

**HISENSE HOME APPLIANCES GROUP CO., LTD.**  
**ARTICLES of ASSOCIATION**

( PASSED AT THE 2024 ANNAL GENERAL MEETIN ON 25 JUNE 2025 )

JUNE 2025

## **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.

- Article 1.4** The Company's registered name:  
Chinese name: 海信家電集團股份有限公司  
English name: HISENSE HOME APPLIANCES GROUP CO., LTD.
- Article 1.5** The Company's office: No. 8, Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province, PRC  
Postal Code: 528303
- Article 1.6** The registered capital of the Company is RMB1,385,616,805.
- Article 1.7** The Company is a joint stock limited company that has perpetual existence.
- Article 1.8** A director who executes the Company's affairs on behalf of the Company is the legal representative of the Company, and the Chairman of the Board is the director who executes the Company's affairs on behalf of the Company and serves as the legal representative of the Company.  
If a director or manager who serves as the legal representative resigns, it is deemed that he/she resigns as the legal representative as well.  
If the legal representative resigns, the Company shall appoint a new legal representative within thirty days from the date of resignation of the legal representative.
- Article 1.9** The legal consequences of civil activities performed by a legal representative in the name of the Company shall be borne by the Company.  
The restrictions on the powers of the legal representative set out in these Articles of Association or by the general meeting shall not be imposed against a bona fide counterparty.

Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall assume civil liabilities for such damage. The Company may, after assuming such civil liabilities, claim reimbursement from the legal representative at fault in accordance with the laws or these Articles of Association.

**Article 1.10** The shareholders shall be liable for the Company to the extent of their subscribed shares. The Company shall be liable for its debts to the extent of all of its assets.

**Article 1.11** 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' interests, and a legally binding document with respect to the Company, shareholders, directors and senior management. Pursuant to these Articles of Association, shareholders may institute actions against shareholders, and shareholders may institute actions against directors and senior management of the Company; shareholders may institute actions against the Company, and the Company may institute actions against shareholders, directors, and senior management. The actions referred to in this Article include initiation of litigation proceedings at courts and seeking arbitration at arbitral bodies.

**Article 1.12** Senior management as mentioned in these Articles of Association refer to the president, vice-president(s), Board Secretary, the person in charge of finance and other personnel required in these Articles of Association.

**Article 1.13** The Company shall establish the primary organization of the Communist Party and carry out activities of the Party in accordance with the provisions of the Constitution of the Communist Party of China. The Company shall provide the necessary conditions for the activities of the Party organization:

( 1 ) Establishment of the bodies of Party organizations of the Company. Primary Party committees and committees of general Party branches or Party branches shall be set up respectively according to the work requirements and

the number of Party members, subject to approval by the higher Party organizations; a committee for discipline inspection of the Party shall be set up; trade unions, the Communist Youth League 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 Committee of the Company. The Party Committee shall play the role as the core of leadership and politics and work for the production and operation of the Company. The Party Committee shall ensure and oversee the implementation of the principles and policies of the Company in l i n e with those of the Party and the state; they shall comply with the Company Law, participate in decision-makings on major matters of the Company and review appointments and dismissals of the major personnel; 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” ); the Party Committee shall work to improve its own organization and provide leadership over the trade union, the Communist Youth League of China and other mass organizations.

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

## **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**

Registered in accordance with the law, 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.

## **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*. The shares of the same class issued at the same time shall have the same issuance conditions and price; the shares subscribed by the subscriber shall be paid at the same price per share.
- Article 3.3** The nominal value of the shares issued by the Company shall be denominated in RMB.
- Article 3.4** 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 3.5** 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 3.6** The number of issued shares of the Company is 1,385,616,805 shares, all of which are ordinary shares, of which: 926,026,997 A shares, accounting for 66.83% of the total share capital, and 459,589,808 H shares, accounting for 33.17% of the total share capital.

**Article 3.7** Neither the Company nor its subsidiaries (including subsidiary entities of the Company) shall provide financial assistance in the form of donation, margin financing, guarantee, borrowings, etc. for others to acquire shares of the Company or its parent company, except for the implementation of the employee share ownership plan.

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

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

**Article 3.8** 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 shareholder' general meetings:

- (1) by offering of shares to unspecified objects;
- (2) by offering of shares to specified objects;
- (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.

The Company shall not issue preferred shares convertible into ordinary shares.

The Company shall issue convertible corporate bonds in accordance with the provisions of laws and regulations. Holders of convertible corporate bonds may convert their convertible corporate bonds into shares of the Company during the conversion period in accordance with the relevant regulations and the conversion procedures and arrangements specified in the prospectus and other related issuance documents for issuance of convertible



corporate bonds by the Company. Matters arising from the change in the share capital of the Company due to the conversion shall be handled by the Company in accordance with relevant regulations, including share registration, listing, and changes in industrial and commercial registration.

**Article 3.9** 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 3.10** 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, administrative regulations, and the listing rules of the stock exchange where the Company's shares are listed.

**Article 3.11** The Company may acquire its shares through public centralized trading or other methods as permitted by laws, administrative regulations and China Securities Regulatory Commission.

If the Company acquires its own shares under the circumstances as required in (3), (5) and (6) of the first paragraph of Article 3.10, it shall be carried out

by a public centralized trading.

**Article 3.12**

Any acquisition of its own shares by the Company under the circumstances as required in (1) and (2) of the first paragraph of Article 3.10 shall be resolved at a shareholders' general meeting; any acquisition of its own shares by the Company under the circumstances as required in (3), (5) and (6) of the first paragraph of Article 3.10 shall be resolved by the Board meeting where more than two-thirds of the directors are present.

After the Company has acquired its A Shares according to the provisions the first paragraph of Article 3.10 of these Articles of Association, in the event of (1), the same shall be cancelled within ten (10) days from the date of acquisition; 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 A Shares of the Company in aggregate held by the Company itself shall not exceed 10% of the total number of its A Shares in issue and shall be transferred or cancelled within three (3) years after the acquisition; in the event of (7), the same shall be transferred or cancelled in accordance with applicable laws and regulations, normative documents and provisions of the securities regulatory authorities of where shares of the Company are listed.

After the Company has acquired its H Shares in accordance with 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 the relevant Shares to be held as Treasury Shares, such H Shares shall be cancelled.

The Company shall hold Treasury Shares in a clearly identifiable separate account for Treasury Shares within the CCASS. The Company shall not exercise any right in respect of the Treasury Shares, and no dividend may be declared or paid in respect of any 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 information disclosure obligation as required under the Securities Law, the Listing Rules

of the Shenzhen Stock Exchange, the Listing Rules of Hong Kong Stock Exchange, and the relevant provisions of other laws, regulations and normative documents.

### **Section III Transfer of Shares**

**Article 3.13** The shares of the Company shall be transferred in accordance with law.

**Article 3.14** The Company shall not accept the Company's shares as the subject of a pledge.

**Article 3.15** The Directors and senior management of the Company shall declare to the Company their holdings in the Company's shares (including preference shares) and changes thereto and shall not transfer more than twenty-five percent of the total number of their shares of the same class in the Company per annum during their terms of office determined when they are employed; the shares they hold in the Company shall not be transferred within one (1) year from the date when the shares of the Company are listed and traded. No transfer of their holdings in the Company's shares shall be made within six months after they cease to hold their respective offices.

