

# **HISENSE HOME APPLIANCES GROUP CO., LTD.**

## **ARTICLES of ASSOCIATION**

(PASSED AT THE 2023 ANNUAL GENERAL MEETING ON 24 JUNE 2024)

JUNE 2024

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## Chapter 1 General Provisions

Article 1.1 These Articles of Association are formulated in accordance with “The Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), “The Securities Law of the People’s Republic of China” (hereinafter referred to as the “Securities Law”), “The Rules Governing Listing of Stocks on Shenzhen Stock Exchange”, “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (hereinafter referred to as the “Listing Rules of Hong Kong Stock Exchange”), the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies”, the “Guidelines for Articles of Association of Listed Companies” and other relevant laws and regulations of the PRC, with an aim to protect the legitimate rights and interests of the Company and its shareholders and creditors and to regulate the organization and activities of the Company.

Article 1.2 Upon approval from Joint Examination Group for Pilot Joint Stock Enterprises in the Guangdong Province and Guangdong Economic Reform Committee, the Company was established by way of private placement with Rongqi Town Economic Development Corporation (hereinafter referred to as the “Promoter”) as the sole promoter on 16 December 1992. On 3 May 1996, the Company lawfully merged with Guangdong Rongsheng Refrigerator Company Limited by acquisition under the approval from Guangdong Economic System Reform Committee, Guangdong Securities Regulatory Commission and Guangdong Foreign Economic and Trade Cooperation Commission. On 26 June 1996, the State Council Securities Policy Committee approved the Company’s application for issuing H Shares and the State Economic System Reform Committee also approved the conversion of the Company into an overseas subscription company on the same day. On 28 May 1999, China Securities Regulatory Commission approved the Company’s application for issuing A Shares.

Article 1.3 The Company is a joint stock limited company which is an independent legal person under the jurisdiction and protection of the laws, regulations and other relevant rules of the PRC. The Company, after the approval by the Ministry of Foreign Trade and Economic Co-operation of the PRC, became a company limited by shares with

foreign investment. After the registration of the change by the Company in accordance with law, its uniform social credit code is 91440000190343548J.

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| Article 1.4  | <p>The Company's registered name:</p> <p>Chinese name:海信家電集團股份有限公司</p> <p>English name:HISENSE HOME APPLIANCES GROUP CO., LTD.</p>  |
| Article 1.5  | <p>The Company's office: No. 8, Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province, PRC</p> <p>Postal Code: 528303</p>  |
| Article 1.6  | The registered capital of the Company is RMB1,387,167,370.  |
| Article 1.7  | The Company is a joint stock limited company that has perpetual existence.  |
| Article 1.8  | The Company's legal representative is the Chairman of the Board.  |
| Article 1.9  | All assets of the Company are divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they hold. The Company shall be liable for its debts to the extent of all of its assets.  |
| Article 1.10 | These Articles of Association were passed by special resolution in the Company's general meeting and became effective upon approval by the relevant authority of the State. These Articles of Association shall replace the original articles of association registered with the Administration for Industry and 2 Commerce. From the effective date of these Articles of Association, these Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each and every shareholder, and among the shareholders inter se. These Articles of Association are binding on the Company and its shareholders, directors, supervisors, presidents and other senior officers, all of whom are entitled to claim for rights concerning the affairs of the Company in accordance with these Articles of Association. A shareholder may take action against the Company pursuant to these Articles of Association, and vice versa. A shareholder may also take action against another shareholder, the directors, supervisors, presidents and other senior officers of the Company pursuant to these |

Articles of Association. The actions referred to in this Article include initiation of litigation proceedings at courts and seeking arbitration at arbitral bodies.

Article 1.11 Other senior officers of the Company as mentioned in these Articles of Association refer to the Board Secretary, the person in charge of finance and vice-president(s).

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

Article 2.1 The Company's business objectives:  
Adhering to the development philosophy of "Technology-based Enterprise, Stable Management", developing diversified industries such as household appliances, commercial air conditioners, automotive compressors and thermal management business, as well as home appliances supporting business with focusing on the "user-centered" approach. Committed to technological innovation, scenario upgrading and global brand creation. Customizing a better life for families around the world through high-quality products and services, maximizing returns for shareholders, and creating win-win values for suppliers, customers and the society.

Article 2.2 The business scope of the Company:  
General items: Research and development of household electrical appliances; manufacture of household electrical appliances; sale of household electrical appliances; sale of spare parts for household electrical appliances; installation services for household electrical appliances; manufacture of refrigeration and air-conditioning equipment; sale of refrigeration and air-conditioning equipment; sale of household goods; retail sale of daily household appliances; repair of daily household electrical appliances; manufacture of consumer equipment for smart homes; sale of consumer equipment for smart homes; manufacture of consumer equipment for smart homes; sale of consumer equipment for smart homes; manufacture of mechanical and electrical equipment; sale of mechanical and electrical equipment; manufacture of moulds; sale of moulds; information systems integration services; internet sales (except sale of goods requiring a license); sale of Internet of Things equipment; sale of electronic products; sale of Class I medical devices; sale of Class II medical devices; ticketing agency services; furniture installation and repair services; housekeeping services; health consultation services (excluding diagnosis and treatment); advertisement placement; import and export of

goods; software development; software sales; technical services, technical development, technical consultation, technical exchange, technical transfer, technical promotion. (Except for special projects that are subject to approval as required by law, business license shall be obtained to carry out business activities independently in accordance with the law) Permitted items: Internet sales of foodstuffs; electrical installation services; catering services; type II value-added telecommunications services; internet information services for medical devices. (Projects that require approval according to law may only commence business activities after approval by the relevant departments, and specific business projects are subject to the approval of the relevant departments or permits)

The business scope of the Company is subject to the same being approved by the industry and commerce administration authorities. The Company may, upon approval by the examination and approval authorities, timely adjust its business scope and mode of operation and establish branches in the PRC and overseas, based on changes in market conditions and its own business needs.

## **Chapter 3 Shares**

### **Section I The Issue of Shares**

Article 3.1 Shares of the Company are in the form of share certificates.

Article 3.2 The issue of shares by the Company shall adhere to the principles of openness, fairness and equitableness. Every share of the same class shall rank pari passu to every other share of the same class, shall have the same rights and shall be entitled to the same amount of dividends.

Article 3.3 All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; for all shares of the same class issued at the same time subscribed for by any entities or individuals, the same price shall be paid for each share. The shares issued by the Company shall be denominated in Renminbi, each having a par value of RMB 1.00. The shares issued by the Company that are listed on the Shenzhen Stock Exchange are referred to as “A Shares” and subscribed and transacted in RMB; the shares issued by the Company that are listed on the Hong Kong Stock Exchange are referred to as “H Shares” and subscribed and transacted in

Hong Kong Dollars. Holders of A Shares and holders of H Shares are both ordinary shareholders, who are entitled to the same rights and assume the same obligations.

Article 3.4 The A Shares issued by the Company shall be held in central custody at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited; the H Shares issued by the Company shall primarily be placed in the custody of a company authorized by the Hong Kong Securities Clearing Company Limited, or may also be held by shareholders in their own names in accordance with the laws and securities registration and deposit practices of the place where such share are listed.

Article 3.5 The Company has issued a total number of 1,387,167,370 Ordinary Shares, of which H Shares amount to 459,589,808 shares, representing 33.13% of the total share capital, and A Shares amount to 927,577,562 shares, representing 66.87% of the total share capital.

Article 3.6 Neither the Company nor its subsidiaries (including subsidiary entities of the Company) shall provide any financial assistance in the form of donation, margin financing, guarantee, compensation or loan to purchasers or prospective purchasers of shares of the Company.

## **Section II Increase, Reduction & Repurchase of Shares**

Article 3.7 The Company may, based on its operating and development needs and in accordance with the requirements of laws and regulations, authorize the increase of its capital in the following ways subject to the passing of respective resolutions in shareholders' general meetings:

- (1) by public offering of shares;
- (2) by non-public offering of shares;
- (3) by allotting bonus shares to its existing shareholders;
- (4) by converting common reserve fund into share capital;
- (5) by any other means which is permitted by law, administrative regulations and other means approved by China Securities Regulatory Commission.

After the Company's increase of registered capital has been approved in accordance with the provisions of these Articles of Association, the issuance thereof should be proceeded in accordance with the procedures stipulated by the relevant laws and

administrative regulations of the State.

Article 3.8 The Company may reduce its registered capital. When the Company proposes to reduce its registered capital, it shall complete the formalities according to the Company Law, and relevant requirements of the listing rules of the stock exchange in the place(s) where the shares are listed and other relevant regulations and the provisions of these Articles.

Article 3.9 The Company shall not repurchase its own shares, except in one of the following situations:

- (1) reducing registered capital of the Company;
- (2) merger with another company that holds shares in the Company;
- (3) utilising its shares in the employee share ownership plan or as share incentive;
- (4) shareholders who disagree with the resolutions for the merger or division of the Company passed at a general meeting request the Company to purchase their shares;
- (5) utilising the shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) where it is necessary for the safeguard of the value of the Company and the interests of its shareholders;
- (7) other circumstances permitted by laws and administrative regulations.

Apart from the foregoing, the Company shall not purchase its own shares.

Any purchase by the Company of its own shares under the circumstances as required in (1) and (2) shall be resolved at a shareholders' general meeting; any purchase by the Company of its own shares under the circumstances as required in (3), (5) and (6) shall be approved by a resolution of the Board meeting where over two-thirds of the directors are present.

Where the Company has purchased its A Shares according to the above provision, in the event of (1), the same shall be cancelled within ten (10) days from the date of purchase; in the event of (2) or (4) above, the same shall be transferred or cancelled within six (6) months; in the event of (3), (5) and (6), the total A Shares of the Company held by the Company itself shall not exceed 10% of its total A Shares in issue and shall be transferred or cancelled within three (3) years after the purchase; in the event of (7), transfer or cancellation shall be carried out in accordance with

applicable laws and regulations, normative documents and provisions of the securities regulatory authorities of where shares of the Company are listed.

Where the Company has acquired its H Shares according to the provision of this Article, such H Shares may, at the option of the Company, be cancelled immediately or held as Treasury Shares in accordance with the Listing Rules of Hong Kong Stock Exchange. In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such H Shares shall be cancelled.

The Company shall hold Treasury Shares in a clearly identifiable separate account within the Central Clearing and Settlement System. The Company shall not exercise any right in respect of the Treasury Shares, and no dividend may be declared or paid in respect of a Treasury Share.

Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors subject to these Articles of Association and the Listing Rules of Hong Kong Stock Exchange.

If the Company acquires its own shares, it shall fulfil its disclosure obligation as required under the Securities Law, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, the Listing Rules of Hong Kong Stock Exchange, and the relevant provisions of other laws, regulations and normative documents.

#### Article 3.10

The Company may choose to repurchase shares in one of the following ways:

- (1) by making a general offer;
- (2) by means of centralized auction trading on a stock exchange;
- (3) by means of an agreement;
- (4) by other means as authorized by regulatory authorities of the place where the Company's shares are listed.

If the Company acquires its own shares under the circumstances as required in (3), (5) and (6) of Article 3.9, it shall be carried out by centralized auction trading on a stock exchange.

## **Section III Transfer of Shares**

Article 3.11 The shares of the Company can be transferred in accordance with law.

Article 3.12 The Company shall not accept the Company's shares as the subject matter of a pledge.

Article 3.13 The Company's shares held by the Promoter shall not be transferred within one (1) year from the date of establishment of the Company. The shares issued before the Company's public issuance of shares shall not be transferred within one (1) year from the date of the listing of the Company's shares on the stock exchange.  
The Directors, supervisors, presidents and other senior officers of the Company shall, during their term of office, regularly declare to the Company their holdings in the Company's shares and any subsequent change thereto. During their term of office, they should not transfer more than 25% of their holdings in the Company's shares every year. No transfer of their holdings in the Company's shares shall be made within six (6) months after they cease to hold their respective offices.

Article 3.14 If the Directors, supervisors, senior officers of the Company, and shareholders holding 5% or more of the shares of the Company sell their shares or other securities with the nature of equity interests within six (6) months from the date where such shares are acquired, or purchase shares within six (6) months from the date where such shares are disposed of, any profit deriving therefrom shall belong to the Company. The Board of the Company shall recover the profit thereof, except where a securities company holds more than 5% or more of the shares by taking up the remaining shares not subscribed subsequent to underwriting and other circumstances as prescribed by the China Securities Regulatory Commission.  
For the purpose of the preceding paragraph in this Article, the shares or other equity securities held by the Directors, supervisors, presidents and other senior officers of the Company include the shares or other equity securities held by his or her spouse, parents, or children, or held by using other persons' accounts.  
Where the Board of the Company fails to observe paragraph 1 of this Article, the shareholders shall be entitled to request the Board to enforce it within thirty (30) days. If the Board of the Company fails to do so within the said prescribed period, the

shareholders are entitled to initiate court proceedings at the People's Court directly in their own name for the interests of the Company.

Where the Board of the Company fails to observe paragraph 1 of this Article, the responsible Director(s) shall assume joint and several liabilities.

Article 3.15      The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

Article 3.16      The Company's shares can be transferred, granted by way of gift, succeeded and charged in accordance with relevant laws, administrative regulations and these Articles of Association.

Article 3.17      Where the listing rules of the place where the Company's shares are listed provide otherwise for restrictions on the transfer of the Company's shares, such provisions shall prevail.

