



**Universal Scientific Industrial (Shanghai) Co., Ltd.**

No.1558, Zhang Dong Rd., Zhang Jiang High-Tech Park,  
Pudong New Area, Shanghai 201203, China

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## **Articles of Association**

**Of**

**Universal Scientific Industrial (Shanghai) Co., Ltd.**

**August 2022**



**Universal Scientific Industrial (Shanghai) Co., Ltd.**  
No.1558, Zhang Dong Rd., Zhang Jiang High-Tech Park,  
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## **Chapter I General Provisions**

### **Article 1**

In order to protect the legitimate rights and interests of the Company, the shareholders and the creditors and to regulate the organization and activities of the Company, these Articles of Association are formulated pursuant to the *Company Law of the People's Republic of China* (the "Company Law"), the *Securities Law of People's Republic of China* (the "Securities Law") and other applicable laws and regulations.

### **Article 2**

The Company is a company limited by shares (hereinafter referred to as the "Company") incorporated through an overall change of Universal Scientific Industrial (Shanghai) Ltd., a Sino-foreign joint venture, in accordance with the Company Law and other applicable rules and regulations.

Upon the approval by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on January 10, 2012, the Company issued 106.8 million ordinary shares in RMB to the public for the first time. On February 20, 2012, it was listed on Shanghai Stock Exchange.

### **Article 3**

Registered name of the Company in Chinese: 环旭电子股份有限公司

English name of the Company: Universal Scientific Industrial (Shanghai) Co., Ltd.

### **Article 4**

The place of domicile of the Company: 1558 Zhangdong Road, Integrated Circuit Industrial Zone, Zhangjiang Hi-Tech Park, Pudong, Shanghai 201203.



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#### **Article 5**

The Company's registered capital is RMB 2,201,284,633.

#### **Article 6**

The Company is a permanently existing company limited by shares.

#### **Article 7**

The chairman of the Board of Directors of the Company shall be its legal representative.

#### **Article 8**

All the assets of the Company shall be divided into shares and each share shall have equal value. The respective liability of the shareholders shall be limited to the shares subscribed for by them. The Company shall be held liable for its debts with all its assets.

#### **Article 9**

Upon execution, these Articles of Association shall constitute a legally binding document that regulates the organization and acts of the Company as well as defines the rights and obligations between the Company and its shareholders, and among the shareholders. These Articles of Association shall be binding on the Company and the shareholders, directors, supervisors, and members of the senior management of the Company. Pursuant to these Articles of Association, any shareholder may file any lawsuit against any other shareholder(s), directors, supervisors, General Manager and other members of the senior management of the Company, or against the Company, and the Company may file any lawsuit against any shareholder, director, supervisor, General Manager or other member of the senior management of the Company.



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#### **Article 10**

Other members of the senior management referred to herein shall mean the deputy general manager, the secretary of the Board of Directors and the financial director of the Company.

### **Chapter II Business Objectives and Scope**

#### **Article 11**

The Company's business objectives are to introduce advanced design, development and manufacturing technologies in the fields of computing, communication, mobile computing and electronics components and modules to China, and to provide professional and comprehensive solutions and complete electronic product design and manufacturing services for all Chinese and international customers.

#### **Article 12**

Upon registration in accordance with applicable laws, the Company's business scope shall cover providing Design Manufacturing Services (DMS), designing, producing and processing new electronic components, high-performance computer motherboards, wireless network communication components, mobile communication products and modules, and spare parts, repairing the above-mentioned products, selling self-produced products, and providing related technical consulting services, as well as wholesaling, importing and exporting of electronic products, communication products and related spare parts, and providing related supporting services. (Any business requiring any administrative licensing shall not be operated unless appropriately licensed.)



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## **Chapter III Shares**

### **Section I Share Issuance**

#### **Article 13**

The Company's shares are in the form of share certificates.

#### **Article 14**

The Company's shares shall be issued in accordance with the principles of openness, fairness, and justice, and each of the share of the same class shall have equal rights.

#### **Article 15**

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance. The same price shall be paid for each of the shares subscribed for by any entity or individual.

#### **Article 16**

The par value of the shares issued by the Company shall be denominated in Renminbi. The shares issued by the Company shall be centrally deposited with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

#### **Article 17**

Upon the overall change of Universal Scientific Industrial (Shanghai) Ltd. into a company limited by shares, the audited net asset value of Universal Scientific Industrial (Shanghai) Ltd. as of September 30, 2007 was RMB 757,168,633.42, which were then converted, at a ratio of approximately 1:0.5495, into a total share capital of RMB 416,056,920, and the total number of shares was 416,056,920 shares,



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each with a par value of RMB 1.

Thereafter, the Company converted its undistributed profits and capital reserve into the share capital, and the total share capital of the Company was increased from RMB 416,056,920 to RMB 904,923,801, and the total number of shares was increased to 904,923,801 shares.

The Company's sponsors are Universal Scientific Industrial Electronics (Shenzhen) Co., Ltd., ASE (Shanghai) Inc. and USI Enterprise Limited. At the time of incorporation, the numbers and proportions of the shares subscribed for by the sponsors are as follows:

| Sponsor Name   | Number of Shares Held | Shareholding Ratio (%) |
|--|-----------------------|------------------------|
| Universal Scientific Industrial Electronics (Shenzhen) Co., Ltd. | 4,524,619             | 0.5%                   |
| ASE (Shanghai) Inc.  | 4,524,619             | 0.5%                   |
| USI Enterprise Limited   | 895,874,563           | 99.0%                  |
| Total  | 904,923,801           | 100%                   |

#### **Article 18**

The Company's total number of shares is 2,201,284,633 shares, all of which are ordinary shares.

#### **Article 19**

The Company or any of its subsidiaries, including any of the Company's affiliates, shall not provide any person that purchases or intends to purchase any of the shares of the Company with any financial assistance in any form such as gifts, advances, guarantees, compensation or loans.





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## **Section II Increase and Reduction of Share Capital and Share Repurchase**

### **Article 20**

In accordance with the needs of business operation and development, pursuant to applicable laws and regulations, and subject to resolutions at the shareholders' general meetings, the Company may increase its share capital in any of the following forms:

- (1) Public offering of shares;
- (2) Private placing of shares;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Conversion of reserve funds into equity; or
- (5) Any other form as permitted by applicable laws or administrative regulations or approved by the CSRC.

When the Company issues convertible corporate bonds, the issuance of convertible corporate bonds, the procedures and arrangements for stock conversion, and the change of the Company's share capital due to stock conversion shall be handled in accordance with laws, administrative regulations, departmental rules, and the provisions of the Company's Prospectus of Convertible Corporate Bonds.

### **Article 21**

The Company may reduce its registered capital. To reduce the registered capital, the Company shall follow the Company Law, other applicable regulations, and appropriate procedures stipulated in these Articles of Association.

### **Article 22**



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The Company shall not engage in trading of the Company's shares except for the situations below:

- (1) the Company reduces its registered capital;
- (2) the Company merges with any other company holding the Company's shares;
- (3) the Company uses shares for employee stock ownership plans or equity incentives;
- (4) any shareholder objects to any resolution adopted at any general meeting concerning any merger or division, and requires the Company to purchase its shares;
- (5) the Company use shares for conversion of corporate bonds issued by the company that are convertible to shares;
- (6) it is necessary for the Company to maintain the Company's value and shareholders' rights.

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### **Article 23**

The Company may purchase the shares of the Company in one of the following ways:

- (1) through a centralized dealing based on price bidding on a stock exchange;
- (2) through offers;
- (3) by any other means permitted by applicable laws and administrative regulations and approved by the CSRC.

Where the Company purchases any of its own shares in any of the circumstances specified in (3), (5), and (6) of Paragraph 1 of Article 22 of these Articles of Association, it shall proceed through an open and centralized dealing.



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## **Article 24**

If the Company repurchases its own shares due to any circumstance as set forth in (1) and (2) of Article 22 of these Articles of Association, a resolution related thereto shall be adopted at a general meeting of shareholders. If the Company repurchases its own shares due to any of the circumstances as specified in (3), (5) and (6) of Article 22 of these Articles of Association, a resolution related thereto at a meeting of the Board of Directors that is attended by more than two-thirds of the directors shall be adopted in accordance with these Articles of Association or authorized by the General Meeting of Shareholders. If the Company repurchases its own shares in accordance with the first paragraph of Article 22 under any of the circumstances set forth in (1), the shares so repurchased shall be cancelled within ten days following the repurchase. In the event of any of the circumstances set forth in (2) and (4), the shares so repurchased shall be transferred or cancelled within six months. If the Company repurchases its own shares under any of the circumstances set forth in (3), (5) and (6), the total shares of the Company held by the Company shall not exceed 10% of the total shares issued by the Company, and the shares so repurchased shall be transferred or cancelled within 3 years.

## **Article 25**

After the Company's share repurchase plan is disclosed, it shall not be changed or terminated without sufficient justification. If it is necessary to change or terminate a share repurchase plan due to any major change in the Company's production and operation or financial status, or any objective external conditions, it shall promptly disclose the reasons for and the details of such proposed change or termination and explain the rationale, necessity, and feasibility of such change or termination as well as potential implications for the Company's ability to pay off its debts and continue operations, and for shareholders' rights and interests, and it shall submit a proposal thereof for deliberation at a



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meeting of the Board of Directors or a general meeting of shareholders in accordance with the decision making procedure for the share repurchase plan. Any shares repurchased by the listed company for the purpose of cancellation shall not be changed to any other purpose.

### **Section III Share Transfer**

#### **Article 26**

The Company's shares can be transferred according to law.

#### **Article 27**

The Company does not accept the Company's shares as the subject of any pledge.

#### **Article 28**

Any shares of the Company held by the sponsors shall not be transferred within one year from the date of incorporation of the Company. Any shares issued before the Company's public offering of shares shall not be transferred within one year from the date of the listing of the Company's shares on the stock exchange.

Any director, supervisor or member of the senior management of the Company shall report to the Company any shares he/she hold and changes in such shares, and the shares transferred each year during the term of office shall not exceed 25% of the total shares he/she holds in the Company. Any shares such director, supervisor or member of the senior management of the Company holds shall not be transferred within one year from the date of the listing of the Company's shares for trading. Any of the abovementioned persons shall not transfer the shares of the Company he/she holds within



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six months following the date when he/she leaves office.

## **Article 29**

If any director, supervisor, member of the senior management of the Company, or any shareholder holding more than 5% of the Company's shares or other equity securities sells any shares he/she holds in the Company within 6 months following his/her purchase of such shares, or purchase any shares within 6 months following his/her sale of such shares, any proceeds therefrom shall belong to the Company, and the Board of Directors of the Company shall have the right to recover such proceeds. Any securities company holding more than 5% of the Company's shares as a result of its purchase of remaining shares sold under an underwriting obligation or in other circumstances specified by the CSRC shall not be subject to the six-month time limit if it is to sell such shares.

The stocks held by directors, supervisors, senior executives, and natural person shareholders or other securities with the nature of equity mentioned in the preceding paragraph include stocks and equity securities held by their spouses, parents and children, and those held by using others' accounts. If the Board of Directors of the Company fails to comply with the requirements in the preceding paragraph, a shareholder shall have the right to request the Board of Directors to follow the requirements within 30 days. If the Board of Directors fails to do so within the aforesaid time limit, a shareholder shall have the right to file a lawsuit with the People's Court directly in his/her own name for the interests of the Company.