**Article 3.16** If shareholders holding 5% or more of the shares of the Company, the Directors, senior officers 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 proceeds 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, senior officers, and natural person shareholders 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 3.17** 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.

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 Meetings**

### **Section I General provisions for 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. Shareholders 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, hold, 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 and copy of Articles of Association, register of shareholders, minutes of shareholders' general meetings, resolutions of the meetings of the Board, 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 requesting to inspect and reproduce relevant information of the Company shall comply with the provisions of the Company Law, Securities Law, and other laws and administrative regulations. To ensure the limited and lawful use of relevant information of the Company, the following requirements should be implemented:

- (1) Except for statutory reasons such as the proposal of convening of a general meeting, access to information is limited to lawful, proper, noncommercial purposes related to corporate governance and shareholders' rights. If a shareholder's request for information is clearly malicious for purposes such as manipulating stock prices, malicious acquisitions, filing lawsuits against other shareholders, recruiting employees from competitors, promoting products or services, the Company has the right to reject the request.
- (2) To ensure that daily operations and management of the Company are not affected, the Company shall particularly provide shareholders who have submitted applications with the regular annual reports for inspection within fifteen (15) days after the same are published. The interval between the time a shareholder submits a written application and the date of information inspection should be no less than fifteen (15) days. If a shareholder authorises another person to inspect the information, a valid certificate of identity, a power of attorney, and a notarial certificate shall be provided, stating the purpose and scope of the inspection.
- (3) Shareholders should inspect and reproduce the information on-site at the office designated by the Company, and sign a confidentiality commitment for the inspected information. Among them, to prevent shareholders from abusing their rights by repeatedly inspecting and reproducing the register of shareholders, the Company shall only provide the register of shareholders as at the equity registration date of the most recent general meeting.

- (4) The costs for shareholders to inspect and reproduce information shall be borne by the shareholders themselves.
- (5) Except for otherwise required by laws, administrative regulations, rules of stock exchanges, etc., regarding the procedures and time limits for shareholders to inspect and reproduce information.

#### **Article 4.5**

In the event that contents of the resolution of a shareholders' general meeting or a board meeting of the Company is against the law or administrative regulations, the shareholder shall have the right to apply for rescission in the People's court.

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, provided, however, that there are only minor defects in the procedure or voting method of the general meeting and the meeting of Board which have no substantial impact on the resolution.

If there is a dispute regarding the validity of the resolutions made at the general meeting among the Board, shareholders, and other related parties, they should promptly file a lawsuit with the People's court. Before the People's court makes a judgment or ruling, the related parties should execute the resolutions of the general meeting, and no entity may refuse to execute the content of the resolutions of the general meeting on the grounds that the resolutions are invalid. The Company, directors and senior management shall earnestly fulfill their responsibilities to ensure the normal operation of the Company.

Where the People's Court has made a judgment or ruling on relevant matters, the Company shall perform its information disclosure obligations in accordance with laws, administrative regulations, the requirements of the CSRC and the stock exchange, by fully explaining their impacts, and actively cooperating with the execution after the judgment or ruling takes effect. For matters involving corrections of previous issues, they shall be handled

promptly and the corresponding information disclosure obligations shall be fulfilled.

**Article 4.6** Resolutions of a general meeting or a Board meeting of the Company shall be invalid in any of the following circumstances:

- (1) the resolution was not made by a general meeting or a board meeting;
- (2) no voting on the resolution was made on at a general meeting or a Board meeting;
- (3) the number of attendees of the meeting or the number of their voting rights does not meet the quorum or the number of voting rights as required by the Company Law or these Articles of Association;
- (4) the number of attendees voting in favor of the resolution or the number of their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or these Articles of Association.

**Article 4.7** If the Director or any other senior management officer of the Company other than members of the Audit committee 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 Audit Committee in writing to institute a legal action in a people's court; if the Audit Committee violates any law or administrative regulation or breaches these Articles of Association in performing its duties, causing losses to the Company, the aforementioned shareholders may request the Board in writing to institute a legal action in a people's court.

If the Audit 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 thirty (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.

If any director, supervisor or senior management of a wholly-owned subsidiary of the Company violates any law, administrative regulation or these Articles of Association in performing his/her duties, causing losses to the Company, or the infringement of the legitimate rights and interests of a wholly-owned subsidiary of the Company by others causing losses, shareholders who holds 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall request the supervisory committee and board of directors of a wholly-owned subsidiary in writing in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law to institute a legal action in a people's court or to institute a legal action in a people's court in their own names.

If a wholly-owned subsidiary of the Company does not have a supervisor, such requirement shall be implemented in accordance with the provisions of the first and second paragraphs of this Article.

**Article 4.8** 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 4.9** The shareholders of the Company shall have the following obligations :

- (1) to abide by laws, administrative regulations and these Articles of Association;
- (2) to pay for the shares based on the shares subscribed for and the manners in which they became shareholders;
- (3) not to withdraw their share capital except in circumstances allowed by laws and regulations;

- (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;
- (5) other obligations imposed by laws, administrative regulations, and these Articles of Association.

**Article 4.10** A shareholder who abuses his rights, thereby causing losses to the Company or other shareholders, shall be liable for damages in accordance with the law. A shareholder who abuses the Company's independent legal person status and shareholders' limited liability to evade debts, thereby seriously jeopardizing the interests of the Company's creditors, shall be jointly and severally liable for the Company's debts.

## **Section II Controlling shareholder**

**Article 4.11** The controlling shareholders of the Company shall exercise their rights, perform their obligations and safeguard the interests of the Company in accordance with the provisions of laws, administrative regulations, the CSRC, the SFC and the Stock Exchanges where the Company's shares are listed.

**Article 4.12** The controlling shareholders of the Company should adhere to the following requirements:

- (1) to exercise shareholders' rights in accordance with laws, without abusing control or using related relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly adhere to the public statements and commitments made, and not to change or waive them without authorization;
- (3) to strictly fulfill its information disclosure obligations in accordance with the relevant requirements, actively cooperate with the Company to ensure proper information disclosure, and promptly inform the Company of any significant events that have occurred or are likely to

occur;

- (4) not to appropriate the funds of the Company in any way;
- (5) not to compel, instruct, or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to use undisclosed and material information of the Company for their own interests, not to disclose undisclosed material information related to the Company in any way, and not to be engaged in acts in violation to laws and regulations such as insider trading, short-term trading, or market manipulation;
- (7) not to harm to the legitimate rights and interests of the Company and other shareholders through any unfair connected transactions, profit distribution, asset restructuring, external investment, or other means;
- (8) to assure that the Company has integrated assets and independent personnel, independent finance , independent organization structure and independent business operation, and not to influence the Company's independence in any way;
- (9) other requirements of Laws, administrative regulations, the CSRC, the SFC and the Stock Exchanges where the Company's shares are listed.

If the controlling shareholder of the Company instructs directors and senior management to engage in actions that harm the interests of the Company or its shareholders, the directors and senior management shall bear joint liabilities.

**Article 4.13** If the controlling shareholders of the Company pledge the shares of the Company held or actually controlled by them, they should maintain the control and stable production and operation of the Company.

**Article 4.14** If the controlling shareholders of the Company transfer the shares they hold in the Company, they shall comply with the restrictive provisions regarding share transfers as stipulated by laws, administrative regulations, the CSRC the SFC and the Stock Exchanges where the Company's shares are listed, as well as their commitments regarding the restriction of share transfers.