## **Chapter 4 Shareholders and Shareholders' General Meeting**

### **Section I Shareholders**

Article 4.1      The Company shall maintain a register of shareholders with the information provided by the securities registration authority. The register of shareholders shall be sufficient evidence of the holding of the shares of the Company by the shareholders. A shareholder shall enjoy rights and assume obligations in accordance with the class of shares he/she holds; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Article 4.2      When the Company convenes a shareholders' general meeting, distributes dividends, conducts liquidation or performs other activities that require determining the identity of the shareholders, the Board of Directors or the convener of the shareholders' general meeting shall determine the record date for entitlement, and shareholders registered in the register after market close on the record date shall be shareholders who enjoy the relevant rights and interests.

Article 4.3 The shareholder of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to the shares they hold;
- (2) make request to, convene, preside over and attend or appoint a proxy to attend a shareholders' general meeting, and speak at the meeting and exercise the corresponding voting rights in accordance with the law (unless individual shareholders are required to waive voting rights for individual matters in accordance with the relevant requirements where the Company's shares are listed);
- (3) the right to supervise, raise suggestions on or make inquiries about the operations of the Company;
- (4) the right to transfer, gift or pledge the shares held in accordance with the laws, administrative regulations and these Articles of Association;
- (5) the right to inspect these Articles of Association, register of shareholders, stubs of corporate bonds, minutes of shareholders' general meetings, resolutions of the meetings of the Board, resolutions of the meetings of the supervisory committee, and financial and accounting reports; The register of members of H Shares must be kept in Hong Kong and available for inspection by the shareholders, but the Company may be allowed to suspend the registration of members on terms equivalent to section 632 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) as amended from time to time;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
- (7) the right to require the Company to buy back their shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company; and
- (8) the right to enjoy other rights stipulated by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

Article 4.4 Shareholders who propose to inspect the relevant information as set out in the preceding Article or collect information shall produce the relevant documentary proofs of the type and quantity of shares that they are holding to the Company. The

Company shall provide the shareholders such information as required after verification of the identities of the shareholders.

Article 4.5      In the event that the resolution of a shareholders' general meeting or a board meeting is against the law or administrative regulations, the shareholder shall have the right to apply for rescission in a court with jurisdiction.

If the procedures for general meetings and meetings of the Board or the method of voting at such meetings violate the laws, administrative regulations or these Articles of Association, or the content of any resolution violates these Articles of Association, the shareholders may, within 60 days from the date on which such resolution is approved, submit a petition to the People's Court to revoke the same.

Article 4.6      If the Director or any other senior management officer of the Company violates any law or administrative regulation or breaches these Articles of Association in performing his or her duties, causing losses to the Company, shareholders that holds 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Supervisory Committee in writing to institute a legal action in a people's court; if the Supervisory Committee violates any law or administrative regulation or breaches these Articles of Association in performing its duties, causing losses to the Company, such shareholders may request the Board in writing to institute a legal action in a people's court.

If the Supervisory Committee or the Board refuses to institute a legal action upon receipt of the written request from the shareholders, or fails to do so within 30 days from the date of receipt of the written request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm, the shareholders mentioned in the preceding paragraph shall have the right to institute a legal action in a people's court in their own names for the interests of the Company.

In the event that a third party infringes upon the legal rights and interests of the Company, thereby causing the Company to sustain a loss, the shareholders, as specified in the first paragraph of this article, may institute a legal action in a people's court pursuant to the first two paragraphs hereinabove in this Article.

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| Article 4.7  | Where a Director or senior management member contravenes any laws, administrative regulations or these Articles of Association in infringement of a shareholder's interests, the shareholder may also institute litigation in the People's Court.  |
| Article 4.8  | <p>The shareholders of the Company shall have the following obligations:</p> <ul style="list-style-type: none"> <li>(1) to abide by these Articles of Association;</li> <li>(2) to pay for the shares based on the shares subscribed for and the manners in which they became shareholders;</li> <li>(3) not to withdraw their paid share capital except in circumstances allowed by laws and regulations;</li> <li>(4) not to abuse shareholder's rights and harm the legal interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to impair the legal interests of the creditors of the Company;</li> <li>(5) other obligations imposed by laws, administrative regulations, and these Articles of Association.</li> </ul> |
|              | <p>Where a shareholder's abuse of its power causes damage to other shareholders, he/she shall be liable to compensation in accordance with the laws. Where a shareholder has abused the Company's independent legal person status and shareholder's limited liability for debt evasion and caused serious damage to the creditor's interests, he/she shall bear joint liability for the debts of the Company.</p>  |
| Article 4.9  | <p>If any shareholder who holds 5% or more shares with voting right in the Company pledges his or her shares, he or she shall report it to the Company in writing as at the date of such pledge.</p>   |
| Article 4.10 | <p>a controlling shareholder and de facto controller shall also observe the following regulations with respect to its activities:</p> <ul style="list-style-type: none"> <li>(1) the controlling shareholder and person in actual control shall safeguard the independence of the staff, assets and finance of the Company and shall not intervene with any of its financial or accounting activities. No controlling shareholder and person in actual control or any of their respective sub-units under their control shall engage in business which is the same as or similar to the business carried on by the</li> </ul>  |

listed company. The controlling shareholder and person in actual control shall adopt effective measures to avoid horizontal competition;

(2) the controlling shareholder and person in actual control owe fiduciary duty towards the Company and other shareholders. It shall exercise its right as shareholder in strict compliance with the law and shall not damage the lawful rights of the Company and other shareholders by means of assets restructuring, etc. and shall not take advantage of its special status to acquire any additional benefits;

(3) the controlling shareholder shall not impose any approval requirement in respect of any resolution for election in the shareholders' general meeting and resolution for appointment in the Board and shall not bypass the shareholders' general meeting and the Board to appoint or remove any senior officer of the Company;

(4) All material decisions of the Company shall be determined by the shareholders' general meeting and the Board in accordance with the law. The controlling shareholder and de facto controller shall not directly or indirectly intervene in the decision-making of and any business activity lawfully commenced by the Company and damage the interest of the Company and other shareholders.

#### Article 4.11

The Directors, supervisors and senior officers of the Company shall have the obligation to protect the capital of the Company from being embezzled by the controlling shareholder or person in actual control.

In case of Directors or senior officers of the Company assisting or conniving the controlling shareholder or its subsidiary in misappropriating the assets of the Company, the Board shall inflict punishment on the directly responsible persons and remove the Directors with significant responsibilities depending on the seriousness of the circumstances.

In the case of the controlling shareholder or person in actual control misappropriating the assets of the Company, including but not limited to, the capital of a listing company, the Board shall immediately apply to the People's Court in the name of the Company to legally freeze the assets of the Company embezzled and the shares of the Company held by the controlling shareholder or person in actual control. For any misappropriated assets of the Company that cannot be restored to the original form or repaid in cash by the controlling shareholder or the person in actual control, the Board shall constitute the misappropriated assets of the Company by realizing the

shares of the Company held by the controlling shareholder or person in actual control in accordance with the provisions and procedures of the relevant laws, regulations and rules.

## **Section II General Provisions for General Meetings**

Article 4.12 The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with law:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect, replace, or remove directors and supervisors who are shareholders' representatives and to decide on matters relating to the remuneration of directors and supervisors;
- (3) to elect and replace supervisors who are shareholders' representatives and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the Board;
- (5) to examine and approve reports of the supervisory committee;
- (6) to examine and approve the Company's annual financial budgets and final accounts;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of shares, repurchase of the shares of the Company apart from the circumstances set out under Article 3.9 (3), (5) and (6) of these Articles of Association, the issue of debentures by the Company and other financing instruments by the Company;
- (11) to decide on the appointment, dismissal, non-reappointment and remuneration of the accountants of the Company;
- (12) to amend these Articles of Association;
- (13) to examine and approve the provision of guarantees under Article 4.13 of these Articles of Association;
- (14) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited

total assets;

- (15) to examine and approve matters relating to changes in the use of funds raised;
- (16) to examine share incentive schemes and employee stock ownership plans;
- (17) to consider motions proposed by shareholder(s) who represent(s) 3% or more of the shares of the Company carrying voting right;
- (18) to examine and approve external investment, entering into of material commercial contract, entrusted investment and asset acquisition and disposal which meet one of the following standards:
  - (a) the assets which are the subject of the transaction account for 50% or more of the total assets in the latest audited consolidated statements of the Company. If there are both book value and assessed value for the assets which are the subject of the transaction, the higher figure shall be used as the basis of calculation;
  - (b) the net assets which are the subject (for example, equity interests) of the transaction account for 50% or more of the net assets in the latest audited consolidated statements of the Company, and the absolute amount exceeds RMB50 million. If there are both book value and assessed value for the net assets which are the subject of the transaction, the higher figure shall prevail;
  - (c) the operating income of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 50% or more of the operating income in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds RMB50 million;
  - (d) the net profit of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 50% or more of the net profit in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million;
  - (e) the consideration of the transaction (including the assumption of liability to debts and expenses) accounts for 50% or more of the net assets in the latest audited consolidated statements of the listed company, and the absolute amount exceeds RMB50 million;
  - (f) the profit generated by the transaction accounts for 50% or more of the net profit in the latest audited consolidated statements of the listed company, and the absolute amount exceeds RMB5 million;
  - (g) if the data involved in the above indicative calculations is a negative figure, its

absolute value shall be used for the purpose of calculation;

(h) other external investment and asset disposal activities assets which are required by the laws, regulations, and the listing rules of the stock changes where the Shares are listed to be resolved by shareholders' general meeting or are considered by the shareholders' general meeting to be resolved by the same.

(19) to examine and approve the following investments in derivatives:.

(a) investments in derivatives used for hedging purposes in amount representing 50% or more of the net assets as shown in the latest audited consolidated statements of the Company, and in absolute amount of more than RMB50 million;

(b) investments in derivatives used for purposes other than hedging;

(20) to examine and approve connected transaction between the Company and connected person (excluding the receipt of cash assets and provision of guarantee by the Company) in amount of RMB30 million or more and representing 5% or more of the absolute amount of the latest audited net assets of the Company;

(21) to authorize the Board to amend relevant rules of procedures and working system pursuant to the relevant laws and regulations and requirements of regulatory authorities. The amendments shall follow the principles below:

(a) They shall be in compliance with laws and regulations and the stipulations contained in the Articles of Association;

(b) They shall not weaken or cancel the exercise of relevant rights by the shareholders' general meeting; and

(c) They shall not infringe the lawful rights of the Company and all of its shareholders, especially the small to medium shareholders;

(22) other matters to be decided in shareholders' general meeting provided by the laws, administrative regulations, the listing rules of the stock exchanges where the Shares are listed, and these Articles of Association.

Investments in derivatives that do not meet the criteria as provided in item (19) of this Article shall be determined by the Board.

#### Article 4.13

Provision of external guarantee by the Company as set forth below must be approved by the shareholders in a general meeting.

- (1) the provision of any guarantee after the amount of the external guarantee provided by the Company and its subsidiaries reaches or exceeds 50% of the latest audited net assets;
- (2) the provision of any guarantee after the amount of the external guarantee provided by the Company reaches or exceeds 30% of the latest audited total assets;
- (3) the accumulated guarantee amount within one year of the Company exceeds 30% of the Company's latest audited total assets;
- (4) the provision of any guarantee in which the party to be guaranteed has a debt-equity ratio exceeding 70%;
- (5) the provision of any single guarantee in which the amount exceeds 10% of the latest audited net assets;
- (6) The provision of any guarantee for the shareholders, the persons in actual control and other connected persons;
- (7) Provision of external guarantee that should be considered and approved by the shareholders' general meeting as stipulated by laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and these Articles of Association.

#### Article 4.14

Shareholders' general meetings are categorized as annual general meetings and extraordinary general meetings. Annual general meetings are held once every year within six months from the end of the preceding financial year.

The Company shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in these Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) where shareholder(s) individually or jointly holding 10% or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the Board deems necessary;
- (5) whenever the supervisory committee so requests.

Article 4.15      The Company shall hold a shareholders' general meeting at the Company's office or at such place as specified in the notice of the general meeting.

### **Section III Conducting of Shareholders' General Meetings**

Article 4.16      The independent director has the right to make a proposal to the Board to hold extraordinary general meeting of shareholders. For such proposal made by the independent director, the Board, according to laws, administrative regulations and the Articles of Association, shall give written feedback to agree or disagree to hold the extraordinary general meeting within 10 days after receiving the proposal. Provided the Board agrees to hold the extraordinary general meeting, a notice shall be given within 5 days after the Board makes such a resolution; if the Board disagrees to hold the extraordinary general meeting, reasons shall be explained and announced.

Article 4.17      The supervisory committee has the right to make a proposal to the Board to hold the extraordinary general meeting in writing. The Board, according to laws, administrative regulations and these Articles of Association, shall give written feedback to agree or disagree to hold the extraordinary general meeting within 10 days after receiving the proposal.

If the Board agrees to hold the extraordinary general meeting, notice shall be given within 5 days after the Board makes such a resolution. Changes to the original proposal in the notice shall be approved by the supervisory committee.

Article 4.18      Shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to make a request to convene an extraordinary general meeting or a class meeting in writing to the Board. The Board shall provide written feedback on whether it agrees to convene the extraordinary general meeting within ten (10) days after receiving the request according to the provisions of the relevant laws, administrative regulations and these Articles of Association.

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice to convene shareholders' general meeting or class meeting within five (5) days of its decision, and any changes to the original request in the notice shall be made only with the consent of the relevant shareholder(s).