If the Board of Directors of the Company fails to comply with the requirements in the first paragraph, the responsible director or directors shall assume joint and several liabilities in accordance with applicable laws.



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## **Chapter IV Shareholders and General Meetings**

### **Section I Shareholders**

#### **Article 30**

The Company shall keep a register of shareholders based on the evidence provided by the securities registration agency. The shareholder register shall be sufficient evidence of the shareholders' shareholding in the Company. Any shareholder shall enjoy rights and assume obligations according to the class of shares he/she hold; shareholders that hold the same class of shares shall enjoy equal rights and assume equal obligations.

The Company shall sign a share custody agreement with the securities registration agency to regularly inquire about data concerning major shareholders as well as changes in the shareholdings of major shareholders, including any pledge of equity interest, and get updated on the Company's equity structure.

#### **Article 31**

When the Company convenes a general meeting, distributes dividends, liquidates or engages in any other activity that requires the confirmation of the identity of any shareholder, the Board of Directors or the convener of the general meeting shall determine the equity registration date, and the shareholders registered in the register after the market closing on the equity registration date shall be the shareholders that enjoys relevant rights.

#### **Article 32**



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Shareholders of the Company shall have the following rights:

- (1) the right to dividends and other profit distributions in proportion to the number of shares held;
- (2) the right to propose, convene and preside over general meetings of shareholders, to attend or appoint a proxy to attend and to exercise corresponding voting rights at general meetings of shareholders in accordance with applicable laws;
- (3) the right to supervise the Company's business operations, and to present proposals or raise enquiries;
- (4) the right to transfer, give as a gift or pledge the shares in their possession in accordance with applicable laws, administrative regulations and provisions of these Articles of Association;
- (5) the right to access these Articles of Association, the register of shareholders, corporate bond certificates; minutes of general meetings of shareholders, resolutions at meetings of the Board of Directors, resolutions at meetings of the Board of Supervisors, and financial and accounting reports;
- (6) the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held in the event of the termination or liquidation of the Company;
- (7) the right to demand the Company to acquire the shares held by them if such shareholders object to any resolution adopted at any general meeting of shareholders on the merger or division of the Company; and
- (8) other rights conferred by applicable laws, administrative regulations and these Articles of Association.

### **Article 33**



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If a shareholder requires access to any relevant information mentioned in the preceding article or request the provision of any information, such shareholder shall provide the Company with documentary evidence of the class(es) and number of shares she/she holds in the Company, in which case the Company shall provide required access or information in accordance with such shareholder's requirements after verification of the identity of such shareholder.

#### **Article 34**

If a resolution of a general meeting of shareholders or a meeting of the Board of Directors violates any law or administrative regulation, the shareholders shall have the right to petition the People's Court to render the same as invalid.

If the procedure for convening or voting at a general meeting or a meeting of the Board of Directors violates any law or administrative regulation or any provision of these Articles of Association, or if the content of a resolution violates these Articles of Association, the shareholders may petition the People's Court to rescind the resolution within 60 days from the date on which such resolution is adopted.

#### **Article 35**

In the event that a director or a member of the senior management violates laws, administrative regulations or the provisions of these Articles of Association in the performance of his/her duties and causes losses to the Company, shareholders individually or collectively holding more than 1% of the Company's shares for more than 180 consecutive days shall have the right to request the Board of Supervisors to file a lawsuit with the People's Court; in the event that the Board of Supervisors violates laws, administrative regulations or the provisions of these Articles of Association in the performance





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of its duties and causes losses to the Company, shareholders may make a written request to the Board of Directors to file a lawsuit with the People's Court.

If the Board of Supervisors or the Board of Directors refuses to initiate a lawsuit after receipt of the written request from the shareholders specified in the preceding paragraph, or fails to initiate a lawsuit within 30 days from the date of receipt of the request, or if the situation is so urgent that failure to promptly file a lawsuit can cause irreparable damage to the interests of the Company, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the People's Court in their own name for the benefit of the Company.

If any other person infringes upon the legitimate rights and interests of the Company and causes losses to the Company, the shareholders specified in the first paragraph of this article may file a lawsuit with the People's Court in accordance with the provisions of the preceding two paragraphs.

### **Article 36**

If a director or a member of the senior management violates the provisions of applicable laws, administrative regulations or these Articles of Association and damages the interests of shareholders, shareholders may file a lawsuit with the People's Court.

### **Article 37**

Shareholders of the Company shall have the following obligations:

(1) to abide by laws, administrative regulations and these Articles of Association;

(2) to pay the subscription monies based on the number of shares subscribed for and the method of subscription;



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(3) not to withdraw their shares unless required by laws and regulations;

(4) not to abuse their rights as shareholders to harm the interests of the Company or other shareholders, and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor;

If a shareholder of the Company abuses his/her rights as a shareholder and thereby causes losses to the Company or any other shareholder, such shareholder shall be liable for the damages in accordance with applicable law;

If a shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders for the purposes of avoiding debts and thereby results in material damage to the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company; and

(5) to assume other obligations as required by laws, administrative regulations and these Articles of Association.

### **Article 38**

If any shareholder holding more than 5% of the Company's voting shares pledges its shares, it shall make a written report to the Company on the day when the pledge occurs.

### **Article 39**

The controlling shareholder of the Company, and persons that exercise effective control over the Company shall not take advantage of their affiliated relationship with the Company to act in detriment to the interests of the Company. If they have violated the aforesaid provision and caused damage to



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the Company, they shall be liable for the damages.

The controlling shareholder and persons that exercise effective control over the Company shall have a fiduciary duty towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as an investor in strict compliance with applicable law. The controlling shareholder shall not adversely affect the legal interests of the Company and its public shareholders through forms such as profit distribution, asset restructuring, external investment, use of capital, and loan guarantees and shall not use its controlling power against the interests of the Company and its public shareholders.

## **Section II General Rules for General Meetings of Shareholders**

### **Article 40**

The general meeting of shareholders is the Company's power organ, and shall exercise the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and supervisors that are not appointed from employee representatives and decide on matters relating to their remunerations;
- (3) to deliberate and approve the reports of the Board of Directors;
- (4) to deliberate and approve the reports of the Board of Supervisors;
- (5) to deliberate and approve proposed annual financial budgets and final accounts of the Company;
- (6) to deliberate and approve profit distribution plans and loss recovery plans of the Company;



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- (7) to pass resolutions concerning the increase or reduction of the Company's registered capital;
- (8) to pass resolutions concerning issuance of corporate bonds;
- (9) to pass resolutions concerning merger, division, dissolution, liquidation, or change of the form of the Company;
- (10) to revise these Articles of Association;
- (11) to pass resolutions concerning appointment and dismissal of the accounting firm for the Company;
- (12) to deliberate and approve the guarantees stipulated in Article 41;
- (13) to deliberate matters related to the Company's significant acquisition or disposal of material assets with a value exceeding 30% of the latest audited total assets of the Company during the year;
- (14) to deliberate and approve changes in the use of proceeds;
- (15) to deliberate and approve share incentive schemes; and
- (16) to deliberate other matters that, according to laws, administrative regulations, departmental rules and these Articles of Association, should be decided on at general meetings of shareholders.

The above functions and powers of the general meeting of shareholders shall not be exercised by the Board of Directors or any other institution or individual in the form of authorization.

#### **Article 41**

Any of the following external guarantees of the Company shall be subject to review and approval at shareholders' meeting:



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- (1) any guarantee provided following the date when the total amount of external guarantees provided by the Company and its controlling subsidiaries accounts for or exceeds 50% of the latest audited net assets;
- (2) any guarantee provided following the date when the total amount of external guarantees provided by the Company accounts for or exceeds 30% of the latest audited total assets;
- (3) any guarantee provided to guarantee any person whose asset-liability ratio exceeds 70%;
- (4) any single guarantee with an amount exceeding 10% of the latest audited net assets;
- (5) any guarantee provided to shareholders, actual controllers and their related parties.

#### **Article 42**

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once a year and shall be held within 6 months following the conclusion of the previous fiscal year.

#### **Article 43**

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following events:

- (1) where the number of directors is less than 6;
- (2) where the Company's unrecovered losses amount to 1/3 of the total paid-up capital;
- (3) where shareholders who individually or collectively hold more than 10% of the Company's shares makes a request for an extraordinary general meeting to be convened;



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(4) where the Board of Directors deems it necessary;

(5) where it is proposed to be convened by the Board of Supervisors;

(6) where there is any other circumstance stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

#### **Article 44**

Any general meeting of the Company shall be convened at the Company's domicile or the address specified in the notice of the convening of such general meeting.

There shall be a specific venue set up for any general meeting. The Company shall, pursuant to applicable laws, administrative regulations, and the requirements of securities regulators, also make it convenient for shareholders to attend general meetings through various other means, including providing internet access or any other means approved by regulators. Any shareholder attending any general meeting in any of the abovementioned forms shall be deemed to be present at such meeting.

#### **Article 45**

Where the Company holds a general meeting, it shall hire a lawyer to issue legal opinions and make a public announcement as to:

(1) whether the summoning and the convening procedure of the meeting are in compliance with laws, administrative regulations and these Articles of Association;

(2) whether the qualifications of the attendees and the convener are legal and valid;

(3) whether the voting procedures and the voting results of the meeting are legal and valid;



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(4) legal opinions on other related issues as requested by the Company.

### **Section III Summoning of General Meetings of Shareholders**

#### **Article 46**

Independent directors shall be entitled to propose the convening of any extraordinary general meeting of shareholders to the Board of Directors. The Board of Directors shall, in accordance with provisions of laws, administrative regulations and these Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of such extraordinary general meeting within ten days following receipt of such proposal from the independent director.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of such general meeting shall be issued within five days following the adoption of the relevant board resolution. In the event that the Board of Directors does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given by way of a public announcement.

#### **Article 47**

The Board of Supervisors shall be entitled to propose the convening of any extraordinary general meeting of shareholders to the Board of Directors, provided that such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with provisions of applicable laws, administrative regulations and these Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of such extraordinary general meeting within ten days following receipt of such proposal of the same.



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If the Board of Directors agrees to convene an extraordinary general meeting, a notice of such general meeting shall be issued within five days following the passing of the resolution thereof by the Board of Directors. Any change to the original proposal that is made in the notice shall not be valid unless with a prior consent of the Board of Supervisors.

If the Board of Directors does not agree to convene an extraordinary general meeting or fails to furnish a reply within ten days following receipt of such proposal, the Board of Directors shall be deemed as incapable of performing or failing to perform the duty of convening general meetings, in which case the Board of Supervisors may convene and preside over such meeting on an unilateral basis.

#### **Article 48**

Shareholders alone or in aggregate holding 10% or more of the Company's shares shall be entitled to request the Board of Directors to convene any extraordinary general meeting of shareholders, provided that such request shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with provisions of applicable laws, administrative regulations and these Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of such extraordinary general meeting within ten days following receipt of such request of the same.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice of such general meeting shall be issued within five days following the passing of the resolution thereof by the Board of Directors. Any change to the original proposal that is made in the notice shall not be valid unless with a prior consent of the shareholders requesting the convening of such general meeting.