### **Section III General Provisions for General Meetings**

**Article 4.15** 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 elect and replace non-employee representative directors and to decide on matters relating to the remuneration of directors;
- (2) to examine and approve reports of the Board;
- (3) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (4) to decide on the increase or reduction of the Company's registered capital;
- (5) to decide on the issuance of corporate bonds and other financing instruments;
- (6) to decide on merger, division, dissolution, liquidation or change of corporate form of the Company;
- (7) to amend these Articles of Association;
- (8) to decide on the appointment, dismissal, non - reappointment and remuneration of the accountants of the Company;
- (9) to examine and approve the provision of guarantees under Article 4.16 of these Articles of Association;
- (10) 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;
- (11) to examine and approve matters relating to changes in the use of funds raised;
- (12) to examine share incentive schemes and employee stock ownership plans;
- (13) to decide on the repurchase of the shares of the Company apart from the circumstances set out under Article 3.10 (3), (5) and (6) of these Articles of Association;
- (14) 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 exchanges 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.
- (15) 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;
- (16) 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;
- (17) 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;
- (18) 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 (15) of this Article shall be determined by the Board.

**Article 4.16** 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 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 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.

Those who violate the authority as stipulated in these Articles of Association regarding the approval of external guarantee by the general meeting and the Board shall be held liable for their corresponding legal and economic obligations.

**Article 4.17** Shareholders' general meetings are categorized as annual general meetings (annual shareholders' meetings) and extraordinary general meetings. Annual general meetings are held once every year within six months from the end of the preceding accounting year.

**Article 4.18** The Company shall convene an extraordinary general meeting from the date within two (2) months of the occurrence of any one of the following events:

- (1) where the number of directors is less than six;
- (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 shares request(s) in writing;
- (4) whenever the Board deems necessary;
- (5) whenever the Audit Committee so requests;
- (6) Other circumstances are stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

**Article 4.19** The physical place of a shareholders' general meeting of the Company shall be: the Company's domicile or the physical place specified in the notice of the meeting. The shareholders' general meeting shall set up a venue and be convened by means of a physical meeting. The Company will also provide virtual meeting technology such as internet and other means to provide convenience for shareholders.

**Article 4.20** The Company, when convening the shareholders' general meeting, shall hire lawyers to provide published legal opinions on the followings:

- (1) whether the procedures of calling and convening the meeting comply with the provisions of laws, administrative regulations and these Articles of Association;
- (2) whether the qualifications of the attendees and the convener are lawful and valid;
- (3) whether the voting procedure and results are lawful and valid;
- (4) legal opinions issued on other related issues at the request of the Company.

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

**Article 4.21** The Board should call the shareholders' general meeting on time within the stipulated period.

With the consent of more than half of all independent directors, independent



directors shall have the right to propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with laws, administrative regulations and these Articles of Association, give written feedback to agree or disagree to hold the extraordinary general meeting within ten (10) days after receiving the proposal.

Provided the Board agrees to hold the extraordinary general meeting, a notice shall be given within five (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 4.22** The Audit Committee has the right to propose 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 ten (10) days after receiving the proposal.

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

If the Board disagrees to convene the extraordinary general meeting or fails to give feedback within ten (10) days upon receipt of such proposal, it shall be deemed that the Board cannot or does not fulfill the obligation to convene the extraordinary general meeting and the Audit Committee shall convene and preside over the meeting by itself.

**Article 4.23** 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 shareholders' general meeting to the Audit Committee in writing.

If the Audit 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 Audit Committee fails to issue a notice of shareholders' general meeting or class meeting within the prescribed period, the Audit 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 4.24** If the Audit Committee or shareholders hold the shareholders' general meeting by themselves, the Board shall be notified in writing and records should be filed with the Stock Exchange where the Company's shares are listed.

When the Audit Committee or 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 Stock Exchange where the Company's shares are listed.

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%.

**Article 4.25** The Board and the Board Secretary should provide assistance for the

shareholders' general meeting convened by the Audit Committee or shareholders. The Board should provide the register of shareholders on the date of confirmation.

**Article 4.26** Necessary expenses of the shareholders' general meeting held by the Audit Committee or shareholders shall be borne by the Company.

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

**Article 4.27** 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 4.28** Where the Company is to convene a general meeting, the Board, the Audit Committee and a shareholder individually or shareholders jointly holding at least one percent of the Company's shares shall be entitled to propose resolutions to the Company.

Any shareholder(s) who hold(s), individually or jointly, at least one percent of the shares of the Company shall submit extraordinary resolutions in writing to the convener ten (10) days prior to the date of the shareholders' general meeting. The convener shall issue a supplemental notice of the general meeting and make an announcement of the contents of such extraordinary resolutions within two (2) days after receipt of the resolutions, and submit such extraordinary resolutions at the general meeting for consideration. However, extraordinary resolutions that violate the provisions of laws, administrative regulations, or these Articles of Association, or that do not fall within the scope of functions and powers of general meeting, are excluded.

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

Proposals not listed in the notice of the general meeting or that do not comply

with the provisions of these Articles of Association shall not be voted on or resolved at the general meeting.

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

**Article 4.29** 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 meeting.

**Article 4.30** A notice of shareholders' general meeting shall satisfy the following requirements:

- (1) state the time, physical place and/ or the virtual meeting technology used, and duration of the meeting;
- (2) matters and motions to be considered at the meeting; ;
- (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;
- (4) share record date for the right to attend the general meeting;
- (5) the contact person and telephone number for the meeting;
- (6) voting time and procedure of voting via electronic means such as the

internet or by other ways.

Any notice and supplementary notice of shareholders' general meetings shall sufficiently and completely disclose all the details of all proposals.

The time to start voting via electronic means such as the internet or by other means shall not be earlier than 3:00 p.m. of the day preceding the date of the onsite general meeting or later than 9:30 a.m. of the date of the onsite general meeting, and shall not conclude earlier than 3:00 p.m. of the date of the onsite general meeting.

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 4.31** In the event that the election of Directors 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 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, a single proposal on each of the candidates for Directors shall be submitted.

**Article 4.32** After issue of the notice of the general meeting, the general meeting shall not be postponed or cancelled nor shall the proposal(s) set out therein be cancelled without any proper reason. When the general meeting is likely to be postponed or cancelled, the convener shall make an announcement specifying the reasons therefor at least two working days prior to the date on which the general meeting is originally scheduled to be convened. In the case of an adjournment of the general meeting, the date of the adjourned meeting

shall also be disclosed.

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

**Article 4.33** 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 4.34** All shareholders and their proxies recorded on the date for registration of equity rights shall have right to attend the shareholders' general meeting and exercise the voting power according to laws, regulations and the Articles of Association.

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

**Article 4.35** Shareholders who attend the Meeting in person shall show the identification card, or other valid documents or certificates to show their identity; The proxy by shareholders to attend the meeting shall provide his identification card and the power of attorney of the shareholder.