If the Board decides against convening the extraordinary general meeting, or if it has failed to provide its feedback within ten (10) days after receiving the request, shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to propose to convene an extraordinary general meeting to the supervisory committee in writing.

If the supervisory committee agrees to convene the extraordinary general meeting or the class meeting, it shall issue a notice to convene shareholders' general meeting within five (5) days of receipt of the request, and any changes to the original request in the notice shall be made only with the consent of the relevant shareholder(s). If the supervisory committee fails to issue a notice of shareholders' general meeting or class meeting within the prescribed period, the supervisory committee shall be deemed not convening or chairing a shareholders' general meeting or class meeting. Shareholders individually or jointly holding more than 10% of the shares of the Company for ninety (90) consecutive days may convene and chair the meeting on their own.

**Article 4.19** If the supervisory committee or shareholders hold the shareholders' general meeting by themselves, the Board shall be notified in writing and records should be filed with the Shenzhen Stock Exchange.

Before announcement of the resolution of the shareholders' general meeting, the shareholding proportion of the shareholders to convene a meeting shall not be less than 10%.

When the shareholders to convene a meeting send a notice of the shareholders' general meeting and an announcement of the resolution of the shareholders' general meeting, relevant proving materials shall be submitted to the Shenzhen Stock Exchange.

**Article 4.20** The Board and the Board Secretary should provide assistance for the shareholders' general meeting convened by the supervisory committee or the Board. The Board should provide the register of shareholders on the date of confirmation

**Article 4.21** Necessary expenses of the shareholders' general meeting held by the supervisory committee or the Board by themselves shall be borne by the Company.

## **Section IV Proposals and Notices of Shareholders' General Meetings**

Article 4.22      The proposals put forward shall fall within the scope of functions and powers of the shareholders' general meeting, have clear issues for discussion and specific matters to be resolved, and comply with the laws and regulations and these articles of association.

Article 4.23      The Board, the supervisory committee and any shareholder(s) who hold(s), individually or jointly, 3% or more of the Company's shares shall be entitled to propose motion(s).

Any shareholder(s) who hold(s), individually or jointly, 3% or more of the Company's shares shall be entitled to propose and submit in writing to the convener additional motions ten (10) days prior to the date of the shareholders' general meeting. The convener shall issue a supplemental notice of the general meeting within two (2) days after the receipt of the motion(s) to announce the contents of the additional motion(s).

Except as prescribed in the above paragraph, after the notice of the general meeting has been issued, the convener shall not make any change in the proposed motion(s) as set out in the notice of the general meeting nor add any new motion(s).

After issue of the notice of the general meeting, the general meeting shall not be postponed or cancelled nor shall the motions(s) set out therein be deleted without any proper reason. When the general meeting is to be postponed or cancelled, the convener shall make an announcement specifying the reasons therefor at least two (2) working days prior to the date on which the general meeting is originally scheduled to be held.

If the shareholders' general meeting has to be adjourned or canceled due to the publication of a supplementary notice of the shareholders' general meeting in accordance with the regulations of the securities regulatory rules of the place where the Company's shares are listed, the shareholders' general meeting shall be convened in accordance with the regulations of the securities regulatory rules of the place where the Company's shares are listed.

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| Article 4.24 | Matters which are not included in a notice of general meeting or that are inconsistent with the provision under Article 4.23 of these Articles of Association shall not be resolved at the shareholders' general meeting.  |
| Article 4.25 | When the Company convenes an annual general meeting, it shall notify the shareholders by way of announcement twenty-one (21) days before the date of the meeting (exclusive of the date of meeting); for convening an extraordinary general meeting, the Company shall notify the shareholders by way of announcement fifteen (15) days before the date of the meeting (exclusive of the date of meeting). Any shareholder who wishes to attend the general meeting shall deliver a reply slip concerning attendance of the meeting to the Company within the prescribed time as specified in the notice of the general meeting.   |
| Article 4.26 | <p>A notice of shareholders' general meeting of the Company shall satisfy the following requirements:</p> <ul style="list-style-type: none"> <li>(1) state the time, venue and duration of the meeting;</li> <li>(2) matters and motions to be considered at the meeting;</li> <li>(3) containing a conspicuous statement that all ordinary shareholders (including preference shareholders with restored voting rights) are entitled to attend at the general meeting, and a shareholder may appoint a proxy in writing to attend the meeting and vote on his/ her behalf and such proxy is not necessarily be a shareholder of the Company;</li> <li>(4) share record date for the right to attend the general meeting;(5) the contact person and telephone number for the meeting;</li> <li>(6) voting time and procedure of voting via internet or by other ways.</li> </ul> <p>If the shareholders' general meeting is held on the Internet or by other means, it shall specify the voting time and voting procedures on the Internet or by other means in the notice of the shareholders' general meeting. The time to start voting via internet or by other means shall not be earlier than 9:15 a.m. on the date of the onsite general meeting or later than 9:30 a.m. on the date of the onsite general meeting and shall not conclude earlier than 3:00 p.m.on the date of the onsite general meeting.</p> |

The interval between the share record date and the date of the meeting shall not be more than seven (7) working days. Once the share record date is confirmed, no change may be made thereto.

Article 4.27      Except as otherwise provided in these Articles, notice of general meeting shall be served on the shareholders (whether or not they have the right to vote at the general meeting) in the manner prescribed in these Articles or in such other manner as may be permitted by the stock exchange where the Company's shares are listed.

Article 4.28      In case where the notice of shareholders' general meeting is not despatched to a person who is entitled to receive such notice due to accidental omission or such person fails to receive such notice, the shareholders' general meeting and the decisions made in such meeting shall not be invalidated.

Article 4.29      In the event that the election of Directors and Supervisors is to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose details of candidates for the Directors and Supervisors, and shall at least include the following particulars:

- (1)their educational background, work experience, part-time jobs and other personal details;
- (2)whether or not they have any associated relationship with the Company or the Company's controlling shareholder(s) and de facto controller (s);
- (3)to disclose number of shares of the Company they hold;
- (4)whether or not they have been penalized by the China Securities Regulatory Commission and other relevant departments and disciplined by the stock exchange.

In addition to adopting the cumulative voting system to elect Directors and Supervisors, a single proposal on each of the candidates for Directors and Supervisors shall be submitted.

## **Section V Convening of the Shareholders' General Meeting**

Article 4.30      The Board and other conveners of the Company shall take necessary precautions to ensure normal order of the shareholders' general meeting. Precautions shall be taken to prevent behaviors that interfere with the shareholders' general meeting, stir up

trouble and infringe legal rights and interests of shareholders, which shall be timely reported to relevant departments for investigation.

Article 4.31 All shareholders and their proxies recorded on the date for registration of equity rights shall have right to attend and speak at the shareholders' general meeting and exercise the voting power according to laws, regulations and the Articles of Association.

Shareholders may either attend and speak at the shareholders' general meeting in person or entrust a proxy to attend the meeting and make decisions for them.

Article 4.32 Shareholders who attend the Meeting in person shall show the identification card, or other valid documents or certificates or stock account card to show their identity; The proxy entrusted by shareholders to attend the meeting shall provide his identification card and the power of attorney of the shareholder.

The legal representative or proxy entrusted by the legal person shareholder may attend the meeting. When a legal representative attends the meeting (treated as being present in person), he shall present his identification card and effective evidence of his qualification as a legal representative; when an entrusted proxy attends the meeting, he shall present his identification card and the power of attorney in writing issued to him by the legal representative of a legal person shareholder.

Article 4.33 The instrument appointing a proxy to attend a general meeting issued by the shareholder should state the following:

- (1) the name of the proxy;
- (2) whether or not there is any voting right;
- (3) an indication to vote for or against or abstain from voting on each and every matter included in the agenda of the shareholders' general meeting ;
- (4) the date of issue and the validity period of the instrument;
- (5) the signature (or seal) of the appointer; if the appointer is a legal person, it shall be given under seal;
- (6) the instrument shall state whether the proxy is entitled to vote at his discretion in the absence of specific instruction from the shareholder.

Article 4.34

The instrument appointing a voting proxy shall be deposited at the Company's office or at such other place as specified for that purpose in the notice convening the meeting not less than twenty-four (24) hours before the time for holding the relevant meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution. If such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarized copy of that power of attorney or other authority, together with the instrument appointing a voting proxy, shall be deposited at the Company's office or at such other place as is specified for that purpose in the notice convening the meeting.

If the appointer is a legal person, its legal representative or person authorized by its board of directors or other governing body may attend any shareholders' general meeting of the Company as a representative of the appointer.

If the shareholder is a recognized clearing house as defined in the relevant laws and regulations of the locality where the shares of the Company is listed, such recognized clearing house may authorize one or more proxy(ies) as it thinks fit to act as its proxy(ies) at any shareholders' general meeting or class meeting or creditors' meeting, and this/these proxy(ies) shall enjoy the same legal rights as other shareholders, including the right to speak and the right to vote. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies are entitled to exercise the rights on behalf of the recognized clearing house or their agent (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same), including the right to speak and vote, as if they were the individual shareholders of the Company.

Article 4.35

The Company shall prepare a log book to record the parties attending the shareholders' general meeting. The log book shall record the name of the person (or unit) attending the meeting, the number of their identification documents, residential address, the number of voting shares they have and the name of the person (or unit) being represented.

Article 4.36 The convener and the lawyer engaged by the Company shall jointly verify the validity of the Shareholders' qualification according to the register of shareholders provided by the Securities Depository and Clearing Institutions and register the name (or title) of shareholders and the voting shares held by them. The meeting registration shall be stopped before the chairman of the meeting declares the number of shareholders and proxies present at the live meeting and the total voting shares.

Article 4.37 All the Directors, supervisors and the Board Secretary of the Company shall attend the shareholders' general meeting, and the senior officers shall also be present at the meeting. The Company shall arrange means such as video, telephone or online conference to facilitate the participation of the Directors, supervisors and senior officers in the shareholders' general meeting. Except for trade secrets of the Company which cannot be disclosed at the shareholders' general meeting, the Directors, supervisors and senior officers should reply or explain in response to the queries and suggestions from shareholders. The accountants responsible for annual audit of the Company shall attend the shareholders' annual general meeting, and give explanation on the Company's annual report and audit-related issues on which investors have concerns and doubts.

Article 4.38 The Chairman shall chair the shareholders' general meeting. He may nominate a director to convene and chair the meeting on his behalf. If no chairman is appointed for any reason, the shareholders present at the meeting can elect a person as chairman. If the shareholders shall fail to elect a chairman for any reason, the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

The shareholders' general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee cannot fulfill or doesn't fulfill his duties, the meeting shall be presided over by one supervisor elected by over half of the supervisors.

The shareholders' general meeting convened by shareholders themselves shall be presided over by the representative elected by conveners.

During the shareholders' general meeting, if the meeting cannot be continued due to violation of the rules of procedure by the chairman of the meeting, upon consent of more than one-half of the present shareholders with voting power, one person can be elected as the chairman of the meeting by the shareholders' general meeting to continue the meeting.

Article 4.39 The Company shall formulate the "Rules of Procedures of Shareholders' General Meeting" to specify in details the convening and voting procedures of shareholders' general meetings, including meeting notice, registration, examination of proposals, casting of votes, vote counting, announcement of voting results, passing of resolutions and the signing thereof, minutes of the meeting and the signing thereof, content of announcement in relation to resolutions of the meeting, as well as the principles of authorization by the shareholders' general meeting to the Board, and the scope of such authorization shall be clear and specific.

Article 4.40 At the annual general meeting, the Board and the supervisory committee shall report their work for the past year to the general meeting. Each independent directors shall also present a work report.

Article 4.41 Directors, supervisors and senior management shall provide explanations and answers to the enquiries and suggestions from shareholders at the shareholders' general meeting.

Article 4.42 The chairman of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be subject to registration of the shareholders' general meeting.

Article 4.43 Minutes shall be prepared for shareholders' general meetings by the Board Secretary. The minutes shall state the following contents:

- (1) the time, venue and agenda of the meeting and the name of the convener;
- (2) the name of the chairman of the meeting and the names of the directors, supervisors, managers and senior management attending or present at the meeting;

- (3) the number of shareholders and proxies attending the meeting, total number of voting shares they represent, and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (4) the process of review and discussion, summary of any speech, and voting results of each proposal;
- (5) the shareholders' questions, opinions, suggestions and corresponding answers or explanations;
- (6) the names of lawyer(s), vote counters and scrutinizer(s) of the voting;
- (7) other contents to be included as specified in these articles of association.

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| Article 4.44 | The convener shall ensure the truth, accuracy and integrity of the meeting minutes. The meeting minutes of the shareholders' meeting shall be signed by the present directors, supervisors, the Board Secretary, convener or the representative and the chairman of the meeting. The meeting minutes shall be kept together with the signing book of shareholders present at the live meeting and the power of attorney for proxy, effective materials of the voting by network or other methods for a term of 10 years.  |
| Article 4.45 | The convener shall ensure the shareholders' meeting to be held continuously until the final resolution is made. If the shareholders' meeting is stopped or fails to make resolutions due to special reasons such as force majeure, necessary precautions shall be taken to resume the shareholders' meeting as soon as possible or directly terminate the shareholders' meeting with a timely announcement. Meanwhile, the convener shall submit a report to the resident agency of the China Securities Regulatory Commission in the location of the Company and the stock exchanges where the shares of the Company are listed. |

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

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| Article 4.46 | Resolutions of shareholders' general meetings shall be categorized as ordinary resolutions and special resolutions. |
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An ordinary resolution shall be passed by more than one-half of all the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by votes representing two-thirds or more of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 4.47** The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the Board and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the Board;
- (3) appointment and removal of members of the Board and members of the supervisory committee, their remuneration and the manner of payment;
- (4) annual budgets plan and final reports of the Company;
- (5) annual reports of the Company;
- (6) matters other than those which are required by the laws, administrative regulations or these Articles of Association to be adopted by special resolution.