If the Board of Directors does not agree to convene an extraordinary general meeting or fails to





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furnish a reply within ten days following receipt of such request, the shareholders alone or in aggregate holding 10% or more of the Company's shares shall be entitled to propose the convening of such extraordinary general meeting of shareholders to the Board of Supervisors, provided that such proposal shall be made in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene such extraordinary general meeting, a notice of such general meeting shall be issued within five days following receipt of the proposal. Any change to the original proposal that is made in the notice shall not be valid unless with a prior consent of the shareholders requesting the convening of such general meeting.

If the Board of Supervisors fails to issue a notice of such general meeting within the specified time limit, the Board of Supervisors shall be deemed as failing to convene and preside over such general meeting, and shareholders alone or in aggregate holding 10% or more of the Company's shares for ninety consecutive days or more shall be entitled to convene and preside over such meeting on an unilateral basis.

#### **Article 49**

If the Board of Supervisors or the shareholders determine to convene a general meeting of shareholders on their own, they shall give a written notice thereof to the Board of Directors and file the same with the local CSRC office at the place where the Company is located and the stock exchange for records. The shareholding proportion of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting.

The convening shareholder shall submit relevant documentary evidence to the local CSRC office at the place where the Company is located and the stock exchange upon the issuance of the notice of



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the general meeting and the announcement of the resolutions of the general meeting.

#### **Article 50**

The Board of Directors and the secretary to the Board of Directors shall cooperate with respect to matters relating to any general meeting of shareholders convened by the Board of Supervisors or the shareholders at their own discretion. The Board of Directors shall provide the shareholder register as of the date of record.

#### **Article 51**

If a general meeting of shareholders is convened by the Board of Supervisors or the shareholders, all necessary expenses arising therefrom shall be borne by the Company.

### **Section IV Motions at and Notices of General Meetings of Shareholders**

#### **Article 52**

The content of any motion proposed shall fall within the scope of power of the general meeting of shareholders, which shall have a clear subject for discussion and specific issues for resolution and shall be in compliance with applicable laws, administrative regulations and these Articles of Association.

#### **Article 53**

Wherever the Company convenes a general meeting of shareholders, the Board of Directors, the Board of Supervisors and shareholder(s) alone or in aggregate holding 3% or more of the Company's shares shall have the right to propose motions to the Company.



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Shareholders alone or in aggregate holding 3% or more of the Company's shares shall have the right to propose an *ex tempore* motion ten days prior to a general meeting by furnishing the same to the summoner in writing. The summoner shall issue a supplementary notice of the general meeting within two days following receipt of the proposed motion to make public the contents of the *ex tempore* motion.

Except for the circumstances specified in the preceding paragraph, the summoner shall not amend any motions already stated in the notice of a general meeting or add any new motions after the notice has been issued.

No voting or resolution shall be effected or adopted at a general meeting for motions that have not been stated in the notice of the general meeting or that do not comply with Article 52 of these Articles of Association.

#### **Article 54**

The summoner shall notify the shareholders in the form of a public announcement 20 days prior to an annual general meeting, and notify the shareholders in the form of a public announcement 15 days prior to an extraordinary general meeting.

When calculating the period, the Company shall not include the day when the meeting is held.

#### **Article 55**

A notice of any general meeting of shareholders shall include the following:

- (1) the time, place and duration of the meeting;
- (2) matters and motions submitted to the meeting for deliberation;



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(3) a clear statement that all shareholders shall have the right to attend the general meeting of shareholders in person or authorize in writing a proxy that is not necessarily a shareholder of the Company, to attend the meeting and participate in voting;

(4) the date(s) of record for the shareholders entitled to attend the general meeting of shareholders;  
and

(5) name(s) and telephone number(s) of the contact person(s) for the meeting.

The notice of the general meeting of shareholders and any supplementary notice shall fully and completely disclose all the specific contents of all motions. If any matter to be discussed requires independent directors to express their opinions, the opinions and reasons from the independent directors shall be disclosed at the same time when the notice of the general meeting of shareholders or the supplementary notice is issued.

If the general meeting of shareholders is held online or in any other form, the notice of the general meeting of shareholders shall clearly specify the voting time and procedure for such online or other form. The starting time for the online or other form of a general meeting of shareholders shall not be earlier than 3:00 p.m. on the day before the on-site general meeting is convened or later than 9:30 a.m. on the day of the on-site general meeting, and its ending time shall not be earlier than 3:00 p.m. on the day of the on-site general meeting.

The notice of any general meeting of shareholders shall confirm the date of record. The interval between the date of record for any general meeting of shareholders and the convening date of such general meeting shall not be more than 7 working days. Once the date of record is confirmed, it shall not be changed.



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## **Article 56**

If matters relating to the election of directors and supervisors are proposed to be discussed at a general meeting of shareholders, detailed information concerning the candidates for directors and supervisors shall be fully disclosed in the notice of the shareholder's general meeting, which shall at least include the following:

- (1) personal information such as educational background, working experience and all other positions undertaken on a part-time basis;
- (2) whether or not such candidates are in connection with the Company or its controlling shareholders or persons that exercise effective control over the Company;
- (3) disclosure of their shareholdings in the Company; and
- (4) whether or not they have been subject to any punishment by the CSRC or other relevant department or to any sanction by any stock exchange.

In addition to the adoption of a cumulative voting system for election of directors and supervisors, motions relating to each of the candidates for directors and supervisors shall be proposed on an individual basis.

## **Article 57**

Upon the issuance of the notice of a general meeting of shareholders, the general meeting shall neither be delayed nor cancelled without proper reasons. Motions listed in such notice shall not be revoked. Once the general meeting is delayed or cancelled, the summoner shall make a public announcement stating the reasons therefor at least two working days prior to the date originally



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scheduled for convening the meeting.

## **Section V Convening of General Meetings of Shareholders**

### **Article 58**

The Board of Directors of the Company together with other summoners of a general meeting of shareholders shall adopt necessary measures to maintain the normal order of the general meeting of shareholders. Measures shall also be adopted to stop any acts from interfering with the general meeting, creating quarrels and nuisance as well as infringing the lawful interests of the shareholders while a timely report of the same shall also be made to the relevant authority for investigation.

### **Article 59**

All shareholder registered in the register as of the date of record and their proxies shall have the right to attend any general meeting of shareholders, and shall be entitled to exercise voting rights in accordance with applicable laws, regulations and these Articles of Association.

Shareholders may attend a general meeting of shareholders in person, or they may appoint a proxy to attend and vote at such general meeting on their behalf.

### **Article 60**

If an individual shareholder attends a general meeting in person, such shareholder shall present his/her identity card or any other valid certificate or evidence or stock account card that can be used to substantiate his/her identity. If it attends a general meeting by proxy, such proxy shall present his/her valid identity card and the power of attorney issued by the shareholder.



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With respect to a legal person shareholder, its legal representative or a proxy appointed by the legal representative shall attend the meeting. If the legal representative attends the meeting, he/she shall present his/her own identity card, valid proof of his qualification as the legal representative and documentary evidence of his/her shareholding. If it attends the meeting by proxy, such proxy shall present his/her own identity card and a written power of attorney issued in accordance with applicable law by the legal representative of the legal person shareholder.

#### **Article 61**

Any power of attorney issued by a shareholder to authorize any other person to attend any general meeting shall specify the following:

- (1) the name of the proxy;
- (2) whether or not the proxy has the right to vote;
- (3) respective instructions on voting in favor of or against or abstention from voting in respect of each item listed on the agenda of the general meeting of shareholders;
- (4) the issue date and valid term of the power of attorney; and
- (5) the signature (or seal) of the person appointing the proxy. If the proxy is a legal person shareholder, the power of attorney shall be affixed with the legal person seal.

#### **Article 62**

The power of attorney should indicate whether or not the proxy may vote at his/her own discretion in the absence of any specific instruction from the shareholder.

#### **Article 63**



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If the power of attorney for voting is signed by a person authorized by the appointor, the power of attorney or other document of authorization for signing shall be notarized. The notarized power of attorney or other document of authorization for signing shall be deposited, together with the power of attorney appointing the voting proxy, at the place of domicile of the Company or at such other place as specified for that purpose in the notice of the general meeting.

If the appointor is a legal person, its legal representative or any person authorized by a resolution of its board of directors or other decision-making body shall attend any general meeting as the proxy of the appointor.

#### **Article 64**

The attendance register listing the attendees of any general meeting shall be prepared by the Company, in which particulars relating to the members (or organizations) attending such meeting shall be specified, including their names, ID numbers, places of domicile, numbers of shares held or numbers of voting shares, and names of the appointors (or organizations).

#### **Article 65**

The summoner(s) and the lawyer hired by the Company shall jointly verify the legitimacy of shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing institution, and register the names of shareholders and numbers of voting shares they hold. The registration of the meeting shall be terminated before the chair of the meeting announces the number of shareholders and proxies present at the meeting and the total number of voting shares held.

#### **Article 66**





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When a general meeting of shareholders is convened, all directors, supervisors and the secretary to the Board of Directors of the Company shall attend the meeting in person while the general manager and other members of the senior management shall sit in on the meeting.

#### **Article 67**

Any general meeting of shareholders shall be chaired by the chairman of the Board of Directors. If the chairman is unable to or fails to perform his/her duties to chair a general meeting, such general meeting shall be chaired by the vice chairman, or the vice chairman nominated by more than half of the directors if there are two or more vice chairmen in the Company. If the vice chairman is unable to or fails to perform his/her duties to chair the general meeting, a director nominated by more than half of the directors shall chair such meeting.

Where a general meeting is convened by the Board of Supervisors at its own discretion, the general meeting shall be chaired by the chairman of the Board of Supervisors. In the event that the chairman of the Board of Supervisors is unable to or fails to perform his/her duties, the meeting shall be chaired by the vice chairman of the Board of Supervisors. In the event that the vice chairman of the Board of Supervisors is unable to or fails to perform his/her duties, the meeting shall be chaired by a supervisor nominated by more than half of the supervisors.

Where a general meeting is convened by shareholders at their own discretion, the meeting shall be chaired by a representative nominated by the summoner(s).

#### **Article 68**

In the event that a general meeting cannot proceed as a result of a violation of the procedural rules by the chair of the meeting during the general meeting, another person may be nominated to preside



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over the meeting upon the approval of shareholders present at the meeting entitled to more than half of the voting rights.

#### **Article 69**

The Company shall formulate procedural rules for any general meeting of shareholders, detailing the procedures for convening of and voting at such general meeting, which shall include notification, registration, motion deliberation, voting, vote counting, announcement of voting results, adoption of resolutions, meeting minutes and signing thereof, and public announcement, and it shall specify the principles for such general meeting to authorize the Board of Directors and the specific contents of any such authorization. The procedural rules for general meetings of shareholders, attached hereto as an appendix, shall be prepared by the Board of Directors and approved at a general meeting.

#### **Article 70**

At an annual general meeting of shareholders, the Board of Directors and the Board of Supervisors shall deliver their respective working reports for the previous year. Each of the independent directors shall also deliver their respective working report.

#### **Article 71**

Directors, supervisors and members of the senior management present at a general meeting of shareholders shall provide explanations in connection with any query or suggestion from any shareholder.

#### **Article 72**

The chair of a general meeting shall, prior to voting, declare the number of shareholders and proxies



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present at the meeting as well as the total number of voting shares they hold. The number of shareholders and proxies present at a meeting as well as the total number of voting shares they hold shall be subject to those recorded during the meeting.

### **Article 73**

A general meeting of shareholders shall have minutes which shall be prepared by the secretary to the Board of Directors. The minutes of a general meeting of shareholders shall contain the following:

- (1) the time, venue and agenda for the meeting and the name(s) of the summoner(s) of the meeting;
- (2) the name of the chair of the meeting as well as the names of the directors, supervisors, general manager and other members of the senior management who attend the meeting as voting and non-voting attendees;
- (3) the number of shareholders and proxies attending the meeting, the proportion of the number of voting shares represented by them out of the total number of shares of the Company;
- (4) the process of deliberation of each motion, the main points put forward by each speaker relating thereto and the voting results thereof;
- (5) details of queries and suggestions from the shareholders and the corresponding responses or explanations in relation thereto;
- (6) the names of the legal adviser(s) and the persons responsible for counting the votes and for supervising the vote counting process; and
- (7) other contents deemed as necessary by the general meeting to be included in the meeting minutes or provided for in these Articles of Association.



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#### **Article 74**

The summoner(s) shall ensure that the content of the minutes shall be true, accurate and complete. The directors, supervisors, secretary to the Board of Directors, summoner(s) or representative(s) thereof, and the chair of the meeting shall sign their names on the minutes. The minutes shall, together with the register of the shareholders present at the meeting in person, powers of attorney appointing proxies, and valid documentation of voting procedures online or in any other form, be kept for a period of not less than ten (10) years.

#### **Article 75**

The summoner(s) shall ensure that a general meeting of shareholders is held on a continuous basis until the final resolution is adopted. If a general meeting is suspended or no resolution can be adopted due to any force majeure event or any other special reason, necessary measures shall be adopted so as to promptly resume the general meeting or to directly terminate the general meeting, and a public announcement relating thereto shall also be made in a timely manner.

At the same time, the summoner(s) shall make a report thereof to the local CSRC office at the place where the Company is located and the stock exchange.

### **Section VI Voting and Resolutions at General Meetings of Shareholders**

#### **Article 76**

Resolutions at a general meeting of shareholders shall be divided into ordinary resolutions and special resolutions.



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Any ordinary resolution at any general meeting of shareholders shall be passed by votes representing not less than one-half of the voting rights represented by the shareholders, including proxies, that attend the meeting.

Any special resolution at any general meeting of shareholders shall be passed by votes representing not less than two-thirds of the voting rights represented by the shareholders, including proxies, that attend the meeting.

#### **Article 77**

The following matters shall be decided on in the form of an ordinary resolution at a general meeting of shareholders:

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) profit distribution plans and loss recovery plans prepared by the Board of Directors;
- (3) appointment and removal of members of the Board of Directors and the Board of Supervisors, as well as their remunerations and methods of payment;
- (4) annual budget and final accounts of the Company;
- (5) annual reports of the Company; and
- (6) matters other than those required by laws and administrative regulations or these Articles of Association to be decided on in the form of a special resolution.

#### **Article 78**

The following matters shall be decided on in the form of a special resolution at a general meeting of



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shareholders:

- (1) an increase or reduction of the registered capital of the Company;
- (2) any division, merger, dissolution and liquidation of the Company;
- (3) any amendment to these Articles of Association;
- (4) any acquisition or disposition of any material asset, or any provision of any guarantee, by the Company within one year that is in excess of 30% of the latest audited total assets of the Company;
- (5) any share incentive scheme;
- (6) any repurchase of the Company's shares as stipulated in (1) and (2) of the first paragraph of Article 22 of these Articles of Association;
- (7) any adjustment of the profit distribution policy; and
- (8) any other matter that is provided by applicable laws, administrative regulations or these Articles of Association or that, if resolved by way of an ordinary resolution of a general meeting, may have a material impact on the Company and is thus required to be decided on by a special resolution.

#### **Article 79**

Shareholders, including proxies, shall exercise their voting rights based on the number of voting shares they represent, and each share shall carry one vote.

If any major issue affecting the interests of minority shareholders is deliberated at a general meeting of shareholders, the votes by minority shareholders shall be counted separately. The results of the votes separately counted shall be disclosed in a timely manner.



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The shares of the Company held by the Company shall have no voting rights, and these shares shall not be included in the total number of voting shares represented by those attending the general meeting of shareholders.

The Board of Directors, independent directors, shareholders holding more than 1% of voting shares, or investor protection institutions established in accordance with laws, administrative regulations, and the provisions of the CSRC may act as collectors, or request the permission of the shareholders to entrust securities companies or securities service institutions to attend the general meeting of shareholders and exercise the proposal rights and voting rights on their behalf.

#### **Article 80**

In the course of deliberating any matter relating to any connected transaction at a general meeting of shareholders, any connected shareholder shall abstain from voting. The voting rights represented by the number of shares held by such shareholder shall be excluded from the total number of valid votes. The voting result of non-connected shareholders shall be fully disclosed in the public announcement of the resolutions of the general meeting.

In deliberating any matter relating to any connected transaction, the procedure for any connected shareholder to abstain and vote shall be as follows:

(1) If a matter deliberated at a general meeting of shareholders is related to a shareholder, the shareholder shall disclose its connection to the matter to the Board of Directors of the Company before the date of the general meeting;



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(2) When a matter relating to any connected transaction is deliberated at a general meeting of shareholders, the chair of the meeting shall announce connected shareholders, and describe and explain the relationship of such connected shareholders to the matter of such connected transaction.

(3) If the chair of the meeting announces that connected shareholders shall abstain from voting, non-connected shareholders shall deliberate and vote on matters of such connected transaction;

(4) Any resolution concerning matters of such connected transaction shall be subject to adoption by non-connected shareholders representing more than half of the voting shares;

(5) If, in deliberating any matter concerning any connected transaction, any connected shareholder fails to disclose his/her connected relationship or abstain from voting in accordance with the abovementioned procedure, all resolutions related to such matter shall be invalidated and a new vote shall be taken.

#### **Article 81**

Except for special circumstances such as the Company's being in a crisis, and unless approved in the form of a special resolution adopted at a general meeting of shareholders, the Company shall not enter into a contract with any person other than the directors, general manager and other members of the senior management to entrust such person with the management of all or major businesses of the Company.

#### **Article 82**

The list of candidates for directors or supervisors shall be submitted to the general meeting of shareholders in the form of a motion for voting.





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## Method and Procedure for the Nomination of Directors and Supervisors

### (1) Method and Procedure for the Nomination of Non-independent Directors:

Candidates for directors may be nominated by the Board of Directors, or shareholders individually or jointly holding more than 3% of the Company's shares already issued, and before the nomination, a prior consent from the nominee shall be obtained, and detailed information of the candidate shall be announced. Before the date of the general meeting, the candidate shall make a written statement that he/she agrees to accept the nomination, that the information disclosed to the public about the nominee is true and complete, and that he/she guarantees to effectively perform his/her duties as a director after he/she is elected.

### (2) Method and Procedure for the Nomination of Independent Directors:

Candidates for independent directors may be nominated by the Board of Directors, the Board of Supervisors or shareholders individually or jointly holding more than 1% of the Company's shares already issued, and shall be subject to election at general meetings of shareholders. Before the nomination, the nominator shall obtain a prior consent from the person nominated for an independent director, and announce detailed information of the candidate. The nominator shall have a full understanding of the nominee's profession, educational background, title, detailed working experience and all other positions undertaken on a part-time basis and shall also be responsible for providing his/her opinion(s) in connection with the qualifications and independence of such nominee acting as an independent director. The nominee shall make a public statement that there does not exist any relationship between himself/herself and the Company that may influence his/her independent and objective judgement. The Board of Directors of the Company shall disclose such content set forth above prior to the general meeting



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for election of independent directors.

### (3) Method and Procedure for the Nomination of Supervisors:

Candidates for supervisors may be nominated by the Board of Directors or shareholders individually or jointly holding more than 3% of the Company's shares already issued. Before the nomination, the nominator shall obtain a prior consent from the person nominated for a supervisor, and announce detailed information of the candidate. Before the date of the general meeting, the candidate shall make a written statement that he/she agrees to accept the nomination, that the information disclosed to the public about the nominee is true and complete, and that he/she guarantees to effectively perform his/her duties as a supervisor after he/she is elected. If the position of a supervisor shall be assumed by an employee representative, the nomination shall be made at a meeting of employee representatives of the Company, and the supervisor shall be elected by employees in a democratic manner.

For each candidate for the position of a director or supervisor, a separate motion shall be proposed.

### **Article 83**

During the election of directors and supervisors at a general meeting of shareholders, the cumulative voting system may be adopted in accordance with the provisions of these Articles of Association or a resolution at the general meeting of shareholders. In particular, if a single shareholder and parties acting in concert with such shareholder own interest in 30% or more of the shares of the Company, the cumulative voting system shall be implemented during the election of directors and supervisors at a general meeting of shareholders.

The cumulative voting system referred to in the preceding paragraph means that when electing



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directors or supervisors at a general meeting of shareholders, each voting share shall have the same number of voting rights as that of the directors or supervisors to be elected, and that the voting rights owned by shareholders can be used all together. The Board of Directors shall explain to the shareholders the resume and basic information of the director or supervisor candidate.

Under the cumulative voting system, independent directors shall be elected in separation from other members of the Board of Directors.

#### **Article 84**

In addition to the adoption of the cumulative voting system, voting for all motions proposed to a general meeting of shareholders shall be conducted on an item-by-item basis. If different motions have been proposed for the same matter, voting related thereto shall be conducted based on the chronological order of the motions proposed. Unless a general meeting is suspended or no resolution can be adopted due to force majeure or other special reasons, no motion shall be set aside or rejected for voting at the general meeting.

#### **Article 85**

When a motion is deliberated at a general meeting of shareholders, no change shall be made thereto, or any relevant change made thereto shall be treated as a new motion which cannot be voted on at the very general meeting.

#### **Article 86**

The same right to vote can only be exercised by electing to vote at the scene, via the Internet or otherwise. If the same right to vote has been exercised more than once, the result of the first voting shall prevail.



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#### **Article 87**

Voting by open ballot shall be adopted for general meetings of shareholders.

#### **Article 88**

Before voting on motions at a general meeting of shareholders, two shareholder representatives shall be elected to be responsible for counting and monitoring votes. If any matter under deliberation has a stake with any shareholder, such shareholder and his/her proxy shall not participate in the counting and monitoring of votes.

When voting on motions at a general meeting of shareholders, the lawyer(s), shareholder representatives and supervisor representatives shall be jointly responsible for counting and monitoring the votes, and shall announce the voting results on the spot, and the voting results shall be recorded in the meeting minutes.

Shareholders or their proxies who vote via the Internet or through any other method shall have the right to check their voting results through the corresponding voting system.

#### **Article 89**

The on-site closing time of a general meeting of shareholders shall not be earlier than the closing time of voting on the Internet or in any other form. The chair of the meeting shall announce the voting status and result of each motion, and shall declare whether the motion is approved or not based on the voting result.

Prior to the official announcement of the voting results, the Company, and the relevant parties such as the persons counting and monitoring votes at the site of the general meeting of shareholders,



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online or in any other form, major shareholders, and the network service provider shall be responsible for keeping confidential the voting information.

#### **Article 90**

Shareholders attending a general meeting of shareholders shall express their opinion with respect to any motion proposed for resolution as in favor of, against or abstention from voting in respect of such motion, except for declarations made in accordance with the intentions of the actual holders by the securities registration and settlement institution, as the nominal holder of the shares under the Shanghai-Hong Kong Stock Connect program.

Ballot papers that are left in blank, unduly completed or illegible, or that have not been used, shall be treated in the way that the voters have waived their right to vote and the voting results corresponding to the shares in their possession shall be treated as “abstention from voting”.

#### **Article 91**

In the event that the chair of the meeting has any doubt as to the results of any motion submitted for voting, he/she may count the votes. In the event that that the chair of the meeting fails to count the votes and any shareholder or proxy objects to the results announced by the chair of the meeting, such shareholder or proxy shall be entitled to request the counting of the votes immediately after the announcement and the chair of the meeting shall count the votes immediately upon such request.

#### **Article 92**

A public announcement in respect of the resolutions adopted at a general meeting of shareholders shall be made in a timely manner, which shall specify the number of shareholders and proxies attending the meeting, the total number of voting shares in their possession and the proportion of



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the number of voting shares represented by them out of the total number of the shares of the Company, method of voting, voting result for each motion and particulars of each resolution adopted.

#### **Article 93**

If a motion is not adopted, or if a resolution adopted at the previous general meeting of shareholders is changed by the then general meeting, a special reminder in connection therewith shall be contained in the public announcement of the resolutions adopted at the general meeting.

#### **Article 94**

If a motion relating to election of a director or supervisor is adopted at a general meeting of shareholders, the term of office for such newly elected director or supervisor shall be commenced from the date of adoption of the resolution at the general meeting.

#### **Article 95**

If a motion in respect of the distribution of cash or bonus shares, or in connection with capital increase by conversion from capital reserves, is adopted at a general meeting of shareholders, the Company shall implement a specific scheme relating thereto within 2 months following the conclusion of the general meeting.

## **Chapter V Board of Directors**

### **Section I Directors**

#### **Article 96**

Directors of the Company shall be natural persons, and a person shall not be a director of the



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Company if:

- (1) such person has no or limited capacity for civil conduct;
  - (2) such person has been sentenced for any crime for corruption, bribery, encroachment or embezzlement of property, or disruption of the socialist economic order, and five years have not lapsed following the serving of such sentence, or such person has been deprived of political rights due to a crime, and five years have not lapsed following the serving of the sentence;
  - (3) such person, as a director or factory director or manager of any other company or enterprise that is bankrupt or liquidated, bears a personal liability for the bankruptcy or liquidation of such other company or enterprise, and three years have not lapsed following the date of completion of such bankruptcy or liquidation;
  - (4) such person, as the legal representative of a company or enterprise whose business license has been revoked or closure has been ordered for breaking the law, bears a personal liability therefor, and three years have not lapsed following the date of revocation of such business license;
  - (5) such person has relatively heavy individual debts that have not been settled upon maturity;
  - (6) such person is currently banned from the market by the CSRC for a term that has not expired yet;
- or
- (7) there's any other circumstance stipulated by laws, administrative regulations or departmental rules.

If a director is elected or appointed in violation of this Article, such election, appointment or employment shall be invalid. A director shall be removed by the Company if such director is found to



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be in any of the circumstances specified in this Article during the term of office of such director.

#### **Article 97**

Directors shall be elected or replaced at shareholders' general meetings, and the term of office of each director shall be three years, upon the expiration of which a director may be re-elected. Before the expiration of the term of office of a director, no shareholders' general meeting shall dismiss such director without reasons.

The term of office of a director shall commence from the date on which such director assumes the office and end on the date when the term of office expires. If a re-election is not held in time upon the expiration of the term of office of a director, such director shall continue to perform its duties and responsibilities in accordance with applicable laws, administrative regulations, departmental regulations and these Articles of Association before a new director takes office.

The Company does not have any employee directors. Directors may be concurrently be the general manager or any other member of the senior management, but the total number of directors that are concurrently the general manager or any other member of the senior management shall not exceed 1/2 of the total number of directors of the Company.

#### **Article 98**

Directors shall abide by applicable laws, administrative regulations and these Articles of Association, and shall have the following duties of loyalty to the Company:

(1) not to use their functions and powers as a means to accept bribes or other forms of illegal proceeds, and shall not illegally appropriate the properties of the Company;





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(2) not to embezzle any fund of the Company;

(3) not to deposit any property or fund of the Company in any account opened in his/her own or in any other person's name;

(4) not to lend any fund of the Company to any other person, and not to use any property of the Company to provide security interest for any debt of any other person in breach of any provision of these Articles of Association and without the consent of a shareholders' general meeting or the Board of Directors;

(5) not to violate the provisions of these Articles of Association or enter into a contract or conduct a transaction with the Company without the consent of a shareholders' general meeting;

(6) not to use their functions to seek for themselves or any other person any business opportunity that should belong to the Company unless with the consent of a shareholders' general meeting, and not to operate for themselves or for any other person any business that is similar to that of the Company;

(7) not to accept any commissions of any transactions with the Company as their own;

(8) not to disclose any secret of the Company without authorization;

(9) not to use its relationship as a related party to impair the interests of the Company;

(10) not to violate any other duty of loyalty stipulated by laws, administrative regulations, departmental rules and these Articles of Association.

Any income of any director that is obtained in violation of any provision of this article shall belong to the Company, and any director causing any losses to the Company shall be liable for the losses.



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## **Article 99**

Directors shall abide by applicable laws, administrative regulations and these Articles of Association, and shall have the following duties of diligence to the Company:

- (1) to exercise the rights conferred by the Company in a cautious, earnest and diligent manner to ensure that the Company's business practices comply with the requirements of national laws, administrative regulations and national economic policies, and that the Company's business activities do not exceed the scope of business specified in the business license;
- (2) to treat all shareholders fairly;
- (3) to gain knowledge of the Company's business operation and management in a timely manner;
- (4) to sign to confirm in writing the Company's periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to truthfully provide relevant information and materials to the Board of Supervisors, and not to hinder the exercise of the powers of the Board of Supervisors or supervisors;
- (6) to perform other diligence obligations provided by laws, administrative regulations, departmental rules and these Articles of Association.

## **Article 100**

Any director's failure to attend two consecutive meetings of the Board of Directors in person or by proxy shall be deemed as such director's inability to perform his/her duties, in which case the Board of Directors shall recommend removal of such director by a shareholders' general meeting.

## **Article 101**



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Any director may submit a resignation before his/her term of office expires. A director resigning shall submit a written resignation report to the Board of Directors, in which case the Board of Directors shall disclose relevant information within 2 days.

If the total number of directors of the Company is less than the statutory quorum due to the resignation of any director, such director shall continue to perform the duties as a director in accordance with applicable laws, administrative regulations, departmental regulations and these Articles of Association before a new director takes office.

Except for the circumstances specified in the preceding paragraph, the resignation of a director shall take effect when the resignation report is served on the Board of Directors.

#### **Article 102**

Upon the effectiveness of the resignation of a director, or upon the expiration of the term of office of such director, such director shall complete all handover procedures with the Board of Directors, provided that his/her duties of loyalty to the Company and its shareholders shall not be released upon the conclusion of the term of office and shall remain valid for a reasonable period of time as stipulated in these Articles of Association.

The period for a director whose resignation has taken effect or term of office has expired to perform the duties of loyalty shall be six months following the date when such resignation takes effect or term of office expires.

#### **Article 103**

No director may act on behalf of the Company or the Board of Directors in his personal name unless provided by the provisions of these Articles of Association or lawfully authorized by the Board of



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Directors. Any director acting in his personal name shall declare his position and identity in advance if a third party would reasonably believe that such director is acting on behalf of the Company or the Board of Directors.

#### **Article 104**

Any director incurring any losses to the Company as a result of his/her violation of applicable laws, administrative regulations, departmental rules or these Articles of Association in performing the duties to the Company shall be liable for indemnification.

#### **Article 105**

Independent directors shall be in accordance with applicable provisions of laws, administrative regulations and department rules.

### **Section II Board of Directors**

#### **Article 106**

The Company shall have a board of directors, which is responsible to the general meetings of the shareholders.

#### **Article 107**

The Board of Directors shall consist of nine directors, three of which are independent directors.

#### **Article 108**

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



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- (1) to be responsible for convening shareholders meetings and presenting reports to the shareholders' meeting;
- (2) to implement resolutions of the shareholders' meeting;
- (3) to consider and determine the Company's business plans and investment plans;
- (4) to prepare the Company's annual financial budget plans and final accounting plans;
- (5) to prepare profit distribution plans for the Company and plans for making up any losses suffered by the Company;
- (6) to prepare plans for increasing or reducing the Company's registered capital, for issuing of corporate bonds or any other bonds and for listing;
- (7) to formulate plans for significant acquisitions, repurchase of shares of the Company for conditions stipulated in (1) and (2), Paragraph 1 of Article 22 or mergers, divisions, dissolutions and changes of corporate form;
- (8) to determine the matters related to repurchased shares of the Company for conditions stipulated in (3), (5) and (6) in Paragraph 1 of Article 22 and related to refinancing for raising the repurchasing funds;
- (9) to determine, within the authorized scope of the general meeting of shareholders, the matters related to the Company's foreign investment, purchase and sale of assets, pledge of assets, external security, entrusted finance management and related party transaction, etc.;
- (10) to determine the Company's internal management structure;
- (11) to determine the appointment or removal of the Company's general manager and the secretary of the board; and upon the general manager's recommendation, determine the appointment or removal of the senior managers of the Company, including the deputy general manager of the Company and the financial administrator, etc. and their remuneration, rewards and punishments;



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(12) to formulate the Company's basic management systems;

(13) to formulate the modifications of these articles of association;

(14) to manage the disclosure of the Company's information;

(15) to require the general meeting of the shareholders to hire or change the accounting firm auditing the Company;

(16) to listen to the work report of the general manager of the Company and to examine the work of the general manager;

(17) other rights entrusted to them by laws, administrative regulations or these articles.

Item (18) mentioned above shall pass the resolution on a board meeting presented by over two thirds of the directors.

Any matters that exceed the authorized scope of the general meeting of shareholders shall be examined and discussed on the general meeting of shareholders.

#### **Article 109**

The Board of Directors shall make an explanation to the general meeting of the shareholders as to the non-standard audit opinions issued by the certified public accountant on the Company's financial reports.

#### **Article 110**

The Board of Directors shall formulate the rules of procedure of the board as the appendix to these articles of association to ensure the implementation of the resolutions of the general meeting of the



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shareholders, improve work efficiency and ensure scientific decision-making.