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

**Article 4.36** The instrument appointing a proxy to attend a general meeting issued by the shareholder should state the following:

- ( 1 ) the name of the appointer, class and number of shares of the Company held by him/her;

- (2) the name of the proxy;
- (3) specific instructions of the shareholders, including instructions to vote for, against or abstain from voting on each matter to be considered which is included in the agenda of the shareholders' general meeting, etc.
- (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 4.37**

The instrument appointing a proxy voting authorization 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 proxy voting authorization, must 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 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 4.38** The Company shall prepare a meeting register to record the parties attending the shareholders' general meeting. The meeting register 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 4.39** 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 4.40** All the Directors 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 virtual meeting technology such as video, telephone or online conference to facilitate the participation of the Directors 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 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 4.41** The shareholders' general meetings shall be presided over by the Chairman. Where the Chairman is unable or fails to perform his/her duty, the meetings shall be presided over by a director jointly elected by more than one half of the directors.



The shareholders' general meeting convened by the Audit Committee shall be presided over by the chairperson of the Audit Committee. If the chairperson of the Audit Committee is unable to perform his/her duties or does not perform his/her duties, the meeting shall be presided over by a member of the Audit Committee jointly elected by a majority of members of the Audit Committee.

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 4.42** The Company shall formulate the "Rules of Procedures of Shareholders' General Meeting" to specify in details the holding, convening and voting procedures of shareholders' general meetings, including 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 4.43** At the annual general meeting, the Board shall report work for the past year to the general meeting. Each independent director shall also present a work report.

**Article 4.44** Directors and senior management shall provide explanations and answers to the enquiries and suggestions from shareholders at the shareholders' general meeting.

**Article 4.45** 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 4.46** Minutes shall be prepared for shareholders' general meetings by the Board Secretary. The minutes shall state the following contents:

- ( 1 ) the time, physical place, and/or the virtual meeting technology used 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, and senior management present at the meeting;
- ( 3 ) the number of A share shareholders, H share 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 consideration, summary of any speech, and voting results of each proposal. Among them, the voting results should record the voting status of A shareholders and H shareholders on each resolution;
- ( 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.

**Article 4.47** The convener shall ensure the truth, accuracy and integrity of the meeting minutes. The present directors, the Board Secretary, convener or the representative and the chairman of the meeting shall sign the meeting minutes. 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 electronic methods such as network or other methods for a term of 10 years.

**Article 4.48** 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 Guangdong CSRC and the stock exchanges of the place where the shares of the Company are listed.

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

**Article 4.49** Resolutions of shareholders' general meetings shall be categorized as ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by more than one-half of all voting rights represented by the shareholders (including shareholders' 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 shareholders' proxies) present at the meeting.

**Article 4.50** The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

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

**Article 4.51** 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 4.52** 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 (36) months after the purchase and shall not be counted as part of the total number of voting shares present at the shareholders' general meeting.

The Board, independent directors, shareholders holding more than 1% of the voting shares of the Company, or investor protection institutions established in accordance with the laws, administrative regulations or the requirements

of the CSRC may publicly solicit voting rights from shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being solicited. Provision of consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Except for the statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 4.53**

When related transactions are being considered at a shareholders' meeting, the related shareholders shall abstain from voting, and the number of voting shares represented by them shall not be counted toward the total number of valid votes. An announcement of the resolutions passed by the shareholders' general meeting shall fully disclose details of the votes cast by unrelated shareholders.

The disqualification and voting procedures for related shareholders in connection with the consideration of matters relating to connected transactions are as follows:

- (1) If an item under consideration at the general meeting is related to a shareholder, the shareholder shall disclose his/her relationship to the Board of the Company prior to the date of the general meeting;
- (2) When the general meeting deliberates on matters relating to connected transactions, the presiding officer of the meeting shall announce the shareholders who are connected and shall explain and illustrate the relationship between the connected shareholders and the connected transactions;
- (3) The presiding officer of the meeting shall announce the disqualification of the connected shareholders and the non-connected shareholders shall deliberate and vote on the connected transactions;
- (4) A resolution on the formation of a connected matter must be considered and passed by a majority of the unrelated shareholders present at the meeting; if the transaction falls within the scope of a special resolution, it shall be passed by more than two-thirds of the number of voting shares of the unrelated shareholders present at the meeting.
- (5) 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 4.54** 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 4.55** Lists of the candidates for directors shall be put forward by way of proposal at the shareholders' general meeting for voting.

The method and procedure for nomination of candidates for directors are as follows:

( 1 ) The Board, shareholders holding more than one percent of issued shares of the Company, whether individually or collectively, may nominate candidates, whose qualifications shall be reviewed by the Nomination Committee under the Board and submitted for election at the shareholders' general meeting upon the consideration and approval by the Board.

( 2 ) The employee representative in the Board shall be elected by employees of the Company at the employee representatives' meeting, the staff meeting or by other democratic means of election.

Cumulative voting shall be adopted for the election of two or more independent directors at a shareholders' general meeting, and independent directors and non -independent directors should be elected separately. The Company has established the "Implementation Rules for Cumulative Voting System of Hisense Home Appliances Group Co., Ltd." to regulate the principles and procedures of cumulative voting.

The cumulative voting system referred to in the previous paragraph means that when independent directors are elected at a shareholders' meeting of the Company, each share held by the shareholders has voting rights equal to the total number of independent directors to be elected at that shareholders' meeting. The voting rights held by a shareholder are equal to the product of

the number of shares held by that shareholder and the total number of independent directors to be elected. Shareholders may either concentrate all of their voting rights to elect a single candidate for independent director or distribute their votes among several candidates for independent directors, but the number of votes cast for independent directors by each shareholder shall not exceed the maximum limit of their cumulative number of votes.

Whether a candidate for an independent director is elected depends on the number of votes won, but the number of votes won by each elected independent director shall exceed half of the valid voting shares (based on the number of shares on a non-cumulative basis) held by shareholders present at the shareholders' general meeting.

**Article 4.56** 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 4.57** The shareholders' general meeting shall not make any change when considering proposals. If there are changes, they should be regarded as a new proposal which cannot be voted on at this shareholders' general meeting.

**Article 4.58** The same voting power can only be exercised through one way of live meeting, electronic methods such as the network or other voting methods. If the same voting power repeats in voting, the first voting result shall prevail.

**Article 4.59** Votes in the shareholders' general meeting shall be cast by open ballot.

**Article 4.60** 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 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.

Shareholders or their proxies of the companies who vote through electronic methods such as the network or other methods have the right to check their voting results through the corresponding voting system.

**Article 4.61** The closing time of the live shareholders' general meeting shall not be earlier than that of electronic methods such as 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, shareholders, service provider of electronic methods such as the network and other relevant parties involved in the on the spot voting, electronic methods voting such as the network and other means of voting shall be under confidentiality obligation in relation to the voting. °

**Article 4.62** 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 4.63** 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.

**Article 4.64** 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. The attendance and voting results of A shareholders and H shareholders at the meeting shall be separately counted and announced.

**Article 4.65** 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 4.66** If proposals on the election of directors are adopted in the shareholders' meeting, the time for new directors to take office shall be counted on the approval of the proposal for the election of directors or on the inauguration date specified in the proposal at the shareholders' meeting.

**Article 4.67** 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 General Provisions for Directors**

**Article 5.1**

The directors of the Company shall be natural persons, and cannot serve as directors of the Company if any of the following circumstances apply:

- (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 or who has been deprived of his/ her political rights for committing an offense where less than five years have elapsed since the date of completion of the implementation of the punishment; or if the person is sentenced to probation where less than two years have elapsed since the date of the probation period if probation is announced.
- (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 is classified by the People's Court as an executor in default for a relatively large amount of debt that has not been settled by the due date;
- (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) Being publicly recognized by the stock exchange where the Company's shares are listed as unsuitable for serving as a director or senior management of a listed company for an unspent period of time.
- (8) Other contents as stipulated by laws, administrative regulations,

departmental regulations.