**Article 4.48** The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or reduction of the registered capital;
- (2) the division, spin-off, merger, dissolution and liquidation of the Company;
- (3) the amendment of these Articles of Association;
- (4) the Company's purchase and disposal of material assets or the amount of guarantee within one year, which exceeds 30% of the latest audited total assets of the Company;
- (5) any share incentive schemes;
- (6) other matters which laws, administrative regulations, the listing rules of the stock exchanges where the shares are listed or the Articles of Association require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

**Article 4.49** Unless otherwise provided in these Articles of Association, when shareholders (including proxies) vote at the general meeting, they shall exercise their voting

rights according to the number of voting shares that they represent, and each share carries one vote.

When material issues affecting the interests of small to medium investors are considered at the shareholders' general meeting, the votes of the small to medium investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Company has no voting right for the shares it holds. The shares held by the Company shall not be counted in the total number of voting shares represented by the shareholders attending the shareholders' general meeting.

If a shareholder buys voting shares of the Company in violation of the provisions of sections 63(1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the shareholders' general meeting.

**Article 4.50** When connected transactions are voted at the shareholders' general meeting, the shareholders involved in the connected transactions shall abstain from voting. The voting shares represented by them shall not be counted in the total number of voting shares present at the shareholders' general meeting. The announcement of the resolutions passed by the shareholders' general meeting should fully disclose details of the votes cast by unconnected shareholders.

Where any shareholder is, under the listing rules of Hong Kong Stock Exchange, required to abstain from voting on any particular resolution or restricted to vote only for or only against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 4.51** Except for special situations such as crisis, the Company will not sign contracts to consign other person to be in charge of the management of all or part of important business with people other than directors and senior management personnel of the Company.

Article 4.52 As to each resolution which is voted upon, at least two (2) representatives of shareholders and one (1) supervisor shall participate in counting the votes and the scrutineer shall announce the voting results at the meeting. If any shareholder is related to the matter under consideration, such shareholder and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

Article 4.53 The candidates' name list of directors and supervisors shall be submitted to the shareholders' general meeting in proposal for voting. When the shareholders' general meeting takes a vote to elect directors and supervisors, the cumulative voting system shall be adopted.

Article 4.54 Except for the cumulative voting system, the shareholders' general meeting shall vote on all proposals one by one. Different proposals for the same issue shall be voted on according to the time order of proposals. The shareholders' general meeting shall not postpone or stop to vote on proposals except that the shareholders' general meeting is stopped or cannot make resolutions due to special reasons such as force majeure.

Article 4.55 The shareholders' general meeting shall not make any change when examining proposals. Otherwise, relevant changes shall be deemed as a new proposal which cannot be voted on in this shareholders' general meeting.

Article 4.56 The same voting power can only be exercised through one way of live meeting, network or other voting methods. If the same voting power repeats in voting, the first voting result shall prevail.

Article 4.57 Votes in the shareholders' general meeting shall be cast by open ballot.

Article 4.58 Before voting on proposals in the shareholders' general meeting, two shareholder representatives shall be elected to take part in vote counting and counting witnessing. The shareholders and proxies shall not take part in vote counting and counting witnessing if there is related to the examined issues and shareholders.

The lawyer, shareholder representative and supervisor representative shall jointly be in charge of vote counting and counting witnessing when voting on proposals in the

shareholders' general meeting and the voting results shall be announced in the meeting and recorded into the meeting minutes.

The shareholders or their proxies of the companies who vote through network or other methods have the right to check their voting results through corresponding voting system.

**Article 4.59** The closing time of the live shareholders' general meeting shall not be prior to the network or other methods. The chairman of the meeting shall announce the voting situation, the result of each proposal and whether the proposal is passed according to the voting result.

Before the formal announcement of the voting results, the companies, tellers, scrutineers, substantial shareholders, network service provider and other relevant parties involved in the on-the-spot voting, online voting and other means of voting shall be under confidentiality obligation in relation to the voting.

**Article 4.60** Shareholders attending the meeting shall either approve or object to the resolutions proposed or abstain from voting, with the exception in which a securities registration and clearing institution declares opinions on proposals as the nominal holder of the stocks traded in the connectivity mechanism of the mainland and Hong Kong stock markets according to the intention of the actual holder.

Failure to complete the ballot paper, or the ballot paper having been wrongly completed or being illegible, or ballot paper not voted shall be deemed abstention from voting by the voter. The votes represented by such shares shall be counted as "abstention".

**Article 4.61** If the presenter of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may arrange recounting. If the presenter of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presenter of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted, and the presenter of the meeting shall arrange recounting immediately.

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| Article 4.62 | The resolutions of the shareholders' meeting shall be timely announced, and the announcement shall include the number of shareholders and proxies present at the meeting, total voting shares held by them and the proportion of the total voting shares of the Company, voting methods, voting result of each proposal and detailed content of each adopted resolution.  |
| Article 4.63 | Proposals not adopted or resolutions of the former shareholders' meeting changed in this shareholders' meeting shall be specially pointed out in the announcement of the resolution of the shareholders' meeting.   |
| Article 4.64 | If proposals on the election of directors and supervisors are adopted in the shareholders' meeting, the time for new directors and supervisors to take office shall be counted after the approval of the proposal for the election of directors and supervisors at the shareholders' meeting.   |
| Article 4.65 | The Company shall take specific plans to carry out proposals on share capital increase through cash granting, share granting, or reserve fund adopted in the shareholders' meeting within 2 months after the closing date of the shareholders' meeting. If the specific plan cannot be implemented within two months according to the provisions of laws and regulations and the securities regulatory rules where the Company's shares are listed, the implementation date of the specific plan can be adjusted according to such provisions and the actual situation. |

## **Chapter 5 Directors and Board of Directors**

### **Section I Directors**

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| Article 5.1 | Directors of the Company shall be natural persons and they are not required to hold any shares in the Company. A person may not serve as a director of the Company if any of the following circumstances applies:  |
|             | (1) a person who has no or restricted capacity for civil conduct;  |
|             | (2) a person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense where less than five years have lapsed following the completion of the implementation of the |

punishment; or who has been deprived of his/ her political rights for committing an offense where less than five years have lapsed following such deprivation;

(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;

(4) a person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license;

(5) a person who has a relatively large amount of debt due and outstanding;

(6) a person who is currently being prohibited from participating in the securities market by the China Securities Regulatory Commission and such barring period has not elapsed;

(7) other contents required by the laws, administrative regulations, departmental rules or the listing rules at the place where the shares of the Company are listed.

If a director is elected or appointed in violation of this article, such election, appointment or engagement shall be invalid. Any director who is in violation of this article during his/her tenure of office shall be removed from his/her position.

#### Article 5.2

Directors shall be elected or replaced at the shareholders' general meeting and their term of office shall be three (3) years. At the expiry of the term, it shall be renewable upon re-election. A Director shall be removed by the shareholders in a general meeting before the expiry of his term of office.

The tenure of a Director shall commence from the date of the passing of the resolution in the shareholders' general meeting until the end of the tenure of the existing Board. In the case of failure to timely re-elect the Directors at the expiration of the term of office of Directors, the incumbent Directors shall continue performing their duties until the new Directors assumes office according to laws, administrative regulations, department rules and the Articles of Association. Subject to the compliance with all the relevant laws and administrative regulations, the shareholders' general meeting may by ordinary resolution remove any Director

before the expiration of his term of office (however, the Director's right to claim damages arising under any contract from his removal shall not be affected thereby).

Any person appointed as a Director by the Board to fill a casual vacancy on or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment, and shall be eligible for re-election.

#### Article 5.3

Directors shall follow the laws, administrative regulations and the Articles of Association and bear following faithful obligations to the Company:

- (1)Directors are not allowed to abuse their authorities to accept bribes or other illegal income, and may not encroach on the Company's property;
- (2)Directors are not allowed to misappropriate the property of the Company;
- (3)Directors are not allowed to deposit the assets of the Company into an account in their own names or in any other individual's name.
- (4)Directors are not allowed to lend the funds of the Company to other people or provide guarantees for other people with the assets of the Company in violation of regulations of the Articles of Association or without consent of the shareholders' general meeting or the Board;
- (5)Directors are not allowed to execute any contract or engage in any transaction with the Company in violation of the Articles of Association or without consent of the shareholders' general meeting;
- (6)Without consent of the shareholders' general meeting, directors shall not, taking advantage of their positions, seek for commercial opportunity which shall belong to the Company and engage in the same business as the Company in which he serves as a director or the President either for his own account or for any other person's account;
- (7)Directors are not allowed to possess the commission obtained from the transaction between others and the Company;
- (8)Directors are not allowed to disclose confidential information of the Company;
- (9)Directors shall not make use of the associated relationship to damage the interest of the Company; and
- (10)Other faithful obligations specified by the laws, administrative regulations, department rules, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

Any income of the Directors by violating this article shall belong to the Company; if losses are caused to the Company, such Directors shall bear the liability for compensation.

Article 5.4 Directors shall follow laws, administrative regulations and the Articles of Association and bear following assiduous obligations to the Company:

- (1) Directors shall exercise their rights restrainedly, carefully and assiduously to ensure that the commercial activities of the Company are in accordance with laws, administrative regulations and the requirements of various national economic policies and do not exceed the Company's scope of business as regulated by the business license;
- (2) Directors shall treat all shareholders equally;
- (3) Directors shall timely know the business operation and management condition of the Company;
- (4) Directors shall subscribe on the periodic report with written confirmation opinions to ensure the truth, accuracy and integrity of the information disclosed by the Company;
- (5) Directors shall submit relevant conditions and materials to the supervisory committee according to the facts and shall not interfere the supervisory committee or supervisors to exercise authorities;
- (6) Other assiduous obligations specified by laws, administrative regulations, department rules and the Articles of Association.

Article 5.5 The Board and the supervisory committee of the Company are entitled to put forward proposals at the shareholders' general meeting to nominate candidates for directorship or change Directors of the Company.

In addition, shareholders individually or in aggregate holding three (3) percent or more of the total issued voting shares of the Company are entitled to put forward proposals at the shareholders' general meeting to change Directors of the Company. However, in nominating candidates for directorship, the maximum number of candidates to be nominated shall be determined at a ratio of one candidate for directorship for every three (3) percent of the total issued voting shares held, disregarding any balance less than three (3) percent.

A written notice stating the intention to nominate a candidate for directorship and the candidate's consent to be nominated shall be delivered to the Board not earlier than the day following the despatch of the notice of shareholders' general meeting for the election of Directors, and not later than seven (7) days before the shareholders' general meeting is held. The provisions of these Articles of Association apply to proposals on the nomination of candidates for directorship and change of Directors.

The cumulative voting system shall be adopted for the election of Directors (including independent Directors) of the Company. That is, for the election of Directors at the shareholders' general meeting of the Company, each voting share held by the shareholders carries votes equivalent to the total number of Directors to be elected at the shareholders' general meeting, and the number of votes which a shareholder is entitled to cast is equal to the number of shares held multiplied by the total number of directors to be elected. The votes of a shareholder may be cast on one candidate for directorship or may be cast on different candidates for directorship, provided that the number of votes cast by each shareholder for the election of directors shall not exceed the highest number of cumulative votes.

The election of Executive Directors and independent Directors of the Company shall be voted separately.

In the election of Executive Directors, the number of votes which each shareholder is entitled to cast is equal to the number of voting shares held multiplied by the number of Executive Directors to be elected. These votes may only be cast on candidates for executive directorship.

In the election of independent Directors, the number of votes which each shareholder is entitled to cast is equal to the number of voting shares held multiplied by the number of independent Directors to be elected. These votes may only be cast on candidates for independent directorship.

Whether a candidate for directorship (including independent directorship) is elected depends on the number of votes received, but the number of votes received by each elected Director must exceed half of the valid voting shares (based on the number of

shares on a non-cumulative basis) held by shareholders present at the general meeting.

The Company may formulate implementation rules of the cumulative voting system.

**Article 5.6** The Board should, before convening the shareholders' general meeting, disclose the information of the candidate for directorship in detail in the notice of shareholders' general meeting to ensure that the shareholders have sufficient understanding about the candidates while casting votes.

The candidate for directorship shall, before the convening of the shareholders' general meeting, give a notice in writing indicating his consent to the nomination, his undertaking as to the truthfulness and completeness of his information publicly disclosed and his assurance in due performance of director's duties after being elected. The candidate for directorship shall introduce his own background, work experience and work plan after assuming office at the shareholders' general meeting.

New directors shall sign the "Director's Declaration and Undertaking" within one month after his appointment by the shareholders' general meeting and shall submit to the Board and the stock exchange on which the Company's shares are listed for record.

**Article 5.7** Directors shall actively take part in relevant training to understand the rights, obligations and responsibilities of a director. They shall be acquainted with relevant laws and regulations and shall grasp relevant knowledge which a director ought to possess.

**Article 5.8** Unless otherwise regulated by these Articles of Association or lawfully authorized by the Board, no Director shall, in his own name, act on behalf of the Company or the Board. While a Director acts in his own name, he shall declare his stance and identity in advance if the third party would reasonably perceive that such Director is acting on behalf of the Company or the Board.

