**Article 223** For notices delivered by hand, the recipient shall sign (or stamp) the delivery receipt, and the date on which the recipient signs for receipt shall be deemed the date of receipt. For notices delivered by post, the notices shall be deemed received on the fifth working day after it has been delivered to the post office. For notices sent by email, the notices shall be deemed received when the email is first successfully sent to the recipient's designated email address. For notices delivered by facsimile, the notices shall be deemed received on the date indicated on the transmission completion report generated by the Company's fax machine.

**Article 224** The accidental omission to give notice of a meeting to, or the non-receipt of notice by, any person entitled to notice shall not solely invalidate the meeting or the resolution made thereat.

## **Section 2 Announcement**

**Article 225** The Company shall publish announcements and disclose other necessary information in media in compliance with the requirements of the CSRC or on the National Enterprise Credit Information System, Shenzhen Stock Exchange website (<https://www.szse.cn>) and HKEXnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

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

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

**Article 226** A merger may be in the form of merger by absorption or merger by establishment of a new company.

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

**Article 227** If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a list of properties. The Company shall notify its creditors within 10 days from the date of the merger resolution and shall publish an announcement in media in compliance with the requirements of the CSRC or on the National Enterprise Credit Information System, Shenzhen Stock Exchange website (<https://www.szse.cn>) and HKEXnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 30 days from the date of such resolution. A creditor may demand the Company to pay off its debts or provide corresponding guarantees within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.



**Article 228** After the Company is merged, the claims and debts of each party to the merger shall be assumed by the company surviving the merger or the new company established resulting from the merger.

**Article 229** Where there is a division of the Company, its properties shall be divided accordingly.

Where there is a division of the Company, a balance sheet and a list of properties shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution and shall publish an announcement in media in compliance with the requirements of the CSRC or on the National Enterprise Credit Information System, Shenzhen Stock Exchange website (<https://www.szse.cn>) and HKEXnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 30 days from the date of such resolution.

**Article 230** The debts of the Company prior to the division shall be jointly assumed by the companies resulting from the division. However, this does not apply if the Company and the creditors have reached a separate written agreement regarding debt repayment before the division.

**Article 231** Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and a list of properties.

The Company shall notify its creditors within 10 days from the date of the resolution for the reduction of its registered capital and shall publish an announcement in media in compliance with the requirements of the CSRC or on the National Enterprise Credit Information System, Shenzhen Stock Exchange website (<https://www.szse.cn>) and HKEXnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 30 days from the date of such resolution. A creditor has the right to demand the Company to pay off its debts or provide corresponding guarantees within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

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

**Article 232** Where a merger or division of the Company involves any changes to any registration, an application for modification of registration shall be made to the company registration authority pursuant to the laws. Where the Company is dissolved, the Company shall apply for deregistration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

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

## **Section 2 Dissolution and Liquidation**

**Article 233** The Company shall be dissolved for the following reasons:

- (I) expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;
- (II) the general meeting adopts a resolution to dissolve our Company;

- (III) our Company needs to be dissolved for the purpose of merger or division;
- (IV) the business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;
- (V) where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means. Shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the people's court to dissolve the Company.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten (10) days.

**Article 234** Under the circumstances set out in item (I) of Article 233 hereof, the Company may subsist through amendments to the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of shareholders representing two-thirds or above of the voting rights present at the general meeting.

**Article 235** Where the Company is dissolved pursuant to items (I), (II), (IV) and (V) of Article 233 hereof, a liquidation team shall be set up within 15 days from the date of occurrence of event that causes the dissolution and shall commence liquidation. The liquidation team shall consist of members determined by the Directors or the general meeting. In case no such liquidation team is established to timely proceed with liquidation, the creditors may make an application to the people's court for the appointment of relevant persons to form the liquidation team for liquidation.

**Article 236** The liquidation team shall exercise the following authority during liquidation:

- (I) identifying the Company's properties and preparing a balance sheet and a list of property respectively;
- (II) notifying creditors and issuing an announcement;
- (III) handling the outstanding business of the Company related to liquidation;
- (IV) settling all taxes in arrears and taxes arising in the process of liquidation;
- (V) identifying and disposing of claims and debts;
- (VI) disposing of the Company's remaining properties after paying off debts;
- (VII) participating in civil lawsuits on behalf of the Company.

**Article 237** Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in media in compliance with the requirements of the CSRC or on the National Enterprise Credit Information Publicity System, Shenzhen Stock Exchange website (<https://www.szse.cn>) and HKEXnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proof. The liquidation team shall carry out registration of the claims.

During the period for declaration of claims, the liquidation team shall not make any repayment to the creditors.

**Article 238** Upon taking stock of our Company's property and preparing the balance sheet and list of property, the liquidation team shall formulate a liquidation plan and submit it to the general meeting or the people's court for confirmation.

The Company's assets, after being used respectively for payment of liquidation expenses, employees' wages, social insurance premiums and statutory compensation, payment of tax in arrears and the Company's debts, shall be distributed in proportion to the shareholding of the shareholders.

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

**Article 239** In the event the liquidation team finds that, after taking stock of our Company's property and preparing the balance sheet and list of property, the assets are insufficient to pay the debts, it shall apply to the people's court to declare bankruptcy according to the law.

Upon declaration of the Company's insolvency pursuant to the ruling of the people's court, the liquidation team shall hand over the liquidation matters to the people's court.

**Article 240** Upon completion of the liquidation, the liquidation team shall prepare a liquidation report, submit the report to the general meeting or the people's court for confirmation, submit to the company registration authority, and apply for deregistration, and announce the termination of the Company.

**Article 241** The members of the liquidation team shall devote themselves to their duties and fulfill their obligations of liquidation according to laws.

The members of the liquidation team shall not take any bribe or other illegal proceeds by taking advantage of his/her position, nor may he/she misappropriate the properties of the Company.

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

**Article 242** After the Company is declared bankrupt pursuant to laws, the Company implements insolvency and liquidation according to the law of insolvency.

## **CHAPTER XI AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 243** Under any of the following circumstances, the Company shall amend the Articles of Association:

- (I) following the revision of the Company Law or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the revised laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed;
- (II) there is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;
- (III) a general meeting has decided on making amendments to the Articles of Association.

**Article 244** If the amendment to the Articles of Association adopted by resolution of the general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

**Article 245** The Board shall amend the Articles of Association in accordance with the resolution of the general meeting on such amendment and the clearance opinion from the competent authority.

**Article 246** If any amendment to the Articles of Association involves matters required to be disclosed by laws and regulations, an announcement shall be made pursuant to the regulations.

## **CHAPTER XII SUPPLEMENTARY PROVISIONS**

**Article 247** Definitions

- (I) A controlling shareholder refers to a shareholder holding shares representing more than 50% of the total share capital of the Company; a shareholder holding less than 50% of shares in the Company, but the voting rights vested by the shares held by him/her have a material influence on any resolutions of a general meeting, or a controlling shareholder as defined in the securities regulatory rules of the places where the Company's shares are listed.
- (II) The "actual controller" refers to person that is able to actually dominate the conduct of the Company through investment relations, agreements or other arrangements.
- (III) The "related (connected) relationship" refers to relationship between a controlling shareholder, actual controller, Director, Supervisor or senior management member of the Company and the enterprise directly or indirectly controlled by the same, or any other relationship that may give rise to a transfer of interests of the Company. However, there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State. The term "related (connected) transaction" in the Articles of Association includes "connected transaction" as defined in the Hong Kong Listing Rules; "related (connected) party" includes "connected person" as defined in the Hong Kong Listing Rules.

- (IV) “Accounting firm” in the Articles of Association shall have the meaning consistent with that of “auditor” in the Hong Kong Listing Rules, and “independent director” shall have the meaning consistent with that of “independent non-executive director” in the Hong Kong Listing Rules.

**Article 248** The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 249** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles of Association and those in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered with the Wuxi Administrative Approval Bureau shall prevail.

**Article 250** The terms “above”, “within” or “below”, as stated in the Articles of Association shall all include the number or amount itself; the terms “under”, “beyond”, “lower than” or “more than” shall all exclude the number or amount itself.

**Article 251** The Board is responsible for the interpretation of the Articles of Association.

**Article 252** Appendixes to the Articles of Association include the rules of procedure for general meeting, the rules of procedure for Board meetings and the rules of procedure for meetings of the Supervisory Committee. In case of any conflict between the Articles of Association and the laws, administrative regulations, normative documents and securities regulatory rules of the places where the Company’s shares are listed that are promulgated from time to time, such laws, administrative regulations, normative documents and securities regulatory rules of the places where the Company’s shares are listed shall prevail.

**Article 253** The Articles of Association considered and approved by the general meeting shall take effect from the date when H Shares issued by the Company are listed on the Hong Kong Stock Exchange.