#### **Article 111**

The Board of Directors shall determine the limits of authority for the foreign investment, purchase and sale of assets, pledge of assets, external security, entrusted finance management and related party transaction and establish a strict procedure of examination and decision-making; the significant investment projects shall be evaluated by experts and professionals and be approved by the general meeting of the shareholders.

The regulations related to the Board of Directors' authority to examine and approve the foreign investment, purchase and sale of assets, pledge of assets, external security, entrusted finance management and related party transaction, which are formulated according to the laws and related stipulations of administrative regulations and department rules, shall take effect with the approval of the general meeting of the shareholders.

#### **Article 112**

The Board of Directors shall establish the special committees, such as strategy committee, audit committee, nominations committee, remuneration and assessment committee, etc. and formulate corresponding rules of procedure. The members of those committees shall all be directors. The number of independent directors in the audit committee, nominations committee, remuneration and assessment committee shall be in the majority and the independent directors shall be the conveners of those committees. The convener of the audit committee shall be a professional accountant. The members of the strategy committee shall include at least one independent director. Each special committee shall be responsible to the Board of Directors. The proposals of the special committees



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shall be examined and determined by the Board of Directors.

### **Article 113**

The Board of Directors shall consist of one chairman and one deputy chairman. The chairman and deputy chairman shall be elected by majority over half of the total number of the directors.

### **Article 114**

The chairman shall exercise the following functions and powers:

- (1) to preside over the general meeting of shareholder, convene and preside over the board meetings;
- (2) to urge and examine the execution of the resolution of the Board of Directors;
- (3) to sign the company share, corporate bonds and other securities;
- (4) to sign the important documents of the board and other documents that shall be signed by the legal representative of the Company;
- (5) to exercise the functions and powers of the legal representative;
- (6) to exercise the special right of disposal complying with the laws, regulations and the Company's benefit for the Company's matters in the event of a force majeure emergency situation such as a natural disaster and report to the Board of Directors and the general meeting of shareholders afterwards;
- (7) other functions and powers granted by the Board of Directors.

### **Article 115**





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The deputy chairman of the Company shall assist the chairman with his or her work. If the chairman is unable to or does not perform his or her duties, his or her duties shall be performed by the deputy chairman. If the deputy chairman is unable to or does not perform his or her duties, his or her duties shall be performed by a director designated jointly by more than half of the directors.

#### **Article 116**

The chairman shall convene two meetings of the Board of Directors annually at least. All the directors and supervisors shall be notified in writing 10 days before the meeting.

#### **Article 117**

An interim board meeting could be convened on motion of shareholders holding over 1/10 of voting rights and over 1/3 directors or supervisors. The chairman shall convene and preside over the board meeting within 10 days after receiving the motion.

#### **Article 118**

The means of notification of an interim board meeting convened by the board of directors include: fax, telephone, mail, personal delivery; time limit of the notification: 3 days before the meeting.

#### **Article 119**

The notification of a board meeting shall include:

- (1) the date and the place of the meeting;
- (2) the duration of the meeting;
- (3) the reasons and topics for discussion;



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(4) date of the notification;

(5) Other matters to be specified.

#### **Article 120**

The board meetings could only be held with over half of the directors present, unless otherwise stipulated in these articles of association. The resolutions of the Board of Directors must be passed by over half of the directors.

The resolutions of the Board of Directors shall be decided by vote. Each director shall have one vote.

#### **Article 121**

Any corporations related to the matters in the resolutions made in the directors meetings and board meetings shall not vote on such resolution, or exercise the right to vote on behalf of other directors. Such board meetings could be convened when over a half of the unrelated directors is present. Any resolutions made in such board meetings shall be passed by over a half of the unrelated directors. If the unrelated directors present at such board meetings are less than three, these matters shall be examined and discussed in a general meeting of shareholders.

#### **Article 122**

The voting formula on the board meeting: vote in writing or vote by a show of hands.

On the premise of ensuring the directors to fully express their opinions on the interim board meeting, the resolutions could be made through video, telephone, fax or e-mail and be signed by the directors present at the meeting.

#### **Article 123**



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The directors shall be present at the board meetings in person; if any directors are unable to be present, such directors shall authorize other directors to be present by proxy. The name of the agent, the authorized matters, the scope of authorization and effective period shall be stipulated in the power of attorney, which shall be signed or stamped by the person appointing the proxy. An independent director shall not authorize a non-independent director to vote on his or her behalf. The director present as an agent shall exercise the right of a director within the scope of authorization. Any director who is not present at the board meeting or did not authorize his or her agent to be present at the board meeting shall be deemed as abstaining from voting.

#### **Article 124**

Decisions on matters discussed at a meeting of the Board of Directors shall be minuted down, and the minutes of the meeting shall be signed by the directors present. The directors present shall have the right to require making an illustrative note to his or her speech in the meeting.

The minutes of the meetings of the Board of Directors shall be kept as company records for at least 10 years.

#### **Article 125**

The minutes of a meeting of the Board of Directors shall include:

- (1) The date, place and the name of the convener of the meeting;
- (2) The names of the directors present and the names of the directors present as the agent of another director;
- (3) Agenda of the meeting;



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(4) Key points of the director's speech;

(5) The voting formula and result of each decision item (the number of votes for or against or votes for abstention shall be recorded).

#### **Article 126**

The directors shall sign the resolutions of the Board of Directors and bear responsibility for the resolutions of the Board of Directors. The directors participating in the resolutions of the Board of Directors shall compensate for the loss caused by such resolutions that violate the laws, administrative regulations or these articles of association and resolutions of the general meeting of directors. Directors' responsibility for compensation could only be exempted if such directors have raised an objection to the resolution and such objection is recorded in the minutes of the meeting.

## **Chapter VI General Manager and Other Senior Officers**

#### **Article 127**

The Company shall have one General Manager and several vice-general managers. The General Manager and the vice-general managers shall be appointed or removed by the Board of Directors.

The General Manager and the vice-general managers and financial officers, the secretary of the board shall be the senior officers of the Company.

#### **Article 128**



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The circumstances disallowing taking the post of a director stipulated in Article 96 shall be applicable to the senior officers.

Stipulation related to the duty of loyalty of the directors in Article 98 and stipulations related to duty of diligence in Article 99 (4) to (6) shall be applicable to the senior officers.

#### **Article 129**

The controlling shareholder of the Company and other person in the actual controller unit taking other posts except for the directors shall not take the posts of senior officers of the Company.

#### **Article 130**

The tenure of the General Manager is three years. The General Manager may serve consecutive terms.

#### **Article 131**

The General Manager shall be responsible to the Board of Directors and shall exercise the following functions and powers:

- (1) to be in charge of the management of the Company's production and operation activities, organize the implementation of the board resolutions and report to the Board of Directors;
- (2) organize the implementation of the Company's annual operation plans and investment plans;
- (3) to formulate the internal management structure plan of the Company;
- (4) to formulate the basic management system of the Company;
- (5) to formulate the specific rules and regulations for the Company;
- (6) to propose to the board the appointment and removal of the vice-general managers and



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the financial officers of the Company;

- (7) to make decisions of the appointment or removal of other officers in charge except for those appointed or removed by the board;
- (8) to prepare the wages, benefits, rewards and punishments of the employees of the Company and to make decisions as to the appointment and removal of the employees of the Company;
- (9) other rights entrusted by these articles of association or the Board of Directors.

The General Manager shall attend the meeting of the Board of Directors.

#### **Article 132**

The General Manager shall formulate the working instructions of the managers and implement such working instruction with the approval of the Board of Directors.

#### **Article 133**

The working instructions of the General Managers shall include:

- (1) the conditions, procedure and participants of the general manager's meetings;
- (2) the specific responsibilities and division of labor of the General Manager and other senior officers;
- (3) the authority to use the Company's fund and assets and sign significant contracts and the reporting system to the Board of Directors and Board of Supervisors;
- (4) other activities deemed necessary by the Board of Directors.

#### **Article 134**



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The General Manager may resign before his or her tenure expires. The specific procedure and means related to the resignation of the General Manager shall be stipulated in the labor contract between the General Manager and the Company.

#### **Article 135**

The Company shall, based on its own conditions, stipulate the procedures of appointment and removal of vice-general manager, the relation between the vice-general manager and the General Manager and the authority of the vice-general manager.

#### **Article 136**

The Company shall have a secretary of the board. The secretary of the board shall be responsible for the preparation of the general meetings of the shareholders and the meetings of the board, the custody of the documents, the management of the data of the Company's shareholders and carry out information disclosure and investors relationship, etc.

As the senior officer in a listed company, the secretary of the board, for fulfilling his or her duties, shall have the right to attend related meetings, consult related documents, and understand the financial and operational conditions of the Company. The Board of Directors and other senior officers shall assist the secretary of the board with his or her work. Any organization and individuals shall not interfere with the normal work of the secretary of the board.

The secretary of the board shall comply with the laws, administrative regulations, department rules and related stipulations in these articles of association.

#### **Article 137**



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The senior officers shall compensate for the loss caused by the fulfillment of his or her duties that violates laws, administrative regulations, departments rules and related stipulations in these articles of association.

## **Chapter VII Board of Supervisors**

### **Section I Supervisor**

#### **Article 138**

The circumstances disallowing taking the post of a director stipulated in Article 96 shall be applicable to the supervisors.

The directors, General Manager and other senior officers shall not take the post of a supervisor.

#### **Article 139**

The supervisor shall comply with the laws, administrative regulations and related stipulations in these articles of association and shall bear the duty of loyalty and duty of diligence to the Company.

The supervisor shall not take bribes or other illegal income by abusing his or her powers and shall not misappropriate the Company's assets.

#### **Article 140**

The tenure of the supervisor is three years. The supervisor may serve consecutive terms.

#### **Article 141**

If the supervisor is not reelected at the expiration of his or her tenure, or the number of members





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of the Board of Supervisors is less than the quorum for the resignation of any supervisors during his or her tenure, the former supervisors shall fulfill the duties of supervisors according to the laws, administrative regulation and these articles of association before the reelected supervisors take office.

#### **Article 142**

The supervisor shall ensure the authenticity, correctness and completeness of the information disclosed by the Company.

#### **Article 143**

The supervisor shall attend the meeting of the board and put forward his or her inquiries or suggestions to the resolutions of the board.

#### **Article 144**

The supervisor shall compensate for the loss of the Company caused by his or her incidence relation that damages the interests of the Company.

#### **Article 145**

The supervisor shall compensate for the loss of the Company caused by the fulfillment of his or her duties against the laws, administrative regulation, department's rules and these articles of association.

### **Section II Board of Supervisors**

#### **Article 146**



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The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of three supervisors. The board of supervisor shall have one chairman and a vice chairman when necessary. The chairman and vice chairman of the Board of Supervisors shall be elected by over a half of the supervisors. The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors; if the chairman is unable to or does not perform his or her duties, the vice chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors. If the vice chairman of the Board of Supervisors is unable to or does not perform his or her duties, his or her duties shall be performed by a supervisor designated jointly by more than a half of the supervisors.

The Board of Supervisors shall include the representatives of the shareholder and properly proportioned representatives of the employees of the Company. The proportion of the representatives of the employees shall not be less than 1/3. The representatives of the employees in the Board of Supervisors shall be elected on the congress of workers and staff, general membership meeting or other democratic elections.

#### **Article 147**

The Board of Supervisors exercise the following functions and powers:

- (1) to audit and approve the regular report of the Company prepared by the Board of Directors and give written auditing opinions;
- (2) to examine the Company's financial affairs;
- (3) to monitor the acts of the directors and senior officers of the Company and suggest to recall the directors and senior officers who violate the laws, administrative regulations, these articles



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of association or the resolution of the general meeting of the shareholders;

- (4) to require the directors and senior officers of the Company to correct their actions that damages the benefits of the Company;
- (5) to propose the extraordinary general meeting and to convene and preside over the general meetings of shareholders when the Board of Directors does not convene and preside over the general meetings of shareholders as stipulated in the Company Law;
- (6) to put forward a proposal to the general meetings of shareholders;
- (7) to file a lawsuit against the directors and senior officers according to the stipulations in the Company Law;
- (8) to investigate the abnormalities in the Company's operation; to hire professional institutions, such as accounting firms and law offices, etc. to assist their work when necessary, the cost of which shall be borne by the Company.

#### **Article 148**

The Board of Supervisors shall convene a meeting at least once every six months. The supervisor could propose to convene an interim meeting of the Board of Supervisors.

The resolution of the Board of Supervisors shall be adopted by over a half of the supervisors.

#### **Article 149**

The board of the supervisors shall formulate the rules of procedure of the board and make them the appendix to these articles of association with the approval of the general meetings of shareholders and clarify the method of discussion and voting procedure to ensure the work



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efficiency and scientific decision-making of the board of the supervisors.

#### **Article 150**

The decision related to the matters discussed on the meeting of Board of Supervisors shall be minuted down and the minutes of the meeting shall be signed by the supervisors present.

The supervisors present shall have the right to require making an illustrative note to his or her speech in the meeting. The minutes of the meetings of the Board of Supervisors shall be kept as company records for at least 10 years.

#### **Article 151**

The notification of a meeting of the Board of Supervisors shall include:

- (1) The date, place and duration of the meeting;
- (2) the reasons and topics for discussion;
- (3) date of the notification.

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

### **Section I Financial Accounting System**

#### **Article 152**

The Company shall prepare the financial accounting system based on the laws, administrative regulations and the provisions of relevant departments.

#### **Article 153**



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The Company shall submit the annual financial accounting report to the CSRC and the stock exchange within 4 months from the end of each accounting year, submit the semi-annual financial accounting report to the local office of the CSRC and the stock exchange within 2 months from the end of the first 6 months of each accounting year, and submit the quarterly financial accounting report to the local office of the CSRC and the stock exchange within one month from the end of the first 3 months and the first 9 months of each accounting year respectively.

The above-mentioned financial accounting report shall be prepared based on the provisions of relevant laws, administrative regulations and departmental rules.

#### **Article 154**

Except for the statutory accounting books, the Company shall not set up other accounting books. The Company asset shall not be deposited into any individual's account.

#### **Article 155**

In distributing its after-tax profit of the current year, the Company shall allocate 10% of the after-tax profit to the statutory common reserve fund of the Company. Such allocation may be waived once the accumulative amount of the statutory common reserve fund of the Company exceeds 50% or more of the Company's registered capital.

If the statutory common reserve fund of the Company is not sufficient to cover the loss of the previous year, the profit of the current year shall be used to cover such loss before allocation is made to the statutory common reserve fund according to the provision of the preceding article.

After the allocation to the statutory common reserve fund is made from the after-tax profit by the Company, any amount can be allocated into the statutory common reserve fund from the after-tax



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profit upon the resolution of the shareholders meeting.

The remaining after-tax profit shall be distributed to the shareholders in proportion to their shares after the Company has covered the loss and drawn the statutory common reserve fund, unless otherwise stipulated in these Articles of Association.

If, in violation of the provision of the preceding article, the profit is distributed to the shareholders at the shareholders meeting before the Company covers the loss and makes allocation to the statutory common reserve fund, the shareholders shall return such distributed profit to the Company.

The shares of the Company held by the Company shall not be involved in the profit distribution.

#### **Article 156**

The statutory common reserve fund of the Company is used to cover the Company's losses, enlarge the Company's production and operation, or increase the Company capital. However, the capital reserve shall not be used to cover the Company's loss.

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

#### **Article 157**

After the shareholders meeting of the Company makes resolution on the profit distribution, the Board of Directors of the Company must complete the distribution of dividends (or shares) within 2 months after the shareholders meeting.

#### **Article 158**

The profit distribution system of the Company is as follows:



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(1) Principle of dividend distribution: The Company shall conduct continuous and stable profit distribution system, which shall not only focus on the reasonable return on the investors but also pay attention to the sustainable development of the Company. The profit distribution shall not exceed the scope of accumulated distributable profits or damage the Company's ability in continuous operation.

(2) Way of profit distribution: Subject to the profit distribution system, the Company can distribute the dividend in the way of cash, stock or the combination of cash and stock; cash bonus takes precedence over the stock and dividend bonus.

(3) Decision mechanism and procedure of profit distribution: The profit distribution scheme of the Company shall be formulated by the Board of Directors based on the Company's equity scale, profitability, investment arrangement, cash flow, shareholder return plan, etc. In formulating the annual profit distribution scheme or interim profit distribution scheme, the Board of Directors shall carefully study and demonstrate the opportunity, condition and minimum ratio, adjustment condition, decision procedure requirement and other factors of the Company's cash bonus. Independent directors shall have definite opinions on the profit distribution scheme. Independent directors can seek for opinions from minority shareholders, put forward a proposal for bonus distribution and then directly submit it to the Board of Directors for consideration.

If the Board of Directors of the Company decides not to distribute the profit or not to include cash into the profit distribution scheme, it shall offer corresponding reason and disclose it in the regular report, on which the independent directors of the Company shall make comments.

The profit distribution scheme shall be submitted to the shareholders meeting for review and approval by the Board of Directors after its own review and approval. Vote on the profit distribution



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scheme shall be conducted at the shareholders meeting according to laws and regulations. Before the review on the specific scheme of cash bonus by the shareholders meeting, the Company shall communicate with shareholders, especially the minority shareholders, in various ways, to fully listen to their opinions and demands and timely answer the questions they concern.

If the profit distribution is conducted in the form of stock or dividend, it shall embody the corporate growth, the dilution of the net asset value per share, and other real and reasonable factors. If the Company conducts profit distribution in the form of stock, dividend, or the combination of cash with stock and dividend, it shall be reviewed and approved by the shareholders meeting of the Company in a special way of resolution.

(4) Condition, proportion and intervals of cash bonus: All the following requirements must be met with for the Company's implementation of the cash bonus: (a) the distributable profit of the Company for the year (i.e., the remaining after-tax profit after the Company has covered the loss and drawn the common reserve fund ) is positive; (b) the audit authority has issued the standard audit report on the Company's annual financial report of the year, with no reservation; (c) the Company has no major foreign investment plan (except for fundraising projects) in the next 12 months; the major investment plan refers to: the accumulative expenditure of the Company in the next 12 months on overseas investment, asset acquisition, or equipment purchase reaches or surpasses 50% of the Company's net assets based on the last audit, and exceeds RMB 500 million.

Subject to the above requirements for cash bonus, the Board of Directors of the Company should comprehensively consider the industrial feature, the Company's development stage, operation mode, profitability and whether there is major capital expenditure arrangement, etc., and distinguish the following situations to put forward differentiated cash bonus policy based on the procedures stipulated





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in these Articles of Association: (a) if the Company is in the matured development stage and has no major capital expenditure arrangement, the proportion of cash bonus in this profit distribution shall be at least 80%; (b) if the Company is in the matured development stage and has major capital expenditure arrangement, the proportion of cash bonus in this profit distribution shall be at least 40%; (c) if the Company is in the growth stage and has major capital expenditure arrangement, the proportion of cash bonus in this profit distribution shall be at least 20%; (d) if the development stage of the Company is indistinguishable and the Company has major capital expenditure arrangement, it can be handled in accordance with the provisions of the preceding paragraph.

If the shareholder illegally appropriates the Company's capital, the Company shall deduct the bonus distributed to this shareholder to repay the capitals appropriated by him/her.

The profit distributed by the Company in the form of cash each year shall not be less than 10% of the distributable profit achieved in the current year; the accumulative profit distributed in the form of cash over the past three years shall not be less than 30% of average annual distributable profit achieved over the last three years.

In case of having suitable conditions, the Board of Directors of the Company can suggest interim cash bonus based on the Company's profitability on the premise of conforming to relevant regulations.

(5) The adjustment mechanism of the profit distribution policy: If the Company adjusts the profit distribution policy based on the development plan and the major investment requirement, the Board of Directors shall prepare the profit distribution adjustment policy by taking the shareholders' equity as the starting point and demonstrate it in details; the Company shall fully listen to the opinions of independent directors and minority shareholders in various ways; the adjusted profit



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distribution policy shall not violate the relevant provisions of the CSRC and the stock exchange, and the proposal on adjusting the profit distribution policy shall be first reviewed by the Board of Directors of the Company and then submitted to the shareholders meeting of the Company for review and approval through special resolution; in addition, the combination of on-site voting and online voting shall be adopted at the relevant shareholders meeting to make it convenient for non-government investors to participate in the preparation and modification of the profit distribution system.

(6) if the Company takes cash as consideration and repurchase shares in the way of centralized competitive bidding and offer, the share repurchase amount already achieved in the current year shall be regarded as the cash bonus and integrated into the corresponding proportion of cash bonus of the year for calculation.

## **Section II Internal Audit**

### **Article 159**

The Company conducts internal audit system, equipped with full-time auditors and carries out internal audit supervision on the financial revenues and economic activities of the Company.

### **Article 160**

The internal audit system of the Company and the responsibilities of the auditors shall be implemented after the approval by the Board of Directors. The personnel in charge of the audit shall be responsible to the audit committee and report on the work.



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### **Section III Employment of the Accounting Firm**

#### **Article 161**

The Company invites the accounting firm that has obtained the “qualification for engaging in security-related businesses” to perform the accounting statement audit, net asset verification and other related consulting services for one year, which can be extended.

#### **Article 162**

The employment of the accounting firm must be decided at the shareholders meeting, and the Board of Directors shall not appoint the accounting firm before the decision is made at the shareholders meeting.

#### **Article 163**

The Company warrants that it shall provide the accounting firm engaged with true and complete accounting documents, accounting books, financial accounting reports and other accounting materials. No refusal, concealment or false report shall be allowed.

#### **Article 164**

The audit fee for the accounting firm shall be decided at the shareholders meeting.

#### **Article 165**

The Company shall notify the accounting firm 30 days in advance if it dismisses or does not renew its engagement with the accounting firm. The accounting firm shall be allowed to state its views



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when the vote on its dismissal is conducted at the shareholders' meeting of the Company.

#### **Article 166**

If the accounting firm demands resignation, it shall make it clear at the shareholders meeting whether the Company has any improper circumstance.

## **Chapter IX Notice and Announcement**

### **Section I Notice**

#### **Article 167**

The Company shall give notices:

- (1) by the specially-assigned person;
- (2) by mail or e-mail;
- (3) by phone ;
- (4) by fax;
- (5) by announcement;
- (6) other ways stipulated in these Articles of Association.

#### **Article 168**

If the Company notice is made in the form of announcement, it is considered that all relevant personnel receive the notice once the announcement is made.



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#### **Article 169**

The Company notice for holding the shareholders meeting shall be made in the form of announcement.

#### **Article 170**

The Company notice for holding the meeting of Board of Directors shall be sent by the specially-assigned person, or by email, phone, fax or mail.

#### **Article 171**

The Company notice for holding the meeting of Board of Supervisors shall be sent by the specially-assigned person, or by email, phone, fax or mail.

#### **Article 172**

If the Company notice is sent by the specially-assigned person, the service return receipt shall be signed (or sealed) by the addressee; the date of the receipt signed by the addressee shall be considered as the date of service. If the Company notice is sent by mail, the 7th working day from the date of delivery to the post office shall be considered as the date of service. If the Company notice is made in the form of announcement, the date of publication of the first announcement shall be considered as the date of service. If the Company notice is sent by phone, the date of telephone notification shall be considered as the date of service. If the Company notice is sent by fax, the date of successful fax printed by the Company's fax machine shall be considered as the date of service.

#### **Article 173**



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In case of failing to send the meeting notice to a person entitled to receive such notice or such person hasn't received the meeting notice because of accidental omission, the meeting and its resolution shall not become ineffective.

## **Section II Announcement**

### **Article 174**

The Company designates *Shanghai Securities News* as the newspaper that publishes the Company announcement and other information that needs to be disclosed, and designates the website of Shanghai Stock Exchange as the Internet site for publishing the Company announcement and other information that needs to be disclosed.

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

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

#### **Article 175**

The merger of the Company can be implemented in the way of absorption or consolidation.

Merger by absorption means the absorption of one company by another, in which the absorbed company shall be dissolved. Merger by consolidation means the merger of two or more companies to establish a new company, in which all parties involved in the merger shall be dissolved.

#### **Article 176**



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In the case of company merger, the parties involved in the merger shall sign the merger agreement and prepare the balance sheet and the list of assets. The Company shall notify the creditor within 10 days from the date of making the merger resolution, and announce on the newspaper the Company designates for publishing the Company announcement within 30 days. The creditor may require the Company to pay off its debts or provide corresponding guarantees within 30 days from the date of receiving the notice, and those who haven't received the notice may require the Company to pay off their debts or provide corresponding guarantees within 45 days from the date of announcement.

#### **Article 177**

In the case of company merger, the creditor's rights and debtor's liabilities involved in each of the merged parties shall be assumed by the Company that survives the merger or the newly established company.

#### **Article 178**

In the case of company division, its assets shall be divided accordingly.

In the case of company division, the balance sheet and the list of assets shall be prepared. The Company shall notice the creditor within 10 days from the date of making the division resolution, and announce within 30 days at the newspaper the Company designates for publishing the Company announcement.

#### **Article 179**

The debts of the Company before the division shall be jointly assumed by the post-division company, unless otherwise agreed on in the written agreement between the Company and its



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creditors on debt settlement prior to the division.

#### **Article 180**

If the Company needs to reduce the registered capital, it is a must to prepare the balance sheet and the list of assets.

The Company shall notice the creditor within 10 days from the date of making the resolution on reducing the registered capital, and announce within 30 days at the newspaper the Company designates for publishing the Company announcement. The creditor may require the Company to pay off its debts or provide corresponding guarantees within 30 days from the date of receiving the notice, and those who haven't received the notice may require the Company to pay off their debts or provide corresponding guarantees within 45 days from the date of announcement.

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

#### **Article 181**

In the case of the merger or division of the Company, or any change in the registered items, the procedures of registration change shall be gone through at the Company registration authority according to the law; in the case of the dissolution of the Company, the procedures of company cancellation registration shall be gone through according to the law; in the case of establishing a new company, the procedures of company establishment registration shall be gone through according to the law as well.

If the Company increases or reduces the registered capital, it shall go through the procedures of





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registration change at the Company registration authority.

## **Section II Dissolution and Liquidation**

### **Article 182**

The Company shall be dissolved under the following circumstances:

- (1) The arise of the reasons for dissolution stipulated in these Articles of Association;
- (2) resolution on dissolution is made at the shareholders meeting;
- (3) merger or division of the Company;
- (4) the business license is revoked, or the Company is ordered to close down or to be dissolved;
- (5) If the Company has much difficulty in operation and management and continued existence will greatly damage the shareholder's benefit, which can't be solved in other ways, shareholders holding 10% or more of the voting rights of all shareholders of a company may request the people's court to dissolve the Company.

### **Article 183**

If the circumstance stipulated in Item (1) of Article 183 of these Articles of Association occur, the Company can exist continuously by amending these Articles of Association.

The amendment of these Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by 2/3 or more of the voting rights held by the shareholders attending the shareholders' meeting.



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#### **Article 184**

If the Company is dissolved because of the circumstances stipulated in Item (1), Item (2), Item (4) and Item (5) of Article 183, the liquidation team shall be established within 15 days from the date of the cause of the dissolution occurring to carry out liquidation. The liquidation team shall consist of the directors and the personnel designated at the shareholders meeting. If the liquidation team is not established to carry out liquidation within the time limit, the creditor may apply to the people's court to designate relevant personnel to form a liquidation team to conduct liquidation.

#### **Article 185**

During liquidation, the liquidation team are entitled to the following:

- (1) Liquidate the assets of the Company, and prepare the balance sheet and the list of assets;
- (2) notice or announce to the creditor;
- (3) deal with the unfinished company businesses relevant to the liquidation;
- (4) liquidate the taxes owed by the Company and the taxes incurred during the liquidation process;
- (5) settle claims and debts;
- (6) deal with the Company's remaining assets after paying off debts;
- (7) participate in the civil action activity on behalf of the Company

#### **Article 186**

The liquidation team shall notice the creditor within 10 days from the date of its establishment, and announce within 60 days at the newspaper the Company designates for publishing the Company



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announcement. The creditor shall report its claims to the liquidation within 30 days from the date of receiving the notice, and those who haven't received the notice shall report their claims to the liquidation within 45 days from the date of announcement.

When the creditor reports its claims, it shall illustrate matters relevant to the claims and provide supporting materials. The liquidation team shall register such claims.

During the claim-reporting period, the liquidation team shall not pay off the debts to the creditor.

#### **Article 187**

After liquidating the assets of the Company and preparing the balance sheet and the list of assets, the liquidation team shall formulate the liquidation scheme and submit it to the shareholders meeting or the people's court for approval.

The remaining company assets shall be distributed to the shareholders in proportion to the shares they hold after it is used for the payment of the liquidation expenses, staff salaries, social insurance expenditure, statutory compensation and the tax owed, and the debts of the Company. The assets of the Company shall not be distributed to the shareholders before it is used in the liquidation and repayment according to the provision of the preceding paragraph. During the period of liquidation, the Company shall continue to exist, but it shall not engage in any operational activities not related to liquidation.

#### **Article 188**

The liquidation team shall apply to the people's court for bankruptcy when they find the assets of the Company are not enough for paying off the debts after liquidating the assets of the Company and preparing the balance sheet and the list of assets.



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Once the Company is declared to go bankrupt by the people's court, the liquidation team shall transfer the liquidation affairs to the people's court.

#### **Article 189**

After liquidation, the liquidation team shall prepare the liquidation report and submit it to the shareholders meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for cancelling the Company registration and announce the Company termination.

#### **Article 190**

The members of the liquidation team shall be devoted to their duty and perform their liquidation obligations in accordance with the law.

The members of the liquidation team shall not abuse their powers to accept bribes or other illegal income, or misappropriate the assets of the Company.

The members of the liquidation team shall be liable for compensation if they cause losses to the Company or the creditor due to intentional or gross negligence.

#### **Article 191**

If the Company is declared to go bankrupt according to law, the bankruptcy liquidation shall be carried out in accordance with the relevant bankruptcy laws.

### **Chapter XI Amendment of These Articles of Association**

#### **Article 192**



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The Company shall amend these Articles of Association under any of the following circumstance:

(1) The provisions in these Articles of Association is in contradiction with those in the amended laws and administrative regulations after the amendment of the Company Law or relevant laws and administrative regulations.

(2) The circumstance of the Company is changed and inconsistent with the matters stipulated in these Articles of Association.

(3) Resolution on the amendment of these Articles of Association is made at the shareholders meeting.

#### **Article 193**

It's a must to submit it to the competent authority if the resolution on the amendment of these Articles of Association made at the shareholders meeting shall be reviewed and approved by the competent authority. If the Company registration is involved, the procedures of registration change shall be gone through according to the law.

#### **Article 194**

The Board of Directors shall amend these Articles of Association based on the resolution on the amendment of these Articles of Association made at the shareholders meeting and the approval opinion of the competent authority.

#### **Article 195**

If the amendment to these Articles of Association is information required to be disclosed by laws and regulations, it shall be announced as required.



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## Chapter XII Bylaws

### Article 196

#### Definition

(1) **Controlling shareholder** refers to the shareholders whose shares account for 50% or more of the total share capital of the Company, and the ones who holds less than 50% of the Company's shares, but are entitled to voting rights based on their shares powerful enough to have a significant effect on the resolution made at the shareholders meeting.

(2) **Actual controller** refers to the person who can actually govern the Company behaviors through the investment relation, agreements or other arrangements though he/she is not the shareholder of the Company.

(3) **Association relationship** refers to the relationship between the controlling shareholders, actual controllers, directors, supervisors and senior managers of the Company and the enterprises they directly or indirectly control, and other relationships that may lead to the transfer of the Company's interests. However, the association relationship does not exist between the state-controlled enterprises just because they are all state-controlled.

### Article 197

The Board of Directors can prepare the bylaws based on the provisions of these Articles of Association. The contents of the bylaws shall not be in contradiction with the provisions of these Articles of Association.



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### **Article 198**

These Articles of Association is written in Chinese. In the case of any discrepancy between these Articles of Association in any other language or any other version and these Articles of Association, the latest Chinese version of these Articles of Association approved and registered by the Shanghai Industry and Commerce Administration Bureau shall prevail.

### **Article 199**

In these Articles of Association, if a figure or an expression of figure is accompanied by “or more”, “within” or “or less”, it means this figure shall be included; and if a figure or an expression of figure is accompanied by “less than”, “beyond”, “lower than” or “more than”, it means this figure shall be excluded.

### **Article 200**

These Articles of Association shall be interpreted by the Board of Directors of the Company.

### **Article 201**

The attachments of these Articles of Association include the Rules of Debate for the Shareholders Meeting, the Rules of Debate for the Board of Directors, and the Rules of Debate for the Board of Supervisors.

### **Article 202**

Having been reviewed and approved at the shareholders meeting, with its corresponding clauses adjusted and supplemented by the Board of Directors of the Company based on the authorization by the shareholders meeting after the stock issue, these Articles of Association shall come into



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force on the date when the Company stock is listed on the stock exchange.