**Article 5.9** Directors shall attend the Board meeting with serious and responsible attitude and shall clearly express their opinions on issues that are to be discussed. If a Director is unable to attend the Board meeting in person, he shall appoint another Director in

writing to vote on his behalf according to his view and the appointing Director shall be solely liable.

If a Director fails to attend two Board meetings consecutively in person or fails to appoint another Director to attend such meetings on his behalf, he shall be deemed to be in default of performing his duty. The Board should recommend his removal to the shareholders' general meeting.

**Article 5.10** Directors may resign before expiration of the term of office. The Directors who ask for resignation shall submit a written resignation report to the Board which shall disclose relevant conditions within 2 days.

If the resignation of Directors leads to the number of the Board below the minimum quorum, before the accession of the re-elected Director, the original directors shall fulfill their obligations according to laws, administrative regulations, department rules and the Articles of Association.

Except for the preceding paragraph, the resignation of Directors shall take effect after the resignation report is submitted to the Board.

**Article 5.11** If the resignation of a Director takes effect or the term of office expires, such Director shall complete all turnover procedures with the Board and his faithful obligations to the Company and the shareholders shall not be released after the term of office expires, which shall still be effective within the reasonable duration specified by the Articles of Association.

**Article 5.12** Directors shall be liable to compensate the Company for its loss due to his violation of the laws, administrative regulations, department rules and the Articles of Association during the implementation of duties.

**Article 5.13** Independent Directors shall take actions in accordance with laws, administrative regulations, China Securities Regulatory Commission and Stock Exchange.

## **Section II Independent Directors**

**Article 5.14** The Company shall have Independent Non-executive Directors, and the number of Independent Non-executive Directors shall not be less than one third of the number

of the Board members of the Company, shall not hold any other post in the Company except Director, and shall have no direct or indirect interest in the Company and the major shareholders of the Company, or any other relationship that may hinder their independent and objective judgment.

In addition to Article 5.1 of the Articles of Association regarding exclusion from serving as a Director, the qualifications and independence requirements of Independent Non-executive Directors of the Company shall also comply with the requirements of laws, administrative regulations, the China Securities Regulatory Commission and the securities regulatory rules of the place where the Company's shares are listed.

#### Article 5.15

The Independent Non-executive Director shall perform the following duties:

- (1) Participate in the decision-making of the Board and express clear opinions on the items discussed;
- (2) To supervise the potential major conflicts of interest between the Company and its controlling shareholders, de facto controllers, Directors and senior managers, to promote the Board to make decisions in line with the overall interests of the Company, and to protect the legitimate rights and interests of minority shareholders;
- (3) Provide professional and objective suggestions on the Company's operation and development, and promote the improvement of the decision-making level of the Board;
- (4) Other duties prescribed by laws and regulations, securities regulatory rules where the Company's shares are listed and the Articles of Association.

Independent Non-executive Directors shall perform their duties independently and impartially, and shall not be influenced by the Company, its major shareholders, de facto controllers and other units or individuals. If it is found that the matters under consideration affect his independence, he shall declare to the Company and withdraw. If there is a situation that obviously affects the independence during the term of office, he shall notify the Company in a timely manner, propose solutions, and resign when necessary.

#### Article 5.16

In addition to the functions and powers of Directors conferred by the Company Law and other relevant laws and regulations and the securities regulatory rules of the

place where the Company's shares are listed, Independent Non-executive Directors shall also have the following special powers and powers:

- (1) Independently engage external audit institutions and consulting institutions to audit, consult or verify specific matters of the Company;
- (2) The Board requests an extraordinary general meeting of shareholders;
- (3) Proposing the convening of the Board meeting;
- (4) Publicly solicit voting rights from shareholders before the general meeting of shareholders is held;
- (5) Giving independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;
- (6) Relevant provisions of laws and regulations, securities regulatory rules where the Company's shares are listed, and other functions and powers provided for in the Articles of Association.

The Independent Non-executive Director shall obtain the consent of more than half of all the Independent Non-executive Directors to exercise the powers and powers in items (1) to (2) of the preceding paragraph. Where an Independent Non-executive Director exercises the functions and powers listed in paragraph 1, the Company shall disclose them in a timely manner. If the above powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

#### Article 5.17

The Company shall regularly or irregularly convene special meetings attended by all Independent Non-executive Directors (hereinafter referred to as "special meetings of Independent Non-executive Directors"), which shall be considered as follows:

- (1) Related transactions that should be disclosed;
- (2) Plans for the listed company and related parties to change or waive commitments;
- (3) Decisions made and measures taken by the Board in relation to the acquisition of the Company;
- (4) To independently employ an intermediary agency to audit, consult or verify the specific matters of the company;
- (5) To propose to the Board to convene an extraordinary general meeting of shareholders;
- (6) To propose a meeting of the Board;

(7) Other matters for review as stipulated by laws and regulations, securities regulatory rules where the company's shares are listed and the Company's articles of association.

Items (1) to (3) above shall be submitted to the Board for consideration and approval after a special meeting of Independent Non-executive Directors.

A special meeting of Independent Non-executive Directors shall be convened and chaired by an Independent Non-executive Director jointly recommended by more than half of the Independent Non-executive Directors; If the convenor fails to perform his duties or is unable to perform his duties, two or more Independent Non-executive Directors may convene such meeting and elect a representative to preside.

The Company shall facilitate and support the convening of special meetings of Independent Non-executive Directors.

**Article 5.18** The Company shall actively cooperate with the Independent Directors in performing their duties, and the reasonable expenses incurred by the Independent Non-executive Directors in exercising their powers shall be borne by the Company.

### **Section III the Board**

**Article 5.19** The Company shall have a board of directors which is accountable to and shall report on its work to the shareholders' general meeting. The Board shall consist of nine (9) Directors who are elected by the shareholders' general meeting, six (6) of whom are Executive Directors who are responsible for the daily operation of the Company and three (3) of whom are Independent Non-executive Directors who will not engage in the daily operation of the Company, and there are no employee representative Directors. The Board shall have a chairman.

The Chairman shall be a Director of the Company and shall be elected or removed by more than one-half of all the Directors. The tenure of the Chairman is three (3) years, which is renewable upon re-election.

**Article 5.20** The Board is accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders' general meetings;
- (2) to implement the resolutions passed by the shareholders' general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution proposal (including the distribution proposal of year-end dividends) and loss recovery proposal;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of debentures or other securities and listing by the Company;
- (7) to draw up plans for material acquisition or disposal by the Company, merger, division or dissolution of the Company, and acquisition of the shares of the Company under circumstances as required in (1) and (2) of Article 3.9 of these Articles of Association;
- (8) to determine the acquisition of shares of the Company under the circumstances as required in (3), (5) and (6) of Article 3.9 of these Articles of Association within the authorization of the shareholders' general meeting; (9) to exercise the Company's power as to financing and borrowing and to determine the charge, lease and transfer of important assets of the Company;
- (9) to determine the charge, lease and transfer of important assets of the Company which do not require to be approved by shareholders at general meeting;
- (10) to decide on the Company's internal management structure;
- (11) to appoint or remove the Company's president(s), secretary to the Board and other senior management members and to decide on their remuneration, awards and penalty and to appoint or remove the deputy president(s) and person in charge of finance of the Company based on the recommendation of the president(s), and to decide on their remuneration;
- (12) to formulate the Company's basic management system, and to the extent authorized by the shareholders' general meeting, amend the relevant rules of procedures and working system pursuant to the relevant laws and regulations and requirements of regulatory authorities;
- (13) to formulate proposals for any amendment of these Articles of Association;
- (14) subject to compliance with the relevant requirements of the State, to determine

the level of remuneration and fringe benefits and the reward system;

(15) to decide on the establishment of special committees and the appointment and removal of relevant persons-in-charge;

(16) to decide on other major business and administrative issues which are not required to be determined by the shareholders' general meeting under these Articles of Association;

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

(18) to recommend to the shareholders' general meeting the appointment or replacement of the accounting firm which conducts audit work for the Company;

(19) to receive the working report by the Company's president(s) and examine their performance;

(20) to examine and approve external investment, entering into of material commercial contract, entrusted investment, acquisition and disposal of assets and external donations which meet one of the following standards, provided that the same shall be examined and approved at a shareholders' general meeting if it meets the condition set out in item (14) of Article 4.12 the Articles of Association:

- (a) the total assets which are the subject of the transaction account for 10% or more of the total assets in the latest audited consolidated statements of the Company. If there are both book value and assessed value for the total assets which are the subject of the transaction, the higher figure shall be used as the basis of calculation;
- (b) the net assets which are the subject (for example, equity interests) of the transaction account for 10% or more of the net assets in the latest audited consolidated statements of the Company, and the absolute amount exceeds RMB10 million. If there are both book value and assessed value for the net assets which are the subject of the transaction, the higher figure shall prevail;
- (c) the operating income of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 10% or more of the operating income in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds RMB10 million;
- (d) the net profit of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 10% or more of the net profit in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million;

(e) the consideration of the transaction (including the assumption of liability to debts and expenses) accounts for 10% or more of the net assets in the latest audited consolidated statements of the listed company, and the absolute amount exceeds RMB10 million;

(f) the profit generated by the transaction accounts for 10% or more of the net profit in the audited consolidated statements of the listed company in the latest accounting year, and the absolute amount exceeds RMB1 million;

(g) if the data involved in the above indicative calculations is a negative figure, its absolute value shall be used for the purpose of calculation;

(h) other external investment, entering into of material commercial contract, entrusted investment and asset acquisition and disposal which are required by the laws and regulations to be examined by the Board, or are considered by the Board as necessary to be examined by the same.

(21) to examine and approve connected transaction which meets one of the following standards, provided that the same shall be examined and approved at a shareholders' general meeting if it meets the condition set out in item (16) of Article 8.2 of the Articles of Association:

(a) transactions with connected natural person with a transaction amount exceeding RMB300,000;

(b) transactions with connected legal person (or other organizations) with a transaction amount exceeding RMB3 million and accounting for more than 0.5% of the absolute value of the latest audited net assets of the listed company; or

(c) other connected transaction which is considered by the Board as necessary to be examined by the same;

(22) to examine and approve investment in derivatives used for hedging purpose which does not meet the condition set out in item (15) of Article 4.12 of the Articles of Association;

(23) to exercise other functions and powers which are authorized by the shareholders' general meeting and these Articles of Association.

Save in respect of the matters specified in sub-paragraphs (6), (7), (8) and (13) of this Article and the provisions of "The Rules Governing Listing of Stocks on Shenzhen Stock Exchange" and the "Listing Rules of Hong Kong Stock Exchange", which shall be passed by the affirmative votes of two-thirds or more of all the Directors, the

Board's resolutions in respect of all other matters above may be passed by the affirmative votes of more than one-half of the Directors.

Article 5.21      The Board of the Company establishes an Audit Committee, a Strategy Committee, a Nomination Committee, a Remuneration and Appraisal Committee, and an Environmental, Social and Governance Committee (the "ESG Committee"). Special committees shall report to the Board and perform their duties in accordance with the Articles of Association and authorization of the Board. Proposals shall be submitted to the Board for deliberation and decision. The members of special committees shall be all composed of directors. Among them, independent directors shall account for the majority in Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, and serve as the convener. The convener of the Audit Committee shall be an accounting professional. The Board shall be responsible for formulating the working procedures of special committees and regulating the operation of special committees.

Article 5.22      The Board shall explain the non-standard auditing opinions on the financial reports of the Company issued by a certified public accountant to the shareholders' meeting.

Article 5.23      The Board should prepare the rules of procedure to ensure the fulfillment of the shareholders' meeting's resolutions, increase working efficiency and ensure making scientific decisions.

Article 5.24      The Chairman shall exercise the following functions and powers:

- (1) to preside over shareholders' general meetings and to convene and preside over the Board meetings;
- (2) to check on the implementation of resolutions passed by the Board at the Board meetings;
- (3) to sign the securities certificates, debentures and other securities with value issued by the Company;
- (4) to sign important documents of the Board, important contracts and other documents which should be signed by the Company's legal representative; or to issue a power of attorney to appoint his representative to sign such documents;
- (5) to exercise the functions and powers of a legal representative;

- (6) in the event of emergency situations such as the occurrence of large-scale natural disasters and other force majeure events, to take special steps in handling the Company's business according to the laws and the Company's interest, and to report to the Board and shareholders' general meeting afterwards;
- (7) to exercise other functions and powers conferred by the Board.

Where the Chairman is unable to perform his duties, any other Director appointed by the Chairman can exercise his functions and powers on his behalf.

Article 5.25

The Board shall hold at least four (4) regular meetings every year and such meetings shall be convened by the Chairman. All of the Directors should be notified about the meeting in writing fourteen (14) days beforehand. An extraordinary meeting of the Board may be convened when the Chairman thinks it is necessary.

Article 5.26

An extraordinary meeting of the Board shall be convened within ten (10) days by the Chairman upon his receipt of such request in any of the following circumstances:

- (1) when one-third or more of the Directors so request;
- (2) when the supervisory committee so requests;
- (3) when the president so requests;
- (4) when shareholders carrying voting rights of 10% or more so requests.

Article 5.27

All Directors should be notified three (3) days before an extraordinary meeting of the Board is held by means of delivery in person, telephone, e-mail, etc.

For special cases that require the Board to make decisions immediately, convening the extraordinary meeting shall not be subject to the requirements for the form of notice and notification period set out in the preceding paragraph for the sake of the Company's interests.