If a director is elected or appointed in violation of the provisions of this Article, the election, appointment or employment shall be null and void. The Company shall terminate the duties of a director and cease to perform his duties. If the circumstances under this Article occur during the director's term of office.

**Article 5.2**

Directors shall be elected or replaced by 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 reelection. 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 and the term of office of the employee representative director shall be consistent with the term of office of the current session of the 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.

A director may concurrently hold other senior positions in the Company, but the total number of directors who concurrently hold other senior positions together with the employee representatives who serve as directors shall not exceed half of the total number of the Company's directors.

**Article 5.3**

Directors shall follow the laws, administrative regulations and the Articles of Association and bear faithful obligations to the Company, take measures to avoid any conflict between their own interests and the interests of the Company, and shall not use their powers to gain an improper advantage.

Directors shall bear following faithful obligations to the Company: :

- (1) Directors are not allowed to encroach on the Company's property or misappropriate the property of the Company;
- (2) 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;

- (3) Directors are not allowed to abuse their authorities to bribe or accept other illegal income;
- (4) Without reporting to the Board or the general meeting and passing a resolution of the Board or the general meeting in accordance with the provisions of these Articles of Association, directors shall not directly or indirectly execute any contract or engage in any transaction with the Company;
- (5) Directors are not allowed to take advantage of their positions, seek for commercial opportunity which shall belong to the Company for his own account or for any other person's account, except where he has reported to the Board or the general meeting and a resolution was passed at the general meeting, or the Company is unable to take advantage of such commercial opportunity according to laws, administrative regulations or these Articles of Association;
- (6) Without reporting to the Board or the general meeting, and the approval by a resolution of the shareholders' general meeting, directors shall not engage in the same business as the Company 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.

For the close family members of directors and senior management,

enterprises directly or indirectly controlled by directors and senior management or their close family members, and associates who have other associated relationships with directors and senior management entering into contracts or conducting transactions with the Company, the provisions of (4) of the second paragraph of this Article shall apply.

**Article 5.4**

Directors shall abide by the laws, administrative regulations and the Articles of Association and shall have an obligation of diligence to the Company and shall exercise the reasonable care normally expected of a manager in the best interests of the Company in the performance of their duties.

Directors shall have an obligation of diligence 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 Audit Committee according to the facts and shall not interfere the Audit Committee to exercise authorities;
- (6) Other diligent obligations stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and this Articles of Association.

**Article 5.5**

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 5.6** 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, and the resignation shall take effect on the date the Company receives the resignation report. The Board shall disclose relevant conditions within 2 trading 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.

**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** The Company has established a management system for the resignation of directors, defining the safeguards for accountability and compensation regarding unfulfilled public commitments and other outstanding matters. 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 and shall continue to be valid within the term of the service contract signed with the Company. The liabilities of a director arising from the performance of his duties during his term of office shall not be released or terminated upon leaving office.

**Article 5.9** The general meeting may resolve to terminate the appointment of a director, and the termination shall take effect on the date of the resolution. If a director is dismissed before the expiration of his or her term of office without a valid reason, the director may request the Company to compensate him or her.

**Article 5.10** 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 5.11** Where a director causes any damage to others arising from the performance of his duties, the Company shall be liable for compensation; where there is any intentionality or gross negligence, he shall also be liable for compensation.
- 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.

## **Section II the Board**

- Article 5.12** The Company shall have a board of directors. The Board shall consist of nine (9) Directors who are elected by the shareholders' general meeting, including five (5) shareholder-elected directors, three (3) independent directors and one (1) employee-elected director. 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 5.13** The Board is accountable to the shareholders' general meeting and shall exercise the following functions and powers:
- (1) to convene of the shareholders' general meeting and to report on its work to the shareholders' general meeting;
  - (2) to implement the resolutions passed by the shareholders' general meeting;
  - (3) to determine the Company's business plans and investment proposals;
  - (4) to formulate the Company's profit distribution proposal (including the distribution proposal of the year-end dividends) and loss recovery proposal;

- (5) 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;
- (6) to draw up plans for material acquisition or disposal by the Company, acquisition of the Company's shares, or merger, division and changes in the form of the Company;
- (7) to determine the acquisition of shares of the Company under the circumstances as required in (3), (5) and (6) of Article 3.10 of these Articles of Association within the authorization of the shareholders' general meeting;
- (8) to determine the charge, lease and transfer of important assets of the Company which do not require to be approved by shareholders' general meeting;
- (9) to decide on the Company's internal management structure;
- (10) 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;
- (11) 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;
- (12) to formulate proposals for any amendment of these Articles of Association;
- (13) subject to compliance with the relevant requirements of the State, to determine the level of remuneration and fringe benefits and the reward system;
- (14) to decide on the establishment of special committees and the appointment and removal of relevant persons-in-charge;
- (15) 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;

- (16) to manage disclosure of the Company's information;
- (17) to recommend to the shareholders' general meeting the appointment or replacement of the accounting firm which conducts audit work for the Company;
- (18) to receive the working report by the Company's president(s) and examine their performance;
- (19) 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 4.15 of 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.

(20) 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 4.15 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;

- (21) to examine and approve investment in derivatives used for hedging purpose which does not meet the condition set out in item (15) of Article 4.15 of the Articles of Association;
- (22) 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 (5), (6), (7) and (12) 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 5.14** 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 5.15** 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 5.16** 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 supervise and 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 5.17** 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 5.18** 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 Audit Committee so requests;
- (3) when the president so requests;
- (4) when shareholders carrying voting rights more than one-tenth so request.

**Article 5.19** 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 5.20** 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.

- ( 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 5.21** 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.

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

**Article 5.22** If Directors have associated relationship with enterprises or individual involved in issues to be determined in the Board Meeting, such Director shall promptly report in writing to the Board of Directors. Directors who are related 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 5.23** 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 electronic communication, during which resolutions may be passed and signed by participating Directors.
- Article 5.24** 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 5.25** 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.
- Article 5.26** 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 5.27** 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.

### **Section III Independent Directors**

**Article 5.28** The independent directors of the Company shall, in accordance with laws, administrative regulations, requirements of the CSRC, the SFC, the stock exchanges in which the Company's shares are listed and these Articles of Association, conscientiously perform their duties, play the roles of participating in the decision-making, supervising, checking and balancing, and professional consulting in the Board, safeguard the interests of the Company as a whole and protect the legitimate rights and interests of minority shareholders.

**Article 5.29** The independent directors shall be independent and shall not be served by the following persons:

- (1) persons working for the Company or its subsidiaries, their spouses, parents, children, and major social connections;
- (2) natural person shareholders directly or indirectly holding more than one percent of the issued shares of the Company or any of the ten largest shareholders of the Company and their spouses, parents and children;
- (3) persons who holds a position in the shareholders directly or indirectly holding more than five percent of the issued shares of the Company or any of the five largest shareholders of the Company and their spouses, parents and children;
- (4) persons serving in the subsidiaries of the Company's controlling shareholders and de facto controllers and their spouses, parents and children;
- (5) persons who have significant business dealings with the Company, its

controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in the units with which they have significant business dealings, their controlling shareholders and de facto controllers;

(6) persons providing financial, legal, consulting and sponsorship services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including, but not limited to, all members of the project team of the intermediary institution providing the services, reviewers at all levels, persons signing on the report, partners, directors, senior management and key persons in charge;

(7) persons who fall into the circumstances set out in (1) to (6) within the last twelve months;

(8) other persons who are not independent as stipulated by laws, administrative regulations, requirements of the CSRC, the SFC, the stock exchanges in which the Company's shares are listed and these Articles of Association.

Independent directors shall conduct self-examination of their independence on an annual basis and submit the details of self-examination to the Board. The Board shall assess the independence of the incumbent independent directors on an annual basis and issue a special opinion, which shall be disclosed at the same time in the annual report

**Article 5.30** To be eligible as an independent director of the Company, a person shall:

(1) possess the qualifications for a listed company's directorships in accordance with laws, administrative regulations and other relevant requirements;

(2) possess the independence required by these Articles of Association;

(3) possess basic knowledge on the operations of a listed company, and be familiar with relevant laws and rules;

(4) possess at least five years of working experience in legal, accounting or economics fields required for his/her performance of duties as an independent director;

(5) possess good personal integrity and no major breach of trust or other adverse records;

(6) other conditions stipulated by laws, administrative regulations,



requirements of the CSRC, the SFC, the stock exchanges in which the Company's shares are listed and these Articles of Association.

**Article 5.31** As members of the Board, independent directors shall have fiduciary obligations and due diligence obligations to the Company and all shareholders, and shall prudently perform the following duties:

- (1) To participate in the decision-making of the Board and express 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, and to protect the legitimate rights and interests of minority shareholders;
- (3) To provide professional and objective advice on the Company's operation and development, and promote the improvement of the decision-making level of the Board;
- (4) Other duties as prescribed by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

**Article 5.32** Independent directors shall have the following specific authorities:

- (1) to independently engage an intermediary to audit, consult or verify specific matters of the Company;
- (2) to make a proposal to the Board for convening an extraordinary general meeting of shareholders;
- (3) to propose the convening of the Board meeting;
- (4) to publicly solicit voting rights from shareholders in accordance with the laws;
- (5) to give independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;
- (6) other authorities stipulated by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

For the exercise of the powers as provided in (1) to (3) of the preceding paragraph, independent directors shall obtain the consent of more than half of all independent directors.

Where an independent director exercises the 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 5.33** The following matters shall be submitted to the Board for consideration after being approved by a majority of all independent directors of the Company:
- (1) Related transactions that should be disclosed;
  - (2) Plans for the Company and related parties to change or waive commitments;
  - (3) Decisions made and measures taken by the board of directors of the acquired listed company in response to the acquisition;
  - (4) Other matters as specified by laws, administrative regulations, requirements of the CSRC, and these Articles of Association.

- Article 5.34** The Company shall establish a special meeting mechanism attended by all independent directors. Where the Board considers related party transactions and other matters, they shall be approved in advance by the special meeting of the independent directors.

The Company shall hold special meetings of independent directors from time to time. The matters listed in (1) to (3) of the first paragraph of Article 5.32 and Article 5.33 of these Articles of Association shall be considered by the independent directors at a special meeting.

The special meetings of independent directors may study and discuss other matters of the Company as needed. A special meeting of independent directors shall be convened and chaired by an independent director jointly elected by more than half of the independent directors; if the convenor fails to perform his duties or is unable to perform his duties, two or more independent directors may convene such meeting and elect a representative to preside.

The minutes of special meetings of independent directors shall be prepared in accordance with the requirements, and the opinions of the independent directors shall be set out in the minutes. The independent directors shall sign to confirm the minutes.

The Company shall facilitate and support for the convening of the special

meetings of independent directors.

#### **Section IV Specialized committees of the Board**

**Article 5.35** The Board of the Company has established the Audit Committee to exercise the functions and powers of the supervisory committee as stipulated by the Company Law.

**Article 5.36** The Audit Committee shall consist of three independent directors, with an accounting professional among the independent directors serving as the convener.

**Article 5.37** The Audit Committee shall be responsible for reviewing the financial information of the Company and the disclosure thereof and supervising and assessing the internal and external audits and internal control. The following matters shall be submitted to the Board for consideration after obtaining the consent of a majority of all members of the Audit Committee:

- (1) disclosing financial accounting reports, financial information in periodical reports and internal control evaluation reports;
- (2) engaging or dismissing the accounting firm providing audit services to the listed companies;
- (3) engaging or dismissing the responsible person in charge of financial affairs of the listed companies;
- (4) modifying accounting policies or accounting estimates, or correcting material accounting errors due to reasons other than changes in accounting standards;
- (5) other matters prescribed by laws, administrative regulations, requirements of the CSRC and these Articles of Association.

**Article 5.38** The Audit Committee shall convene at least one meeting every quarter. The Audit Committee may hold an extraordinary meeting when two or more members propose, or when the convenor deems it necessary. The meeting of the Audit Committee shall only be held with the attendance of more than two-third of its members.

Where the Audit Committee makes a resolution, it shall be approved by more than half of all the members of the Audit Committee.

For the voting on a resolution of the Audit Committee, each of its members shall have one vote only.

The resolutions of the Audit Committee should be recorded in the minutes as required, and each member of the Audit Committee attending the meeting shall sign the minutes.

The Board shall be responsible for formulating the working rules of the Audit Committee.

**Article 5.39** In addition to the Audit Committee, the Board of the Company shall establish the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Environmental, Social and Governance Committee (i.e., ESG Committee). The specialized committees shall perform their duties in accordance with the Articles of Association and the authorization of the Board, and submit their proposals to the Board for deliberation and decision. The Board shall be responsible for formulating the working procedures of the Specialized Committees. The Specialized Committees shall comprise entirely directors, with a majority of independent directors in the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee; an independent director shall serve as the convenor.

**Article 5.40** The Strategic Committee shall consist of five directors, with the main duties and powers as follows:

- (1) to study and make recommendations on the long-term development and strategic planning of the Company;
- (2) to study and make recommendations on major investment and financing proposals which require the approval of the Board as required by the Articles of Association;
- (3) to study and make recommendations on major capital operations and asset management projects which require the approval of the Board as required by the Articles of Association;

- (4) to study and make recommendations on other major matters that may affect the development of the Company;
- (5) to check the implementation of the above matters; and
- (6) to deal with other matters authorized by the Board.

**Article 5.41** The Nomination Committee shall comprise five directors, including three independent directors. The Nomination Committee shall be responsible for formulating the criteria and procedures for selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the Board on the following matters:

- (1) the nomination or appointment and removal of directors;
- (2) the appointment or dismissal of senior management;
- (3) other matters as stipulated by laws, administrative regulations, requirements of the CSRC and these Articles of Association.

If the Board fails to adopt the recommendations of the Nomination Committee or does not fully adopt them, it shall record the opinions of the Nomination Committee and the specific reasons for the failure to adopt them in the Board resolutions and disclose them.

**Article 5.42** The Remuneration and Appraisal Committee shall consist of five directors, three of whom shall be independent directors. The Remuneration and Appraisal Committee shall be responsible for the formulation of the appraisal criteria, carrying out of the appraisal for the directors and senior management, for formulation and examination of the remuneration policy and proposal such as the remuneration determination mechanism, decision-making process, payment, suspension of payment and recourse arrangements for the directors and senior management, and make recommendations to the Board in the following matters:

- (1) remuneration of directors and senior management;
- (2) formulation or change of the equity incentive scheme, employee stock ownership plan, granting of rights and interests to scheme participants, and fulfilment of the conditions for exercising the rights and interests;
- (3) arrangement of stock ownership plans by directors and senior

management in the subsidiaries to be spun off;

(4) other matters stipulated by laws, administrative regulations, requirements of the CSRC and these Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinion of the Remuneration and Appraisal Committee and the specific reasons for the failure to adopt them in the Board resolution and disclose the same.

**Article 5.43** The ESG Committee shall consist of five directors, with the principal responsibilities as follows:

(1) to study and draw up the ESG visions, targets, strategies and frameworks of the Company, while ensuring that they align with strategic planning needs of the Company and comply with laws, regulations and regulatory requirements;

(2) to identify the Company's significant stakeholders and ESG issues of significance, study the ESG related businesses of the Company's stakeholders and make recommendations;

(3) to focus on ESG related risks and opportunities that have a significant impact on the business of the Company, and provide recommendations on the impact of these risks and opportunities on the business of the Company;

(4) to follow up and check the implementation of the Company's ESG works and provide recommendations on the improvement of ESG performance;

(5) to review the ESG related disclosure documents of the Company, including but not limited to the annual ESG report;

(6) to consider other significant matters related to the ESG;

(7) other matters authorized by the Board.

## **Chapter 6 Senior Officers of the Company**

**Article 6.1** The Company shall have a president and several vice-presidents who shall be appointed or removed shall be decided 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 and the management system for termination prescribed in the Articles of Association shall be applicable to senior executives.  
Provisions regarding the duty of loyalty and of diligence of directors 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, and to report to the Board;
- (2) to organize 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 shall be decided 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.

The President attends the meetings of the Board of Directors.

**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;
- (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) disclosing information about the Company to the public in accordance with the listing rules of the Hong Kong Stock Exchange and the requirements of the Securities and Futures Commission of Hong Kong.
- (3) to submit necessary documents of the Company to the Companies Registry in Hong Kong and so on.

- Article 6.11** A director or other senior management 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.
- 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.
- Article 6.12** 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.
- Article 6.13** 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.
- Article 6.14** When the senior management, in the performance of his/her duties for the Company, causes any damage to others, the Company shall be liable for compensation; the senior management shall also be liable for compensation if there is intentionality or gross negligence on his/her part.
- 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.
- Article 6.15** 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.

## **Chapter 7 Special Procedures for Voting by a Class of Shareholders**

- Article 7.1** 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 7.2** Rights conferred on any class of shareholders may not be varied or abrogated save with the approval pursuant to a special resolution in a shareholders' general meeting and the approval of shareholders of the affected class at a separate meeting convened in accordance with Article 7.4 to Article 7.8 herein.
- Article 7.3** 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.

**Article 7.4**

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 7.3 herein, but interested shareholder(s) shall not be entitled to vote at such class meetings. °

“(An) interested shareholder(s)”, as such term is used in the preceding paragraph, means:

- (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 12.3;
- (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;
- (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.

**Article 7.5**

Resolutions of a class meeting shall, in accordance with Article 7.4 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 7.6** 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 physical place, and/or the virtual meeting technology of, the meeting.

**Article 7.7** 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 7.8** 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 8 Financial Accounting System, Distribution of Profits and Audit**

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

**Article 8.1** The Company shall establish its financial and accounting systems in

accordance with the laws, administrative regulations and provisions of the relevant national authorities.

**Article 8.2** The Company shall submit and disclose its annual financial reports to the CSRC and the stock exchanges where the Shares are listed within four (4) months from the ending date of each accounting year, and submit and disclose its interim reports to the Guangdong CSRC and the stock exchanges where the Shares are listed within two months from the ending date of the first half of each accounting year.

The aforesaid annual reports and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, the requirements of the CSRC and the stock exchanges where the Shares are listed.

**Article 8.3** The Company shall not keep accounting books other than those required by law. Assets of the Company shall not be deposited in an account maintained in any individual's name.

**Article 8.4** 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 8.5** 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 8.6** When distributing the after-tax profits of the year, 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 provisions of the Company Law and distributes profits to shareholders, the shareholders shall return such distributed profits in violation of rules to the Company. The shareholders and the responsible directors and senior management shall be liable for compensation if the Company suffers losses therefrom.

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

**Article 8.7** 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 8.8** 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 open and centralized 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 on both a standalone and consolidated basis (i.e. the profits after tax of the Company after making up losses and making allocations to the statutory common reserve fund) shall both be positive figures;
    - (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, which shall be considered and adopted at a independent Directors specialized meetings. The proposal shall be submitted to the 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.
- (2) The profit distribution proposal proposed by the Board shall be passed by a majority vote of all Directors. If the independent Directors consider that the profit distribution plan may jeopardize the interests of the Company or the small and medium-sized shareholders, they are entitled to express their independent opinions. If the Board does not adopt or fully adopt the opinion of the independent directors, it shall record and disclose the opinion of the independent directors and the specific reasons for non-adoption in the resolution of the Board. Upon the consideration and approval by the Board, the profit distribution proposal shall be submitted to the general meeting for consideration and approval.
- (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.
- (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 electronic voting platforms such as online 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

**Article 8.9** The objective of the cash dividend policy of the Company is to stabilize the growth of dividends.

**Article 8.10** After a resolution on the profit distribution plan is made at the general meeting of the Company, or after the specific proposals formulated for the interim dividend conditions and cap for the next year are considered and approved at the annual shareholders' general meeting, the Board of the Company shall complete the distribution of the dividend (or shares) within two months. Where the specific plan cannot be implemented within two months due to compliance with 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 may be adjusted in accordance with such regulations and actual circumstances.

**Article 8.11** 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 increase the Company's registered capital.

Where reserve funds are used to make up for the Company's losses, the discretionary reserve fund and statutory reserve fund shall be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with the requirements.

When statutory reserve is converted to an increase in registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital of the Company prior to the conversion.

**Article 8.12** 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 8.13** 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 8.14** 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 8.15** 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 Internal audit**

**Article 8.16** The Company implements an internal audit system, which defines the leadership structure, duties and powers, personnel allocation, funding assurance, application of audit results and accountability for internal audit work.

The internal audit system of the Company shall be implemented and disclosed externally upon the approval of the Board.

**Article 8.17** The internal audit body of the Company supervises and inspects the business activities, risk management, internal control and financial information of the Company.

The internal audit body shall maintain independence, be staffed with full-time audit personnel, and shall not be placed under the leadership of the finance department or co-located with the finance department.

**Article 8.18** The internal audit body shall be accountable to the Board.  
The internal audit body should be under the supervision and guidance of the Audit Committee during the process of supervision and inspection of the Company's business activities, risk management, internal control and financial information. If the internal audit body discovers any significant issues or clues, it shall report directly to the Audit Committee immediately.

**Article 8.19** The specific organizational implementation of the internal control evaluation of the Company is the responsibility of the internal audit body. The Company issues an annual internal control evaluation report based on the evaluation report and related information issued by the internal audit body and considered by the Audit Committee.

**Article 8.20** When the Audit Committee communicates with external audit units such as accounting firms and national audit institutions, the internal audit body shall actively cooperate and provide necessary support and assistance.

**Article 8.21** The Audit Committee shall participate in the assessment of the person in charge of internal audit.

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

**Article 8.22** 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. Appointment for a period of one year, which is appointed until the conclusion of the next annual general meeting, with the possibility of renewal.

**Article 8.23** 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 8.24** The audit fees of the accounting firm are determined at the general meeting.

**Article 8.25** 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. The accounting firm shall be allowed to express its opinion when voting on the dismissal of the accounting firm at the shareholders' general meeting of the Company.

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 9 Notice and Announcement**

### **Section I Notice**

**Article 9.1** Notices of the Company shall be served by the following methods:

- (1) by personal delivery;
- (2) by post;
- (3) by electronic communication;
- (4) by announcement;
- (5) by other methods stipulated in the Articles of Association.

Except as otherwise provided in these Articles of Association, notice of the general meeting shall be served on the shareholders (whether or not they have

the right to vote at the shareholders' meeting) in the manner of notice prescribed in these Articles of Association or in such other manners as permitted by the stock exchange where the Company's shares are listed.

In case where the notice of 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 meeting and the decisions made in such meeting shall not be invalidated.

**Article 9.2** Notices issued by the Company by way of announcement shall be deemed to have been received by all parties concerned once announced.

**Article 9.3** 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 9.4** The notice of convening the Board meeting of the Company shall be delivered by hand or facsimile as prescribed in these Articles of Association.

**Article 9.5** If the Company's notice is 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. If the Company's notice is delivered by mail, the delivery date shall be five (5) business days after the mail has been handed to the post office. If the Company's notice is delivered by telephone, text message, WeChat or other electronic means of communication, the time when it is delivered by telephone, text message or WeChat shall be the date of delivery. If the Company's notice is delivered in the form of an announcement, the first date of announcement shall be the date of delivery.

## **Section II Announcement**

**Article 9.6** 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 10 Merger, Division, Reduction of capital, Dissolution and Liquidation**

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

**Article 10.1** 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 10.2** If the consideration to be paid by the Company for the merger does not exceed 10% of the Company's net assets, it may not be subject to resolution of the general meeting, except for that otherwise provided in these Articles of Association.



Where the Company merges in accordance with the provisions of the preceding paragraph without the resolution of the shareholders' meeting, it shall be subject to the resolution of the Board.

**Article 10.3** 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 National Enterprise Credit Information Publicity System (<https://www.gsxt.gov.cn/index.html>) or 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 10.4** 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 10.5** 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 National Enterprise Credit Information Publicity System (<https://www.gsxt.gov.cn/index.html>) or the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) within thirty (30) days.

**Article 10.6** 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 10.7** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company notifies its creditors within ten (10) days from the date of the resolution of the general meeting to reduce its registered capital and publish a public announcement in the eligible media and on the website of the National Enterprise Credit Information Publicity System (<https://www.gsxt.gov.cn/index.html>) or 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 from 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.

If the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares accordingly to the proportion of shares held by the shareholders, unless otherwise provided by law or these Articles of Association.

**Article 10.8** If the Company is still in a loss position after covering losses in accordance with the provisions of the second paragraph of Article 8.11 in these Articles of Association, it may reduce the registered capital to cover the losses. If the registered capital is reduced to cover the losses, the Company shall not make any distribution to the shareholders, nor shall it exempt the shareholders from the obligations to make capital contributions or pay up the monies of shares. Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of the second paragraph of Article 10.7 in these Articles of Association shall not apply, but it shall be announced on the National Enterprise Credit Information Publicity System (<https://www.gsxt.gov.cn/index.html>) or in the eligible media and on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within thirty (30) days from the date on which the general meeting made a resolution to reduce the registered capital.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve and the discretionary reserve

have reached 50% of the registered capital of the Company.

**Article 10.9** If the registered capital is reduced in violation of the Company Law and other relevant requirements, the shareholders shall return the funds they have received, and the shareholders shall restore the capital contributions to the original state if their capital contribution are reduced or exempted; if losses are caused to the Company, the shareholders and responsible directors and senior management shall be liable for compensation.

**Article 10.10** Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless these Articles of Association provide otherwise or the general meeting resolves that the shareholders shall have pre-emptive right.

**Article 10.11** 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 10.12** The Company may be dissolved for the following reasons:

- (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 the Company's voting rights may petition a people's court to dissolve the Company.

The Company shall, within ten (10) days of the occurrence of the reasons for dissolution as stipulated in the preceding paragraph, disclose the reasons for dissolution on the National Enterprise Credit Information Publicity System (<https://www.gsxt.gov.cn/index.html>).

**Article 10.13** Upon the occurrence of the situation described in sub-paragraph (1) of Article 10.12 of these Articles of Association and that no property were distributed to the shareholders, the Company may continue to exist by amending these Articles of Association.

The amendment to these Articles of Association according to the preceding paragraph or resolutions made at the general meeting shall be passed by more than two-thirds of the voting rights held by shareholders present in the general meeting.

**Article 10.14** Where the Company is dissolved under (1), (2), (4) and (5) of Article 10.12 in these Articles of Association, it shall be liquidated. The Directors shall the liquidation obligors of the Company, and shall establish a liquidation committee within fifteen (15) days from the date of occurrence of the cause of dissolution to process the liquidation.

The liquidation committee shall comprise the directors, unless these Articles of Association provide otherwise or it is resolved to elect other person(s) at the shareholders' general meeting.

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

**Article 10.15** 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 10.16** 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 National Enterprise Credit Information Publicity System (<https://www.gsxt.gov.cn/index.html>) or the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) 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 10.17** 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 remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's

debts shall be distributed to the shareholders in proportion to their respective shareholdings by the Company.

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 10.18** 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 bankruptcy application is accepted by the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the bankruptcy administrator designated by the people's court.

**Article 10.19** 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.

**Article 10.20** Members of the liquidation committee shall perform liquidation duties, and have the obligation of integrity and diligence. If the members of the liquidation committee fail to perform their liquidation duties promptly and causes losses to the Company, they shall be liable for compensation; a member of the liquidation committee who causes loss to the creditors due to his/her intentional misconduct or gross negligence shall be liable for damages.

**Article 10.21** 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 11 Amendments of Articles of Association**

**Article 11.1** The Company shall amend the Articles of Association in any of the following circumstances:

- (1) after the amendments are made to the Company Law or 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 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 shareholders' meeting has resolved to amend the Articles of Association.

**Article 11.2** 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 11.3** 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 11.4** 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 12 Miscellaneous**

**Article 12.1** 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 12.2** 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 12.3** 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 shares of the Company's total share capital; or 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 natural person, legal person or other organization 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 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
“Non-Independent Directors”	Directors other than Independent 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
“SFC”	the Securities and Futures Commission of Hong Kong

**Article 12.4** 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 12.5** The terms “or more”, “within”, “or less” herein shall include the given figure, while “exceed”, “without”, “less than”, “more than” shall not include the given figure.

**Article 12.6**      The Board shall be responsible for the interpretation of the Articles of Association.

**Article 12.7**      The attachment hereof shall include the rules of procedure for the general meeting and the rules of procedure for the Board.