If any circumstances prescribed by this Article take place and the Chairman is unable to perform his duty, he shall nominate a Director to convene the extraordinary Board meeting on his behalf. If the Chairman does not perform his duty without any valid reason and fails to appoint a person to perform his duty on

his behalf, a Director who is nominated by one-half or more of the Directors can convene such meeting.

Article 5.28 A notice of the Board meeting shall contain the following contents:

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) reason to convene such meeting and business to be discussed;
- (4) date of notice.

Article 5.29 Board meeting shall only be held if more than one-half of all the Directors attend.

Each Director has one (1) vote. A resolution of the Board must be passed by more than one-half of all the Directors, unless otherwise provided herein.

Where the matter meets the criteria set out in Article 5.20(6), (7), (8), (10), (12), (19), (20) hereof, upon being reviewed and discussed by the Party Committee(s) of the Company, the resolution shall become effective after being passed by such minimum number of Directors required for approval as stipulated in these Articles of Association.

In case of an equality of votes cast for and against a resolution, the Chairman shall have a casting vote.

Article 5.30 If Directors have associated relationship with enterprises involved in issues to be determined in the Board Meeting, such Directors shall not exercise the voting power on the resolution or exercise the voting power on behalf of other Directors. The Board Meeting may be held with over one-half Directors without associated relationship, and the resolutions of the Board Meeting shall be approved by over one-half Directors without associated relationship. If the unassociated Directors attending the Board Meeting are less than 3 people, the issues shall be submitted to the shareholders' meeting for examination. If there are any additional restrictions on Directors' participation in board meetings and voting imposed by laws, regulations and securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Article 5.31 The manner of voting of the Board resolution shall be open ballot.

As long as the Directors can fully express their opinions, an impromptu Board meeting may be held by way of communication, during which resolutions may be passed and signed by participating Directors.

Article 5.32 Directors shall attend the Board meeting in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall be signed or sealed by such member with the name of the proxy, and the matters, scope and validity period of the authorization being specified.

A Director appointed as a representative of another Director to attend the meeting shall exercise the rights of the Director within the scope of authorization. Where a Director is unable to attend a Board meeting and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at that meeting.

Article 5.33 The Board shall keep minutes of resolutions passed at the Board meetings. The minutes shall be signed by the Directors who have attended the meeting and the person who took the minutes. Directors who have attended the meeting have the right to request that their views expressed during the meeting be recorded in the minutes in a descriptive manner. Minutes of the Board meeting shall be kept by the Board Secretary for a period of ten (10) years.

Article 5.34 The minutes of the Board meeting shall include the following contents:

- (1) date and place of the meeting and name of the convener;
- (2) names of participating Directors and Directors who are appointed as representatives to attend the Board meeting (proxies);
- (3) agenda of the meeting;
- (4) main points put forward by the Directors;
- (5) voting method for each matter to be resolved and its result (the voting result should specify the number of votes for and against and abstentions).

Article 5.35 The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or these Articles of Association

and the Company suffers serious loss as a result thereof, the Directors who participate in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proved that a Director has expressed his objection when the resolution is voted on, and if such objection was recorded in the minutes of the meeting, such Director shall be released from such liability.

## **Chapter 6 Presidents and Other Senior Officers of the Company**

Article 6.1      The Company shall have a president and several vice-presidents who shall be appointed or removed by the Board. The vice-presidents shall assist the work of the president.

Directors can be concurrently appointed as the president, vice-president or other senior officers; however the number of Directors concurrently serving as president, vice-president or other senior officers shall not exceed one-half of the number of Directors.

Article 6.2      The circumstances of disqualification for directors prescribed in Article 5.1 of the Articles of Association shall be applicable to senior executives.

Provisions regarding the duty of loyalty of directors under Article 5.3 and of diligence of directors under items (IV) to (VI) of Article 5.4 hereof shall be applicable to the senior executives.

Article 6.3      Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company shall not serve as a senior executive of the Company.

The senior executives only receive remuneration in the Company, not paid by the controlling shareholders on their behalf.

Article 6.4      The tenure of the presidents and other senior officers is three (3) years, which is renewable upon re-appointment.

Article 6.5      The president shall be accountable to the Board and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the Board;
- (2) to organize the implementation of the resolutions of the Board, the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate basic rules and regulations for the Company;
- (6) to propose to the Board the appointment or dismissal of the Company's vice-presidents and person in charge of finance;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) to draw up wages, benefits, awards and penalty for the Company's employees, as well as to decide the appointment and dismissal of the employees of the Company;
- (9) to request the convening of an extraordinary meeting of the Board;
- (10) other functions and powers conferred by these Articles of Association and the Board.

Article 6.6 The president shall formulate working rules of president which shall be implemented after the same is submitted to and approved by the Board.

Article 6.7 The president's working rules shall include the following:

- (1) conditions and procedures for holding a president's meeting, as well as the participants;
- (2) specific duties and division of work among the president, the vice-presidents and other senior officers respectively;
- (3) the Company's usage of funds and assets, limitation on the authority for signing of material contracts and the reporting system to the Board and the supervisory committee;
- (4) other matters which the Board considers necessary.

Article 6.8 The presidents and other senior officers can resign prior to the expiry of their term specific procedures and measures for such resignation shall be subject to the agreement made in the labor contract between them and the Company.

Article 6.9 The Company shall have one or two Board Secretary, who shall be a senior management of the Company, nominated by the Chairman and appointed or dismissed by the Board.

The Board Secretary shall have the necessary professional expertise and experience. The post of the Board Secretary shall be assumed by one or two natural persons. In the case where two persons are appointed jointly, the obligations of the Board Secretary shall be assumed jointly by such two persons. However, in handling external matters as authorized by the Board, either one of them shall be entitled to exercise independently all powers of the Board Secretary.

Article 6.10 If the Company has two Board Secretaries, these two Board Secretaries shall be in charge of the PRC and Hong Kong affairs respectively in accordance with the provisions of this Article. The related duties of the Board Secretary shall be assigned by the Board. The main duties of the Board Secretary in charge of the PRC affairs are:

- (1)to ensure that the Company has complete organizational documents and records;
- (2) to ensure that the Company legally prepare and submit reports and documents as required by the regulatory authorities;
- (3) to ensure that the shareholders' register of the Company shall be properly established and that the persons with right of access to relevant records and documents of the Company can have the said records and documents in time;
- (4)to make preparations for general meetings and Board meetings following the statutory procedure, and to prepare and submit relevant documents and information of the meetings;
- (5) to be responsible for information disclosure of the Company, to ensure the accuracy, legitimacy, truthfulness and completeness of information disclosure of the Company on a timely basis.

The main duties of the Board Secretary in charge of the Hong Kong affairs are, after obtaining the related authorization from the Board:

- (1)to report and submit related materials and documents of the Company pursuant to relevant laws and regulations in Hong Kong, the listing Rules of the Stock Exchange of Hong Kong and requirements of the Hong Kong Securities and Futures Commission;

- (2)to disclose information relating to the Company to the public;
- (3)to submit necessary documents of the Company to the Companies Registry in Hong Kong and so on.

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| Article 6.11 | <p>A director or other senior management (other than a supervisor) of the Company may concurrently act as the Board Secretary. The accountants of public certified accountants and lawyers of the law firm engaged by the Company shall not concurrently act as the Board Secretary.</p> <p>Where a director also holds the office of the Board Secretary and if an act is required to be done by a director and the Board Secretary separately, then that director holding the office of the Board Secretary may not perform the act in such dual capacity.</p> |
| Article 6.12 | <p>The qualifications and responsibilities of the Board Secretary shall meet the requirements for Board Secretary stated in the listing rules of the stock exchange on which the shares of the Company are listed.</p>   |
| Article 6.13 | <p>The Company shall take an active role in establishing an adequate system of investor relationship management and communications between the Company and its shareholders, especially its public shareholders, through various channels. The Board Secretary shall be responsible for the management of investor relationships of the Company.</p>   |
| Article 6.14 | <p>Senior management personnel shall bear the liability for compensation if losses are caused to the Company due to violating the regulations of laws, administrative regulations, department rules or these Articles of Association when implementing duties of the Company.</p>  |
| Article 6.15 | <p>Senior management personnel shall faithfully perform their duties and protect the maximum benefits of the Company and all shareholders. If senior management personnel cannot faithfully perform their duties or violate the duty of good faith, they shall legally undertake the liability for compensating for the damages caused to the benefits of the Company and the shareholders of public shares.</p>   |

## **Chapter 7 Supervisory Committee**

## **Section I Supervisor**

Article 7.1 Circumstances prohibiting any person serving as a director as stipulated in Article 5.1 of these Articles of Association shall be applicable to supervisors. The Company's directors, President and other senior management personnel may not serve concurrently as supervisors.

Article 7.2 Supervisors shall abide by the laws, administrative regulations and these Articles of Association, owe fiduciary duties and due diligence duties to the Company. They shall not use the authority to take bribes or solicit other illegal incomes, and never encroach upon the Company property.

Article 7.3 The term of office of a supervisor shall be three years. A supervisor may take another term if he/she is re-elected after the expiration of his/her term.

Article 7.4 If the re-election is not conducted in time after the term of a supervisor expires or the resignation of the supervisor causes the members of the supervisory committee to fall short of the quorum, the supervisor shall still perform the supervisor's duty in line with the laws, administrative regulations and these Articles of Association until the new supervisor takes office.

Article 7.5 The supervisor shall ensure that the information disclosed by the Company is true, accurate and complete, and shall sign a written confirmation of the periodic report.

Article 7.6 Supervisors may attend the Board Meeting as non-voting delegates and address inquiries or suggestions on the resolutions of the Board Meeting.

Article 7.7 Supervisors shall not utilize the associated relationship to damage the profits of the Company and shall bear the liability for compensation if losses are caused to the Company by them.

Article 7.8 Supervisors shall bear the liability for compensation if losses are caused to the Company due to violation of laws, administrative regulations, department rules or the Articles of Association during implementation of duties of the Company.

## **Section II Supervisory Committee**

Article 7.9      The Company shall have a supervisory committee. The supervisory committee shall consist of three (3) members. The exact number of supervisors shall be determined by the shareholders' general meeting and one (1) member shall be the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable to or does not perform his duty, a supervisor nominated by one-half or more of the supervisors shall convene and chair the supervisors' meeting. The removal of the chairman of the supervisory committee shall be passed by two-thirds or more of the members of the supervisory committee. The tenure of a supervisor is three (3) years, which is renewable upon re-election.

If an appointment is not made in time upon the expiry of the tenure of a supervisor, or if the number of members of the supervisory committee falls below the minimum prescribed by law due to the resignation of a supervisor during his tenure, the incumbent supervisors shall continue to perform the duties of a supervisor in accordance with the laws, administrative regulations and these Articles of Association before a new supervisor is elected.

Article 7.10     The supervisory committee shall comprise two shareholders' representatives and one representative of the employees of the Company. The shareholders' representatives shall be elected and removed at the shareholders' general meeting, and the employees' representative shall be democratically elected and removed by the employees of the Company. Members of the supervisory committee shall possess relevant expertise or work experience required for acting as supervisors.

The cumulative voting system shall be adopted for the election of supervisors who are shareholders' representatives. The requirements in regard to the cumulative voting system adopted for the election of Directors under Article 5.5 shall also be applicable to the election of supervisors who are shareholders' representatives.

Article 7.11     Directors, presidents and other senior officers of the Company shall not act concurrently as supervisors.

Article 7.12     The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with law:

- (1) To audit the periodical reports of the Company made by the Board and present written auditing opinions;
- (2) to inspect the Company's financial position;
- (3) to supervise Directors, president and other senior management personnel of the Company during their performance of Company duties and put forward a proposal to dismiss the directors and senior management personnel who violate laws, administrative regulations, these Articles of Association or the resolutions of the shareholders' general meeting;
- (4) to demand any Director, president or other senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;
- (5) To institute legal proceedings against directors and senior management personnel according to Article 151 of the Company Law;
- (6) To carry out investigation if abnormal situation is found in operation of the Company; if necessary, to engage professional institutions such as Accounting Firm and law firm to assist in its work with the expenses borne by the Company;
- (7) to propose an extraordinary general meeting of shareholders and convene and preside over the shareholders' general meeting if the Board fails to implement such duties specified in the Company Law;
- (8) Other powers and responsibilities as provided in the articles of association.

Supervisors are entitled to attend the meetings of the Board.

**Article 7.13** The supervisory committee shall hold a meeting at least every six months. The supervisors may put forward a proposal to hold an extraordinary meeting.

Resolutions of the supervisory committee shall be approved by more than half of the supervisors.

**Article 7.14** The supervisory committee shall formulate rules of procedure and define the discussion methods and voting procedures to ensure the working efficiency and scientific decision-making of the supervisory committee.

**Article 7.15** The supervisory committee shall prepare meeting minutes of resolutions made for issues discussed at the meeting and supervisors present at the meeting shall sign their names on the meeting minutes.

Supervisors shall have the right to make an explanatory record for the speech addressed at the meeting in the minutes. The minutes of Supervisors' Meeting shall be preserved as file of the Company for 10 years.

Article 7.16      The notice of Supervisors' meeting shall contain the following content:

- (1) Date, location and duration of the meeting;
- (2) Reasons and issues; and
- (3) The date on which the notice is served.

## **Chapter 8 Party Organization**

Article 8.1      In compliance with the Constitution of the Communist Party of China and pursuant to the relevant regulations of the Company Law, the Company shall establish primary organizations of the Party.

- (1) Establishment of organs of party organizations of the Company. Primary Party committees and committees of general Party branches or Party branches shall be set up as the work requires and according to the number of Party members, subject to approval by the higher Party organizations; commission for discipline inspection of the Party shall be set up; trade unions, league committees and other mass organizations shall be set up; working units of the Party shall be established and working staff for Party affairs shall be assigned.
- (2) Duties and powers of the Party Committees of the Company. The Party Committees shall play the role as the core of leadership and act as the political nucleus and work for the operation of the Company. The Party Committees shall ensure and oversee the implementation of the principles and policies of the Party and the state in the Company; they shall comply with the Company Law, participate in making final decisions on major questions of the Company and review the major personnel appointments and dismissals; the secretary to the Party Committee shall chair the Party Committee meetings to review matters concerning the "Three Majors and One Large" ("三重一大"); it works to improve its own organization and provides leadership over the trade unions, the Communist Youth League of China and other mass organizations.

(3) Funding guarantee: the funding for Party building work shall be included in the Company's budget and charged as the Company's management costs.

## **Chapter 9 Special Procedures for Voting by a Class of Shareholders**

Article 9.1 Shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and these Articles of Association.

Article 9.2 Rights conferred on any class of shareholders may not be varied or abrogated save with the approval by a special resolution in a shareholders' general meeting and by shareholders of the affected class at a separate meeting convened in accordance with Article 9.4 to Article 9.8 herein.

Article 9.3 The following circumstances shall be deemed to be a variation or an abrogation of rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting rights, rights to distribution or other privileges equal or superior to those of the shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to grant a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion rights, options, voting rights, rights to transfer, pre-emptive rights or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having voting rights, rights to distribution or other privileges equal or superior to those of the shares of that class;

- (8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares of that class or another class;
- (10) to increase the rights and privileges of shares of another class;
- (11) to restructure the Company in a way which results in the disproportionate assumption of obligations between different classes of shareholders;
- (12) to vary or abrogate the provisions of this Chapter.

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| Article 9.4 | <p>Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 9.3 herein, but interested shareholder(s) shall not be entitled to vote at such class meetings.</p> <p>“(An) interested shareholder(s)”, as such term is used in the preceding paragraph, means:</p> <ul style="list-style-type: none"> <li>(1) in the case of a repurchase of shares of the Company by way of a general offer to all shareholders on a pro rata basis or by way of public dealing on a stock exchange pursuant to Article 3.10, a “controlling shareholder” within the meaning of Article 14.3;</li> <li>(2) in the case of a repurchase of shares the Company by an off-market agreement pursuant to Article 3.10, a holder of the shares to which the proposed agreement relates;</li> <li>(3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on other shareholders of that class or who has an interest different from those of other shareholders of that class.</li> </ul> |
| Article 9.5 | Resolutions of a class meeting shall, in accordance with Article 9.4 herein, be passed by votes representing two-thirds or more of the voting rights of shareholders of that class represented at the relevant class meeting.   |
| Article 9.6 | When the Company convenes a class meeting, a notice in writing or in electronic form (including but not limited to publication of an announcement on the  |

Company's website and the website of Hong Kong Stock Exchange) shall be given in accordance with the requirements of these Articles of Association regarding the prescribed period for giving notice of a general meeting to notify all holders of such class of shares registered in the register of shareholders of the matters to be considered at, and the date and place of, the meeting.

Article 9.7      Notice of class meetings need only be served on shareholders who are entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meetings. The provisions of these Articles of Association relating to the conduct of shareholders' general meetings are also applicable to class meetings.

Article 9.8      Apart from the holders of other classes of shares, the holders of A Shares and holders of H Shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by class shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon the approval by special resolution in a shareholders' general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued A Shares and H Shares; or
- (2) where the Company's plan to issue A Shares and H Shares at the time of its establishment is completed within fifteen (15) months from the date of approval by the securities regulatory authorities of the State Council.

## **Chapter 10 Financial Accounting System, Distribution of Profits and Audit**

### **Section I Financial Accounting System and Distribution of Profits**

Article 10.1      The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the PRC accounting standards formulated by the finance department of the State Council.

Article 10.2      The Company shall submit and disclose its annual financial reports to China Securities Regulatory Commission and the stock changes where the Shares are listed within three months from the ending date of each fiscal year and submit and disclose its interim reports to the delegated authority of China Securities Regulatory Commission and the stock changes where the Shares are listed within two months from the ending date of the first half of each fiscal year.

The aforesaid financial reports shall be prepared in accordance with the relevant laws, administrative regulations and the regulations of China Securities Regulatory Commission and the stock changes where the Shares are listed.

Article 10.3      The Company uses the Gregorian calendar year as the accounting year, that is, an accounting year starts on 1 January every year and ends on 31 December every year on the Gregorian calendar. The Company uses RMB as currency unit for accounting.

Article 10.4      The financial report of the Company shall be made available for shareholders' inspection at the Company's office twenty (20) days before the date of the shareholders' annual general meeting. Each shareholder of the Company is entitled to obtain the financial report referred to in these Articles of Association.

The Company shall notify and publish a copy of the financial report, together with the balance sheet (including all accompanying documents that are required according to the laws and administrative regulations of the PRC) and profit and loss statement or income and expenditure statement (including the aforesaid report) in accordance with the relevant provisions of these Articles of Association not later than twenty-one (21) days prior to the date of the shareholders' annual general meeting.

Article 10.5      The Company shall not keep accounts other than those required by law. Assets of the Company shall not be deposited in an account maintained in any individual's name.

Article 10.6      The Company shall allocate 10% of its after-tax profit for the Company's statutory common reserve fund. When the aggregate balance in the statutory common reserve

fund has reached 50% or more of the Company's registered capital, the Company need not make any further allocations to that fund.

In the event that the Company's statutory reserve fund is not sufficient to cover all the losses for the previous year, the profits for the current year shall be firstly used to cover the loss before making appropriation to the statutory reserve fund pursuant to the foregoing provisions.

After the Company has made appropriation to the statutory reserve fund from the after-tax profits, optional reserve fund may also be extracted from the after-tax profits upon the resolution at the shareholders' general meeting.

As for the remaining after-tax profits after the Company has covered loss and has extracted statutory reserve fund, shareholders shall be allocated pursuant to the ratio of the shareholding of the shareholders, except for those allocations not pursuant to the ratio of the shareholding as provided by these Articles of Association.

In the event that the general meeting is in violation of the foregoing provisions and distributes profits to shareholders before the Company has covered the loss and has extracted for statutory reserve fund, the shareholders shall return such distributed profits in violation of rules to the Company.

The shares of the Company owned by the Company shall not participate in the distribution of profits.

#### Article 10.7

The reserve of the Company shall be applied for making up for losses of the Company, expansion of the production and operation of the Company or capitalization, except that capital reserve shall not be applied for making up losses of the Company.

The Company may convert its common reserve fund into share capital with the approval of shareholders in a shareholders' general meeting, and the Company shall either distribute new shares in proportion to the existing number of shares held by the shareholders, or to increase the par value of each share. However, when the statutory common reserve fund is converted to share capital, the balance of the

statutory common reserve fund shall not fall below 25% of the registered capital of the Company.

Article 10.8 After a resolution on the profit distribution plan is made at the general meeting, the Board of the Company shall complete the distribution of the dividend (or shares) within two months after the said meeting. If the specific plan cannot be implemented within two months according to the provisions of laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific plan can be adjusted according to such provisions and the actual situation.

Article 10.9 Dividends shall be distributed on the basis of the after-tax distributable profit, which shall be the smaller one of the following two data:

- (1) the aggregate amount of after-tax distributable profit in the financial report audited by an Accounting Firm in accordance with the PRC accounting standards; or
- (2) the aggregate amount of after-tax distributable profit in the financial report based on the audited financial report prepared in accordance with the PRC accounting standards and adjusted in accordance with international accounting standards.

Article 10.10 The profit distribution policies and decision-making process for profit distribution proposal of the Company :The profit distribution policies of the Company :

- (1) The profit distribution of the Company shall focus on giving reasonable investment return to its investors. The profit distribution policies shall maintain continuity and stability, and shall not be adjusted at will to lower the level of return to shareholders once such policies have been confirmed.
- (2) Form, condition and proportion of profit distribution of the Company:
  - (a) The Company may distribute dividends in cash, in shares or in a combination of both cash and shares and distribution of profits by cash shall be a prioritized means. When the conditions for profit distribution by cash are met, profit distribution by cash shall be adopted. Where the Company repurchases its shares by means of offer or centralized auction trading with the consideration in cash, it shall be deemed as cash dividend of the Company and be counted in the calculation of relevant proportion of cash dividend.
  - (b) In distributing dividends in cash, the Company shall also meet the following

conditions:

( I ) the distributable profits of the Company for the year (i.e. the profits after tax of the Company after making up for losses and making allocations to the statutory common reserve fund) shall be a positive figure;

( II ) the auditing firm shall issue a standard unqualified audit report on the financial report of the Company for the year;

(III) the cash flows of the Company shall meet the normal operation and long-term development of the Company.

(c) In principle, the dividends distributed by the Company in cash in the year shall not be less than 10% of the distributable profits realized in the year, and the accumulated profits distributed by the Company in cash in the last three years shall not be less than thirty percent of the average annual distributable profits realized in the last three years. The remaining distributable profits shall be used to support the sustainable development of the Company.

(d) Conditions for distributing dividends in shares: Under the prerequisite of ensuring reasonable share capital size and shareholding structure, the Company may distribute dividends in shares when the valuation of its shares is within a reasonable range, in order to provide return to its shareholders and share its corporate value.

(e) The profits distributed by the Company shall not exceed the accumulated distributable profits.

(3) In the event that the Company realizes distributable profits, the Company may distribute interim cash dividends or distribute dividends in shares based on its profitability and capital requirements.

(4) Adjustment process of profit distribution policies:

(a) If the Company needs to adjust its profit distribution policies due to significant changes in external operating environment or its own operation, it shall consider from the perspective of the protection of shareholders' interests, discuss in details and explain the reasons therefor. The board of directors of the Company shall put forward a proposal for adjusting the profit distribution policies, and the independent Directors and the supervisory committee shall issue examination opinions in this regard. The proposal shall be submitted to the shareholders' general meeting for the passing by the shareholders (including proxies) with voting rights representing two-thirds or more of the voting rights present at the meeting.

(b) The opinions of the independent Directors and general public shareholders shall be given due consideration in the course of discussion, formulation and amendment to the profit distribution policies of the Company. The Company shall hear the opinions of the relevant shareholders on its profit distribution policies through investor telephone consultation, on-site survey and investor interactive platform, etc.

Decision-making process for profit distribution proposal:

(1) In the event that the Company realizes distributable profits, the board of directors of the Company shall propose a reasonable dividend distribution recommendation and plan based on the profitability, capital requirements and shareholders' return plan of the Company. In determining and formulating profit distribution proposal, the Board shall record in details the suggestions of the management, the key points raised by the attending Directors, the opinions of the independent Directors and the votes cast by the Board. The resulting written record shall be properly kept as the record of the Company.

(2) The profit distribution proposal proposed by the Board shall be passed by majority votes of the Board. The independent Directors shall examine the profit distribution proposal and issue independent opinions thereon. The supervisory committee shall examine and supervise the profit distribution proposal proposed by the Board and the decision-making process and issue examination opinions thereon. Upon the consideration and approval by the Board, the profit distribution proposal shall be submitted to the shareholders' general meeting for consideration and approval. When announcing the resolutions of the Board, the examination opinions of the independent Directors and the supervisory committee shall also be disclosed.

(3) If the board of directors of the Company does not propose any proposal for profit distribution in cash, or if the proportion of cash dividends in the proposed cash dividend proposal is lower than the proportion as provided in these Articles of Association, the Company shall disclose in its periodic report the reasons for failing to distribute dividends or the reasons why the proportion of cash dividends in the proposed cash dividend proposal is lower than the proportion as provided in these Articles of Association, and the use of the undistributed funds retained by the Company. The independent Directors shall issue independent opinions in this regard, and the supervisory committee shall issue examination opinions in this regard.

(4) The shareholders' general meeting shall vote on the profit distribution proposal

proposed by the Board. The Company shall effectively protect the rights of its general public shareholders to participate in shareholders' general meeting. The Board, the independent Directors and shareholders who meet certain conditions may solicit from the Company's shareholders votes which may be cast by them at the shareholders' general meeting. When the profit distribution proposal is considered at the shareholders' general meeting, different channels should be used to communicate and interact with shareholders, in particular, the medium and small shareholders, and their opinions and requests should be fully heard, and their concern should be addressed in a timely manner. In the event that the Company realizes distributable profits, but the Board fails to propose any cash dividend proposal, the Company shall provide an online voting platform to its shareholders, apart from the on-site meeting, when convening shareholders' general meeting.

(5) Upon occurrence of any illegal appropriation of the Company's funds by shareholders, the Company shall deduct the cash dividends to be paid to such shareholders to make up for the funds appropriated by such shareholders.

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| Article 10.11 | When the Company distributes dividends to its shareholders, it shall withhold such amount for tax payable by the shareholders on their dividend income in accordance with the tax law of the PRC.  |
| Article 10.12 | The Board may decide on the proposal for distribution of interim dividends or special dividends of the Company if authorized by the shareholders' general meeting.   |
| Article 10.13 | The cash dividends and other distributions for A Shares shall be payable in RMB. The cash dividends and other distributions for H Shares shall be declared in RMB and shall be payable in Hong Kong Dollars in accordance with the foreign exchange control requirements of the State. |
| Article 10.14 | The Company shall appoint receiving agents for holders of H Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts payable by the Company to holders of H Shares on such shareholders' behalf.                            |

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place where the Company's shares are listed or the relevant requirements of the stock exchange.

The receiving agent appointed for holders of H Shares listed on the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **Section II Appointment of an Accounting Firm**

Article 10.15 In addition to the engagement of a domestic Accounting Firm which is qualified for securities business for auditing financial statements, verification of net assets and other related consulting services, the Company may also, according to its needs, engage a foreign Accounting Firm which meets relevant requirements of the PRC to conduct audit and review of its financial reports.

Article 10.16 The Accounting Firm appointed by the Company shall hold office from the conclusion of the shareholders' annual general meeting at which it is appointed until the conclusion of the next shareholders' annual general meeting.

Article 10.17 The remuneration of an Accountancy Firm or the manner according to which the Accounting Firm's remuneration is to be decided shall be determined by the shareholders in a shareholders' general meeting by ordinary resolution.

Article 10.18 The Company's appointment, removal or non-reappointment of an Accounting Firm shall be resolved by the shareholders in a shareholders' general meeting by ordinary resolution, The Board shall not appoint Accounting Firms prior to the decision of shareholders' general meeting.

Article 10.19 The Company guarantees that the accounting documents, account books, financial and accounting reports and other accounting materials provided to the Accounting Firm are true and complete. The Company shall not refuse to provide or conceal information and shall not provide false information.

Article 10.20 Thirty (30) days' prior notice should be given to the Accounting Firm if the Company decides to remove such Accounting Firm or not to renew its appointment

thereof. Such Accounting Firm shall be entitled to make representations at the shareholders' general meeting. Where the Accountancy Firm resigns from its position, it shall make it clear to the shareholders in a shareholders' general meeting whether there has been any impropriety on the part of the Company.

## **Chapter 11 Merger, Division, Reduction of capital, Dissolution and Liquidation**

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

Article 11.1 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment refers to establishing a new company by merging two or more companies, whereby the merging parties shall be dissolved.

Article 11.2 In the case of a merger, all parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date when the resolution for the merger is passed and publish an announcement in the eligible media and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) within thirty (30) days. A creditor may, within thirty (30) days from the date of receipt of the written notice or, if the creditor did not receive a written notice, within forty-five (45) days from the date of the announcement, require the Company to pay the debt in full or to provide commensurate security.

Article 11.3 During the merger, the rights of the parties to the merger and their indebtedness shall be assumed by the company which survives the merger or the newly established company.

Article 11.4 Where there is a division of the Company, its assets divided accordingly. In the case of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date when the

resolution for the division is passed and publish an announcement in the eligible media and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) within thirty (30) days.

Article 11.5 The surviving companies shall be jointly liable for the pre-division debts of the Company, unless provided otherwise in a written agreement on debt repayment reached between the Company and a creditor prior to the division.

Article 11.6 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of adoption of the resolution to reduce its registered capital and publish a public announcement in the eligible media and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) within thirty (30) days. Creditors shall, within thirty (30) days of receiving written notice, or within forty-five (45) days of the date of the public announcement for those who have not received written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security for repayment.

The reduced registered capital of the Company will not be less than the statutory minimum.

Article 11.7 The Company shall, in accordance with law, apply for change in its registration with the companies registration authority when there is a change in any item in its registration as a result of the merger or separation of the Company. Where the Company is dissolved, the Company shall apply for its de-registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law. For increase or reduction of the registered capital of the Company, the Company shall handle the change registration with the company registration authority.

## **Section II Dissolution and Liquidation**

Article 11.8 The Company shall be dissolved and liquidated in accordance with the laws upon the occurrence of any of the following events:

- (1) expiry of the valid term of the business or the occurrence of other events of dissolution as stated in these articles of association;
- (2) a special resolution for dissolution is passed by shareholders at a shareholders' general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is revoked of business license, ordered to close or cancelled according to law;
- (5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights may petition a people's court to dissolve the Company.

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| Article 11.9  | Upon the occurrence of the situation described in sub-paragraph (1) of the Article 11.8 of these Articles of Associate, the Company may continue to exist by amending these Articles of Association.  |
| Article 11.10 | In the case of dissolution of the Company under sub-paragraphs (I), (II), (IV) and (V) of Article 11.8, a liquidation committee shall be formed within fifteen (15) days after the occurrence of the event of dissolution to deal with matters of the liquidation. The members of the liquidation committee shall be determined by the Board or by an ordinary resolution of shareholders in a shareholders' general meeting. If a liquidation committee is not established in time, the creditors may apply to the People's Court to establish a liquidation committee by their appointment to proceed with the liquidation. |
| Article 11.11 | The liquidation committee shall notify the creditors within ten days after its establishment, and publish an announcement in the eligible media and on the website of the Hong Kong Stock Exchange ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> ) within sixty (60) days. Creditors shall, within thirty (30) days from the date of receiving the notice; or for creditors who do not receive the notice, within forty-five (45) days from the date of the public announcement, inform the liquidation committee of their creditors' rights.   |

The creditors shall provide a description and supporting evidence of the matters relating to their rights. The liquidation committee shall register the creditors' rights.

The liquidation committee shall not make any debt settlement during the period for registration of creditors.

Article 11.12 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to inform the creditors or to notify them by way of announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and of taxes incurred during the liquidation process;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after the repayment of the Company's debts;
- (7) to represent the Company in any civil proceedings.

Article 11.13 After the liquidation committee has sorted out the Company's assets and prepared the balance sheet and an inventory of assets, it shall formulate a liquidation plan and present it to the shareholders' general meeting or to the relevant governing authorities for confirmation.

The Company's assets shall be distributed in the following order:

- (1) liquidation expenses;
- (2) wages owed to the employees of the Company, labour insurance costs, and statutory compensations;
- (3) payment of outstanding taxes;
- (4) repayment of the Company's debts.

Any surplus assets of the Company after the repayment as stipulated in the preceding paragraph shall be distributed to the Company's shareholders according to the proportion of the shares held by them.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's

property will not be distributed to the shareholders until it has been applied to the making of the payments mentioned in the preceding paragraph.

Article 11.14 If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.

After the Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

Article 11.15 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, which shall be confirmed by the shareholders' general meeting or the People's Court and submit to the companies registration authority and apply for the de-registration of the Company, and publish an announcement in relation to the termination of the Company.

Article 11.16 Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or misappropriate the property of the Company.

A member of the liquidation committee who causes loss to the Company or its creditors due to his or her intentional misconduct or gross negligence shall be liable for damages.

Article 11.17 Where the Company is declared bankrupt in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

## **Chapter 12 Amendments of Articles of Association**

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| Article 12.1 | The Company shall amend the Articles of Association in any of the following circumstances:  |
|              | (1) after the amendments are made to the Company Law, other relevant laws, administrative regulations or the securities regulatory rules of the place(s) where the Company's shares are listed, any term contained in the Articles of Association contradicts with the said amendments;   |
|              | (2) changes in the affairs of the Company are inconsistent with the terms specified in the Articles of Association; and   |
|              | (3) the general meeting of shareholders has resolved to amend the Articles of Association.  |
| Article 12.2 | Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws. |
| Article 12.3 | The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.  |
| Article 12.4 | Where the matters on the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to these requirements.   |

## **Chapter 13 Notice and Announcement**

### **Section I Notice**

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| Article 13.1 | Notices of the Company shall be served by the following methods: |
|              | (1) by personal delivery;  |
|              | (2) by post;   |
|              | (3) by announcement;   |
|              | (4) by other methods stipulated in the Articles of Association.  |

Article 13.2 Notices issued by the Company by way of announcement shall be deemed to have been received by all parties concerned once announced.

Article 13.3 The notice of meeting of the Company's general meeting of shareholders shall be made by public announcement. Unless the context otherwise requires, in relation to announcements made to A-Share shareholders or announcements made within the territory of the PRC as required by the relevant regulations and these Articles of Association, it refers the publication of information on the website of the Shenzhen Stock Exchange and on media that meet the conditions prescribed by the China Securities Regulatory Commission (hereinafter collectively referred to as "eligible media"); for notices to be issued to holders of H Shares or in Hong Kong as required under the relevant provisions or these Articles of Association, the announcement being published on the website of the Company, the website of the Stock Exchange of Hong Kong and such other websites as may be required from time to time under the Hong Kong Listing Rules in accordance with the relevant requirements of the Hong Kong Listing Rules.

Under the premise of the Company's compliance with the relevant listing rules of the place(s) in which the shares of the Company are listed, regarding the provision and/or distribution by the Company of corporate communications to holders of the H Shares in accordance with requirements of such listing rules, the Company may also electronically or at the Company's website or the website of the stock exchange(s) of the place(s) in which the shares of the Company are listed post such information so as to transmit or provide the same to such holders of H Shares in lieu of such delivery by hand or postage prepaid mail.

Article 13.4 The notice of convening the Board meeting of the Company shall be delivered by hand, facsimile or in the form of a mail.

Article 13.5 The notice of convening the Supervisory Committee meeting shall be delivered by hand, facsimile or in the form of a mail.

Article 13.6 The Company's notice be delivered by hand, the recipient shall sign (or chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Company's notice be delivered by mail, the delivery date shall

be five business days after the mail has been handed to the post office. Should the Company's notice be delivered in the form of an announcement, the first date of announcement shall be the date of delivery.

## **Section II Announcement**

Article 13.7      In case where the notice of shareholders' general meeting is not dispatched to a person who is entitled to receive such notice due to accidental omission or such person fails to receive such notice, the shareholders' general meeting and the decisions made in such meeting shall not be invalidated.

## **Chapter 14 Miscellaneous**

Article 14.1      The right to interpret these Articles of Association shall vest with the Board. Matters which are not resolved by these Articles of Association shall be proposed by the Board to the shareholders' general meetings for resolution. Matters not provided in these Articles of Association or inconsistent with the requirements of laws and regulations such as the Company Law, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Rules for the General Meetings of Shareholders of Listed Companies shall be subject to the relevant requirements based on the principle of severity.

Article 14.2      These Articles of Association are written in both Chinese and English and the Chinese version of the Articles of Association after the latest approval and registration by the Market Supervision and Administration Bureau of Guangdong Province shall prevail.

Article 14.3      Unless otherwise required by the context, the following nouns and phrases shall have the following meanings:

|                                 |   |
|---------------------------------|---|
| “these Articles of Association” | the articles of association of the Company  |
| “controlling shareholder(s)”    | shareholders holding more than 50% of the ordinary shares of the Company's total share capital; shareholders holding less than 50% of the Company's total share capital, but whose voting rights based on their shareholdings are |

|                                       |   |
|---------------------------------------|---|
|                                       | sufficient to exercise significant influence over the resolutions of the shareholders' general meetings; and controlling shareholders as defined in the listing rules of the stock exchange where the Company's shares are listed.  |
| “de facto controller(s)”              | a person who is not the Company's shareholder but can have de facto control on the behaviors of the Company through investment, agreement or other arrangements.  |
| “associated relationship”             | the relationship between the Company's controlling shareholders, de facto controllers, directors, supervisors, senior officers, and enterprises directly or indirectly under their control, as well as any other relationship which may cause transfer of the Company's interests and the associated relationship according to the listing rules of the stock exchange where the Company's shares are listed. However, the relationship between State-controlled enterprises is not a connected relationship due to the fact that such enterprises are under common control of the State. |
| “Board”                               | the board of Directors  |
| “Chairman”                            | the chairman of the Board   |
| “Director”                            | any director of the Company   |
| “Independent Non-executive Directors” | shall have the same meaning as “Independent non-executive directors” defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which have the same meanings as “independent directors” defined in the PRC Company Law  |
| “Executive Directors”                 | Directors other than Independent Non-executive Directors  |
| “Ordinary Shares”                     | any domestic share or overseas-listed foreign share of the Company  |
| “A Shares”                            | the Company's shares listed on the Shenzhen   |

|                            |   |
|----------------------------|---|
|                            | Stock Exchange, which are subscribed and traded in RMB  |
| “H Shares”                 | the Company’s shares listed on the Hong Kong Stock Exchange, which are subscribed and traded in Hong Kong dollar  |
| “Treasury Shares”          | means Shares that were previously issued but were purchased, redeemed, surrendered or otherwise acquired by the Company and not cancelled. Unless otherwise required by the Listing Rules of Hong Kong Stock Exchange, the Company Law or other relevant laws and regulations, A Treasury Share shall not be voted, directly or indirectly, at any meetings of the Company and shall not be counted in determining the total number of issued shares at any given time. |
| “RMB”                      | the legal currency of the PRC   |
| “Board Secretary”          | the company secretary and board secretary appointed by the Board  |
| “China”, “PRC” or “State”  | the People’s Republic of China  |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited   |
| “Company”                  | Hisense Home Appliances Group Co., Ltd.   |
| “Accounting Firm”          | have the same meaning as the “Auditor” defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited  |
| Article 14.4               | The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.  |
| Article 14.5               | The terms “or more”, “within”, “or less” herein shall include the given figure, while “without”, “less than”, “more than” shall not include the given figure.   |
| Article 14.6               | The Board shall be responsible for the interpretation of the Articles of Association.   |

Article 14.7

The attachment hereof shall include the rules of procedure for the general meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee.