

**ARTICLES OF ASSOCIATION**

**OF**

**ZHEJIANG HUAYOU COBALT CO., LTD.**

**August 2024**

## CONTENTS

<b>CHAPTER I GENERAL PROVISIONS</b> .....	3
<b>CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS</b> .....	4
<b>CHAPTER III SHARES</b> .....	5
Section 1 Issuance of Shares.....	5
Section 2 Increase, Reduction and Repurchase of Shares.....	6
Section 3 Transfer of Shares .....	8
Section 4 Financial Assistance for the Purchase of Shares of the Company .....	11
<b>CHAPTER IV SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS</b> 13	
<b>MEETING</b> .....	13
Section 1 Shareholders.....	13
.....	16
Section 3 Convening of Shareholders' General Meeting .....	18
.....	20
.....	22
Section 6 Voting and Resolutions of Sh .....	25
<b>CHAPTER VI BOARD OF DIRECTORS</b> .....	31
Section 1 Directors.....	31
Section 2 Board of Directors.....	34
Section 3 Secretary to the Board.....	39
<b>CHAPTER VII PRESIDENT AND OTHER SENIOR MANAGEMENT</b> .....	41
<b>CHAPTER VIII SUPERVISORY COMMITTEE</b> .....	43
Section 1 Supervisors.....	43
Section 2 Supervisory Committee.....	43
<b>CHAPTER IX QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT OF THE COMPANY</b> .....	43
<b>CHAPTER X FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT</b> .....	49
Section 1 Financial and Accounting System.....	50
Section 2 Internal Audit.....	53
Section 3 Appointment of Accounting Firm.....	53
<b>CHAPTER XI NOTICE AND ANNOUNCEMENT</b> .....	54
Section 1 Notice.....	54
Section 2 Announcement .....	55
<b>CHAPTER XII MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION</b> .....	55
Section 1 Merger, Division, Capital Increase and Capital Reduction.....	55
Section 2 Dissolution and Liquidation.....	56

**CHAPTER XIII PARTY ORGANIZATION .....59**  
**CHAPTER XIV AMENDMENT TO ARTICLES OF ASSOCIATION.....**

**ARTICLE OF ASSOCIATION**  
**OF**  
**ZHEJIANG HUAYOU COBALT CO., LTD.**

**CHAPTER I GENERAL PROVISIONS**

**Article 1**

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law, Provisional Regulations on Certain Issues Concerning the Establishment of Companies limited by Shares with Foreign Investment issued by the former Ministry of Foreign Trade and Economic Cooperation of the \_\_\_\_\_ and other relevant regulations

The Company is a company limited by shares with foreign investment established upon the \_\_\_\_\_ of China by way of overall restructuring in 2008, which was registered with Zhejiang Provincial Administration for Market Regulation with \_\_\_\_\_ 913300007368873961.

**Article 3**

	<input type="checkbox"/>		
	<input type="checkbox"/>	-	<input type="checkbox"/>
50,000,000			
100,000,000	-		

浙江华友钴业股份有限公司

**Article 5**

	<input type="checkbox"/>		
314500			
-	<input type="checkbox"/>		
-	<input type="checkbox"/>		

**Article 6**

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

**Article 8**

## **Article 9**

## **Article 10**

For the purpose of the Articles of Association, other senior management refers to deputy general managers (which is called \_\_\_\_\_, the secretary to the Board, the chief financial officer \_\_\_\_\_ in the Company, similarly hereinafter) of the Company, etc.

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

With focus on the development of new energy lithium-ion battery material industry and supported by scientific and technological innovation, the Company is committed to creating a new energy lithium-ion battery industrial ecology from cobalt and nickel mineral resources extraction, green refining and processing, manufacturing of ternary precursors and cathode materials, to resources recycling. Under the development mode of industrial agglomeration, enterprise clusters, industrial parks and integration, the Company will fully implement the strategy of 'Two new areas and Three trends', maintaining its global leading position in the cobalt new material industry and to become a leader in the new energy lithium-ion battery material industry.

The Company adheres to customer-centricity and creating value for customers, providing a platform for employees, and bringing returns to shareholders. The Company practices the development concept of carbon neutrality, develops resources, serves the society and takes social responsibility on its own initiative. The Company is making continuous contributions to the adjustment of the global energy structure and the improvement of human settlement ecological

environment.

**Article 14** As registered according to the R&D, production and sales: cobalt, nickel, copper oxides; cobalt, nickel, copper salts; cobalt, nickel, copper metals and products; cobalt powder, nickel powder, copper powder, cobalt hydroxide, lithium cobalt oxide, ammonium chloride; import and import commission agents of metal mineral products and crude products; import and import commission agents of production equipment. (the above-mentioned commodities involving quotas, licenses and special regulations shall be handled in accordance with the relevant provisions of the State), and the business of contracting overseas projects (For the details of its scope, please refer to the Qualification Certificate for Contracting Overseas Projects ).

The scope of business of the Company shall be such items as approved by the relevant registration authority responsible for the Company.

## CHAPTER III SHARES

### Section 1 Issuance of Shares

**Article 15** The Company shall have ordinary shares at all times. The Company may create other classes of shares as required subject to approval of the competent authorities under the State Council.

The shares of the Company shall be in the form of share certificates.

**Article 16** The shares of the Company shall be issued under the principles of openness, fairness and impartiality, and each of the shares of the same class shall carry the same rights.

Each of the same class of shares in the same issue shall carry the same issue terms and price, and entities or individuals shall pay the same price for each of the shares subscribed for by them.

All the shares issued by the Company shall have a par value denominated in Renminbi, which shall be RMB1 for each share.

**Article 17** The Company may issue shares or GDRs to domestic investors and foreign investors subject to approval by the securities regulatory authority under the State Council.

investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for the shares or GDRs issued by

inside the PRC, excluding the above-mentioned regions, that subscribe for the shares issued by the Company or GDRs under the overseas investment regulations of the state.

**Article 18** The shares issued domestically and the additional domestic shares represented by GDRs issued overseas by the Company shall be deposited in Shanghai Branch of China Securities Depository and Clearing Corporation Limited in a centralized way.

**Article 19** The total number of ordinary shares of the Company was 360,000,000 with a par value of RMB1 at its inception. The entire share capital of the Company was subscribed for by the promoters in one lump sum of RMB360,000,000 based on audited and confirmed net assets converted into shares on 21 March 2008.

The ten promoters of the Company are as follows:

No.	Name of shareholders	Number of shares subscribed for	Proportion of the total share capital (%)
1.	GREAT MOUNTAIN ENTERPRISE PTE. LTD.	18,036.0000	50.10
2.	Tongxiang Huayou Investment Co., Ltd.	10,508.4000	29.19
3.	China-Belgium Direct Equity Investment Fund	1,440.0000	4.00
4.	Zhejiang Jinqiao Venture Capital Co., Ltd.	1,440.0000	4.00
5.	Tongxiang Huaxin Investment Co., Ltd.	1,436.4000	3.99
6.	Shangshi Investment (Shanghai) Co., Ltd.	900.0000	2.50
7.	Shenzhen Fortune Caixin Venture Capital Management Co., Ltd.	817.2000	2.27
8.	Zhejiang Venture Capital Co., Ltd.	720.0000	2.00
9.	Shenzhen Fortune Venture Capital Co., Ltd.	442.8000	1.23
10.	Tongxiang Jinhua Trading Co., Ltd.	259.2000	0.72
<b>Total</b>		36,000.0000	100.00

**Article 20** The total shares of the Company are 1,697,206,543, and the shareholding structure of the Company is 1,697,206,543 ordinary shares, of which A shareholders hold 1,597,206,543 shares, representing 94.11%; and foreign investors hold 100,000,000 underlying A shares represented by GDRs based on the conversion ratio determined by the Company, representing 5.89%.

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

**Article 21** Based on its operational and development needs, the Company may increase capital in the following means in accordance with the provisions of laws and regulations upon resolution made at t

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placement of shares to existing shareholders;
- (IV) distribution of bonus shares to existing shareholders;
- (V) conversion of capital reserve into share capital;
- (VI) other means permitted by laws and administrative regulations and approved by the CSRC.

If the Company is to increase its capital by an offering of new shares, it shall do so by the procedure provided for in relevant laws and administrative regulations of the state after such increase has been approved in accordance with the Articles of Association.

When the Company issues convertible corporate bonds, the issuance of convertible corporate

bonds, the conversion procedures and arrangement, caused by the conversion and other matters shall be conducted in accordance with laws, administrative regulations, department rules, and other documents and as stipulated in the prospectus of convertible corporate bonds.

**Article 22** The Company may reduce its registered capital. To reduce its registered capital, the Company shall undergo the procedures in accordance with the Company Law, other relevant provisions, and the Articles of Association.

**Article 23** The Company may repurchase its own shares in accordance with laws, administrative regulations, department rules, and the Articles of Association under any of the following circumstances:

- (I) to decrease the registered capital of the Company;
- (II) to merge with another company holding shares of the Company;
- (III) to award shares to the employees of the Company;
- (IV) the Company is requested by any shareholder to purchase his/her shares because he/she

general meeting;

(V) to satisfy the conversion of those corporate bonds convertible into shares issued by the Company with shares;

sts as the Company deems necessary;

- (VII) other circumstances permitted by laws or administrative regulations.

The Company shall not repurchase its own shares except under the above circumstances.

**Article 24** The Company may repurchase its shares through open centralized trading on a stock exchange, offer, over-the-counter agreements or other methods approved by laws, regulations and the CSRC.

Where the Company repurchases its shares under the circumstance set forth in subparagraph (III), (V) or (VI) under the first paragraph of Article 23 of the Articles of Association, it shall be conducted through open centralized trading.

**Article 25** If the Company is to repurchase its shares by over-the-counter agreements, prior approval shall be obtained from the general meeting in accordance with the Articles of Association. Upon the prior approval by the general meeting obtained in the same manner, the Company may terminate or vary a contract concluded in the manner set forth above or waive any of its rights under such contract.

For the purposes of the preceding paragraph, the term include but not be limited to agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not transfer a contract for the repurchase of its own shares or any of its rights thereunder.

**Article 26** Where the Company repurchases its shares under the circumstance set forth in subparagraph (I) or (II) under the first paragraph of Article 23 of the Articles of Association, it

under the circumstance set forth in subparagraph (III), (V) or (VI) under the first paragraph of Article 25 of the Articles of Association, it shall be resolved by more than two-thirds of the directors present at a Board meeting according to the provisions of the Articles of Association or as authorized by the general meeting.

Where the Company falls under the circumstance set forth in subparagraph (I) after repurchasing its shares in accordance with the provisions of Article 23 of the Articles of Association, it shall cancel the shares within 10 days from the date of repurchase. If the Company falls under the circumstance set forth in subparagraph (II) or (IV), it shall transfer or cancel the shares within six months. If the Company falls under the circumstance set forth in subparagraph (III), (V) or (VI), the total number of shares of the Company held by it shall not exceed 10% of the total number of shares issued by the Company, and the Company shall transfer or cancel the shares within three years.

If the Company cancels its shares repurchased, it shall carry out the registration of the change in its registered capital with the original company registration authority in accordance with the law. The registered capital shall be reduced by the total par value of the shares canceled.

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

**Article 27** Subject to the laws and administrative regulations, the shares of the Company may be transferred free of any lien.

In the event that the shares are to be traded through the agency share transfer system.

The Company shall not amend the provision in the preceding paragraph of the Articles of Association.

**Article 28** The Company shall not accept its shares being held as the object of a pledge.

**Article 29** The shares of the Company held by the promoters shall not be transferred within one year from the date of public offering of shares shall not be transferred within one year from the date on which the

The directors, supervisors and senior management of the Company shall report the shares of the Company they held to the Company and the changes thereof, and the shares allowed to be transferred each year during their term of office shall not exceed 25% of the total number of shares of the Company they held; the shares of the Company they held shall not be transferred within one year from the date on which the -mentioned personnel shall not transfer the shares of the Company they held within half a year after leaving the Company.

If there is any change in the shares of the Company held by the directors, supervisors and senior management due to equity distribution by the Company, the above provisions shall apply.

**Article 30** If any directors, supervisors, senior management of the Company or shareholders

securities held by them within six months after their purchase of the same, or purchase the above-mentioned shares or securities within six months after their sale of the same, the proceeds thereof shall belong to the Company and the Board of the Company will recover such proceeds. However, such circumstance where a securities company holds more than 5% of the shares after by taking up the remaining shares not subscribed pursuant to an underwriting arrangement and other circumstances required by the securities regulatory authority of the State Council shall not be subject to the six-month restriction.

The shares or other equity securities held by the directors, supervisors, senior management and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouses, parents, children and held through accounts.

If the Board of the Company fails to observe the first paragraph, the shareholders shall be entitled to request the Board to enforce the same within 30 days. If the Board of the Company fails to do so within the aforesaid time limit, the shareholders are entitled to directly file a lawsuit at the

If the Board of the Company fails to comply with the requirements set out in the first paragraph, the responsible director(s) shall assume joint and several liabilities according to the laws.

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

**Article 31** Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 33 of the Articles of Association.

**Article 32** For the purposes of this section not be limited to financial assistance in the forms set forth below:

(I) gift;

(II) security (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (excluding, how

(III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the obligations of the other party to the contract, or the change of parties to the contract, or the transfer of rights under such loan or contract;

(IV) financial assistance in any other forms if the Company is insolvent or has no net assets or if such assistance would lead to a major reduction in the

For the purposes of this section, t assuming of obligations  
the assuming

or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 33** The acts listed below shall not be regarded as acts prohibited under Article 31 of the Articles of Association:

(I) where the Company provides the relevant financial assistance genuinely for the benefit of the Company and the main purpose of the financial assistance is not to purchase the shares of the Company, or the financial assistance is an incidental part of some overall plan of the Company;

(II) lawful distribution of dividends in the form of \_\_\_\_\_ ;

(III) distribution of dividends in the form of shares;

(IV) reduction of registered capital, repurchase of shares, adjustment of the equity structure, etc. in accordance with the Articles of Association;

(V) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the provision does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is paid out of the

(VI) the provision of money by the Company for an employee shareholding scheme (provided that the provision does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is paid out of t profit; and provision of money for an employee shareholding scheme shall not be made under the circumstances expressly prohibited by law or regulations).

(VII) for the benefit of the Company and by a resolution of the shareholders' meeting or a resolution made by the Board of Directors under the authorization of the shareholders' meeting, the Company may provide financial assistance to others for their purchase of shares of the Company, but the cumulative amount of the financial assistance shall not exceed 10% of the total issued share capital. The said resolution made by the Board of Directors shall be subject to the approval of more than two-thirds of all directors.

## **CHAPTER IV SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

### **Article 34**

The share certificate of the Company shall bear the following main items:

(I) the name of the Company;

(II) the date of registration and establishment of the Company;

(III) the class of shares, par value and the number of shares it represents;

(IV) the serial number of share certificates;

(V) other matters as required by the Company Law, other laws and regulations and the stock exchange(s) where the shares or GDRs of the Company are listed.

the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or GDRs of the Company are listed shall apply.

**Article 35** Share certificates shall be signed by the chairperson of the Board. If the signatures of other senior management members of the Company are required by the stock exchange(s) where the shares of the Company are listed, the share certificates shall also be signed by such other senior management members. The share certificates shall become effective after the chairperson of the Board or of other relevant senior management members on the share certificates may also be in printed form.

the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or GDRs of the Company are listed shall apply.

**Article 36** The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

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

The register of shareholders shall be sufficient evidence of the holding in the Company, unless there is evidence to the contrary.

the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or GDRs of the Company are listed shall apply.

**Article 37** The Company may, pursuant to an understanding or agreement reached between the securities regulatory authority of the State Council and foreign securities regulators, keep its register of holders of GDRs outside the PRC, and appoint an overseas agent to administer the same.

The Company shall keep at its domicile a duplicate of the register of holders of GDRs. The appointed overseas agent shall ensure that the original and duplicate of the register of holders of GDRs are consistent at all times.

If the original and duplicate of the register of holders of GDRs are inconsistent, the original shall prevail.

**Article 38** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (I) a register of shareholders under items (II) and (III) of this paragraph;
- (II) a register of holders of GDRs kept in the place of the overseas stock exchange where the

GDRs of the Company are listed;

(III) registers of shareholders kept in such other places as the Board may decide necessary for

If the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or GDRs of the Company are listed have any other provisions, such provisions shall prevail.

**Article 39** The various parts of the register of shareholders shall not overlap. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part thereof.

Changes to and corrections of each part of the register of shareholders shall be carried out in accordance with the laws of its situs.

aperless form, the regulations of the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or GDRs of the Company are listed shall apply.

**Article 40** No transfer of shares will be registered within 30 days before a sh general meeting or within 5 days before the record date determined by the Company for the

subsequently registered as the owner of the shares (provided that he/she is a bona fide purchaser).

the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or GDRs of the Company are listed shall apply.

**Article 44** The Company shall not be liable for any damage suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

## MEETING

### Section 1 Shareholders

**Article 45** The Company shall keep a register of shareholders in accordance with the voucher provided by the securities register authority.  ns that lawfully hold shares of the Company and whose names are entered in the register of shareholders. The shareholders enjoy rights and fulfill obligations as per the class and quantity of the shares they hold; shareholders holding the same class of shares enjoy the same rights and fulfill the same obligations.

**Article 46**  dividends, undergoes liquidation and engages in other activities requiring the identification of equity registration date. Shareholders whose names appear on the register at the close of trading on the equity registration date shall be the shareholders enjoying relevant rights and interests.

**Article 47** The shareholders of the Company shall have the following rights:

(I) to receive dividends and profit distributions in any other form in proportion to the shares they hold;

(II) shareholder(s) severally or jointly  submit proposals to the Board in relation to their queries against the Independent Director or his dismissal;

(III)  either in person or by proxy and exercise the corresponding voting right;

(IV) to supervise and manage, present suggestions on or make inquiries about the operations of the Company;

(V) to transfer, gift or pledge their shares in accordance with the laws, administrative regulations and the Articles of Association;

(VI) to inspect the stubs of corporate bonds, resolutions of the Board meeting, resolutions of the Supervisory Committee meetings and financial and accounting reports; and to obtain relevant information in accordance with the law and the Articles of Association, which shall include:

1. obtaining a copy of the Articles of Association of the Company after payment of a charge to cover costs;





(V) to fulfil other obligations stipulated by the laws, administrative regulations and the Articles of Association.

Shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

(I) to elect and replace directors and supervisors who are not employee representatives, and determine the remunerations of directors and supervisors;

(II) to consider and approve the reports of the Board;

(III) to consider and approve the reports of the Supervisory Committee;

(IV) to consider and approve the

(V) to resolve on increase or decrease of the registered capital of the Company;

(VI) to resolve on issuance of corporate bonds;

(VII) to resolve on the merger, division, dissolution, liquidation or transformation of corporate form of the Company;

(VIII) to amend the Articles of Association;

(IX) to resolve on the appointment, dismissal or non-renewal firm;

(X) to consider and approve the guarantees stipulated in Article 57;

(XI) provision of guarantees for others within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;

(XII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;

(XIII) to consider equity incentive plans and employee stock ownership plan;

(XIV) to consider other matters which, in accordance with the laws, administrative regulations, departmental rules or the Articles of Association, shall be approved at the

delegated to the Board of Directors or any other body or individual, but the shareholders' general meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

**Article 57** The following external guarantees of the Company shall be considered and

(I) any guarantees provided by the Company and its holding subsidiaries after the total amount of external guarantees has exceeded 50% of the latest audited net assets of the Company;

(II) any guarantees provided by the Company after the total amount of external guarantees has exceeded 30% of the latest audited total assets of the Company;

(III) guarantees for guarantee objects whose liability-asset ratio exceeds 70%;

(IV) guarantees provided by the Company in twelve consecutive months with the amount exceeding 30% of the latest audited total assets of the Company;

(V) a single guarantee with the amount exceeding 10% of the latest audited net assets;

(VI) guarantee provided to shareholders, de facto controllers and their connected parties;

(VII) other guarantees as required in the rules of the exchange and the Articles of

Association.

External guarantees to be considered at the general meeting shall be considered and approved by the Board before submission to the general meeting for consideration. When a guarantee general meeting, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

**Article 58**

extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

**Article 59** In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

(I) when the number of directors falls short of the number specified in the Company Law or is less than two thirds (namely five directors) of the number specified in the Articles of Association;

(II) when the unrecovered losses of the Company amount to one third of the total paid-up share capital;

(III) when shareholders severally or jointly holding more than 10% shares of the Company request in writing to hold such meeting;

(IV) when the Board deems it necessary;

(V) when the Supervisory Committee proposes to hold such a meeting;

(VI) other circumstances as stipulated in the laws, administrative regulations, departmental rules or the Articles of Association.

**Article 60**

domicile of the Company.

economical and convenient network

general meeting by the aforementioned means shall be deemed to have attended such meeting.

**Article 61**

to give legal opinions and make an announcement on the following matters:

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

(II) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;

(III) whether the voting procedure and results of the meeting are lawful and valid;

(IV) legal opinions on other relevant matters at the request of the Company.

**Section 3 Convening of Shareholders' General Meeting**

**Article 62** Independent directors shall have the right to propose to the Board to hold an extraordinary general meeting. The Board shall, pursuant to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether it agrees to hold such an extraordinary general meeting within 10 days after receipt of the proposal of the independent director to hold such a meeting.

If the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. If the Board does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement in respect thereof.

**Article 63** The Supervisory Committee shall have the right to propose to the Board to hold an extraordinary general meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether it agrees to hold such an extraordinary general meeting within 10 days after receipt of the proposal.

If the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Supervisory Committee.

If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

**Article 64** Shareholder(s) severally or jointly holding more than 10% shares of the Company shall have the right to request the Board to hold an extraordinary general meeting, and shall put forward such request to the Board in writing, stating the subjects to be considered at the meeting. The Board shall, pursuant to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether it agrees to hold such an extraordinary general meeting within 10 days after receipt of the written request.

Where the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the request, shareholder(s) severally or jointly holding more than 10% shares of the Company shall be entitled to propose to the Supervisory Committee to hold an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained.

If the Supervisory Committee fails to serve the notice of shareholders' general meeting within the prescribed period, it shall be deemed as failing to convene and preside over the shareholders' general meeting. The shareholder(s) severally or jointly holding more than 10% shares of the

Company for more than 90 consecutive days may convene and preside over the meeting by themselves.

**Article 65** Where the Supervisory Committee or shareholders decide to convene a meeting by itself/themselves, it/they shall notify the Board in writing and file with the stock exchange.

shareholding of shareholders who convene the meeting shall not be less than 10%.

The Supervisory Committee or the convening shareholders shall, upon issuing a notice of documentation to the stock exchange.

**Article 66** With regard to Committee or shareholders on its/their own initiative, the Board and its secretary shall offer cooperation. The Board shall provide a register of members as of the equity registration date.

**Article 67** If the Supervisory Committee or shareholders itself/themselves convene a Company. If the Supervisory Committee or shareholders itself/themselves convene a s general meeting due to the disagreement of the Board, the expenses shall be deducted from the amount payable by the Company to the directors committing dereliction of duty.

**Article 68** meeting, have definite topics and specific resolutions, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 69** Supervisory Committee, and shareholder(s) severally or jointly holding more than 1% shares of the Company shall have the right to make proposals to the Company.

Shareholder(s) severally or jointly holding more than 1% shares of the Company may submit  
□  
meeting is convened. The convener shall serve a supplementary notice of s meeting within two days after receipt of the proposals and announce the contents of the provisional proposals, † submit

meeting.

When calculating the starting date, the date of the meeting shall be excluded.

No extraordinary general meeting shall resolve matters not stipulated in its notice.

**Article 71**

(I) be made in writing;

(II) specify the time, place and period of the meeting;

(III) state the matters and proposals submitted to the meeting for consideration;

(IV) provide to the shareholders the information and explanations necessary to make informed decisions on the matters to be discussed, which include but not limited to, when the Company proposes a merger, repurchase of shares, restructuring of share capital or other reorganization, the specific conditions and contract (if any) of the transaction contemplated and earnest explanation of the cause and effect of the transaction;

(V) contain a disclosure of the nature and extent of the material interests, if any, of any director, supervisor, president or other senior management in any matter to be discussed; and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, president or other senior management in his/her capacity as shareholder and the way in which such matter would affect other shareholders of the same class;

(VI) contain the full text of any special resolution proposed to be approved at the meeting;

(VII) state in explicit words: all shareholders are en meeting and appoint proxies in writing to attend and vote at such meeting and that such proxies need not to be shareholders of the Company;

(VIII) state the time and place for serving the power of attorney appointing the proxy at the meeting;

(IX meeting;

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

(XI) the voting time and voting procedure over network or of other means.

completely disclose the specific contents of all proposals. Where the opinions of an independent director are required on the matters to be discussed, such opinions and reasons thereof shall be

The interval between the equity registration date and the convening date of the shareh general meetings shall not be more than seven working days. The equity registration date shall not be changed once confirmed.

**Article 72** If the election of directors or supervisors is proposed to be discussed at a meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for directors or supervisors, which information shall at least include:

(I) personal particulars, including educational background, work experience, and part-time jobs;

(II) whether one has any of the relationships mentioned in Article 167 (controlling shareholder) and Article 12 (and 12 )-22q0.00000 and de facto controllers;

(III) the number of shares of the Company one holds;

(IV) whether one has been subject to penalties by the CSRC and any other relevant authority or the reprimand of the stock exchange;

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

**Article 73** After the not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two workdays prior to the date on which the meeting is originally scheduled.

**Article 74** The Board of the Company or any other convener shall take necessary measures to or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 75** All shareholders or their proxies in the register of members on the equity registration date shall be entitled voting rights according to relevant laws, regulations and the Articles of Association. Any

in person and may appoint one or more persons (who need not be shareholders) as his/her proxies to attend and vote on his/her behalf. Such proxy may exercise the following rights in accordance with his/her appointment by the shareholder:

**Article 77** Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorized agent(s).

general meeting shall specify:

- (I) the name of the proxy;
- (II) whether or not the proxy has any voting right;
- (III) directive to vote for or against or abstain from voting on each and every matter under
  
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal.

If the principal is a corporate shareholder, the corporate seal shall be affixed.

Any power of attorney issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted on in connection with each topic of the meeting.

**Article 78** A power of attorney shall state clearly that the proxy shall be entitled to vote at his discretion in the absence of specific instructions from the shareholder.

**Article 79** The power of attorney appointing a voting proxy shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours prior to the specified time of the vote. If the power of attorney is signed by other personnel authorized by consignor, the power of attorney or other authorization documents authorizing the execution of the power of attorney shall be notarized. The notarized power of attorney or other authorization document, together with the power of attorney appointing the proxy, shall be placed at the domicile of the Company or other location specified in the notice convening the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision-making body shall attend the \_\_\_\_\_ general meeting of the Company.

**Article 80** A vote made by the proxy in accordance with the terms of a power of attorney shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the power of attorney or of the authorization under which power of attorney was executed, or the transfer of relevant shares, as long as the Company has not received written notice of the event before the relevant meeting commenced.

**Article 81**

state the names (or names of the corporations), identification card number and the address of the attendees, the number of voting shares held or represented, names of the principals (or names of the corporations) and so on.

**Article 82** The convener and the lawyer appointed by the Company shall jointly verify the securities registration and clearing organization, and shall register the names of the shareholders as

well as the number of their voting shares. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the total number of their voting shares.

**Article 83** All directors, supervisors and secretary to the Board shall be present at the general meetings of the Company, and the president and other senior management shall be present at the meetings.

**Article 84** If a general meeting is convened by the Board, the chairperson of the Board shall serve as the chairperson of and preside over the meeting. Where the chairperson cannot or does not fulfil the duty thereof, the vice chairperson shall serve as the chairperson of and preside over the meeting; where the vice chairperson cannot or does not fulfil the duty thereof, more than half of the directors may jointly elect a director to serve as the chairperson of and preside over the meeting.

The chairperson of the Supervisory Committee shall serve as the chairperson of and preside over the meeting. Where the chairperson of the Supervisory Committee cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to serve as the chairperson of and preside over the meeting.

A representative elected by the convener shall serve as the chairperson of and preside over the meeting convened by the shareholders themselves.

If, for any reason, the

**Article 88** The presider 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 as recorded in

**Article 89** Minutes of a general meeting shall be kept by the secretary to the Board. The minutes of the meeting shall specify:

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

(II) the names of the presider, and the directors, supervisors, the president and other senior management attending or present at the meeting;

(III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;

(IV) the consideration process, summaries of speeches and voting result for each proposal;

(V) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;

(VI) the names of the lawyer, counting officer and monitoring officer;

(VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 90** The convener shall ensure the minutes of the meeting are true, accurate and complete. The attending directors, supervisors, secretary to the Board, convener or representative thereof, and presider shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting over network or other means shall be maintained together for no less than 10 years.

**Article 91** Shareholders may examine photocopies of the minutes of meetings during the ny shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven days after receiving payment of reasonable charges.

**Article 92** The convener shall ensure that a

terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necess

announcement. Meanwhile, the convener shall report to the local office of the CSRC where the Company is located and the stock exchange.

**Article 93**

resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights

Special resolutions shall be passed by votes representing two thirds or more of the voting meeting.

**Article 94**

general meeting:

- (I) work reports of the Board and the Supervisory Committee;
- (II) the profit distribution plan and loss recovery plan proposed by the Board;
- (III) appointment and dismissal of the members of the Board and the Supervisory Committee, their remunerations and the method of payment thereof;
- (IV) balance sheets, income statements and other financial statements;
- (V)
- (VI) other matters than those that should be passed by special resolutions pursuant to laws, administrative regulations or the Articles of Association.

**Article 95** The following matters shall be approved by special resolutions at a shareholder general meeting:

- (I) increase or decrease of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company;
- (II) issuance of corporate bonds;
- (III) division, spin-off, merger, dissolution and liquidation form of the Company;
- (IV) amendment to the Articles of Association;

transaction amount exceeding 30% of the latest audited total assets of the Company;

- (VI) equity incentive plans;
- (VII) any other matter specified in the laws, administrative regulations or the Articles of

may have material impact on the Company and accordingly shall be approved by special resolutions.

**Article 96** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote.

Votes for medium and small investors shall be separately counted when any material matter results shall be disclosed timely and publicly.

The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the

If a shareholder purchases any voting shares of the Company in violation of paragraphs 1 and 2 of article 63 of the Securities Laws, voting rights of the shares exceeding the prescribed percentage shall not be exercisable within 36 months after the purchase, and such shares shall not

The Board, independent directors, shareholders of the Company holding more than 1% of the total voting shares of the Company or investor protection corporation established in accordance with laws, administrative rules and the provisions of the securities regulatory authorities of the State Council may publicly collect voting rights from shareholders. They shall adequately disclose specific information including voting intents to the persons whose voting rights are collected when collecting voting rights from shareholders. It is prohibited to collect voting rights from shareholders with compensation or compensation in disguised form. Save for the statutory conditions, the Company shall not set minimum shareholding percentage limit for collection of voting rights.

**Article 97**

related shareholders shall not vote, and the voting shares they represent shall not be counted in the general meeting shall adequately disclose information relating to voting by non-related shareholders.

The procedures for the related shareholders regarding evading and voting are:

(I) according to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海证券交易所股票上市规则》) , the Board shall judge whether the relative matter to be proposed at the general meeting for discussion constitute a connected transaction. When making such a judgment, the number of shares of a shareholder shall be subject to the number on the equity registration date;

(II) if the Board c meeting for discussion constitutes a connected transaction, the Board shall notify the connected shareholders in writing, and seek a written reply on whether the shareholder will apply for exemption for evasion;

(III) the Board shall finish the work specified above before sending the notice of the

(IV) when voting on the relative connected transaction, unconnected shareholders attending the meeting shall vote according to the Articles of Association after the shares with voting right represented by the connected shareholders are deducted;

**Article 98** The Company shall, subj

meetings through various means, including using modern information technology to establish an online voting platform.

**Article 99** Unless otherwise under special emergency circumstances, the Company shall not, contract with any person other than directors, the president and other senior management for authorization of management of all or substantial part of business of the Company to such persons.

**Article 100** List of nominations for the candidates for directors or supervisors shall be submitted by way of proposal at

The approach and procedures for nomination of candidates for directors and supervisors are

as follows:

(I) The nomination of candidates for directors shall adopt the following methods:

1. Nomination by the Board of the Company;

2. The number of candidates nominated by shareholders who individually or jointly hold more than 3% of the total voting shares of the Company shall not exceed the number of directors to be elected or changed.

(II) The Company may appoint independent directors according to the resolution of the

the following methods:

1. Nomination by the Board of the Company;

2. Nomination by the Supervisory Committee of the Company;

3. The number of candidates nominated by shareholders who individually or jointly hold more than 1% of the issued shares of the Company shall not exceed the number of independent directors to be elected or changed.

The nominator shall not nominate individuals who have interested relationship with it or other closely-related individuals who may affect its independent performance of its duties as candidates for independent directors.

The cumulative voting system shall be adopted for the election of independent directors.

(III) The nomination of supervisor candidates shall adopt the following methods:

1. Nomination by the Supervisory Committee of the Company;

2. The number of candidates nominated by shareholders who individually or jointly hold more than 3% of the total voting shares of the Company shall not exceed the number of supervisors to be elected or changed.

(IV) Shareholders who nominate candidates for directors, independent directors and supervisors shall submit the intention of nominating candidates for directors, independent directors and supervisors and their resumes to the secretary to the Board of the Company in writing 10 days before th

directors and independent directors shall conduct a written undertaking (in any form of notice)

, and

undertake that the information disclosed is true and complete and ensure to earnestly perform the duties of directors upon election. The Board shall be responsible for preparing proposals and

he nomination of directors and

independent directors. The Supervisory Committee shall be responsible for preparing proposals

(V) Employee representative supervisors are elected by the employee representatives assembly, the general employee meeting or other forms of democratic elections of the Company.

may implement accumulative voting system if there are over one proposed director or supervisor.

Accumulative voting system referred to in the preceding paragraph means a system whereby

the number of voting rights equivalent to the number of the directors or supervisors to be elected, and a shareholder may concentrate his voting rights. The Board shall make public to the shareholders the resume and general information of the candidates for directors and supervisors.

The nomination and election of directors or supervisors shall adopt the cumulative voting system, the procedures of which shall be as follows:

Each share carries a voting right equivalent to the number of directors or supervisors to be elected. A shareholder may concentrate the votes to nominate one candidate or separate the votes to nominate a number of candidates. The candidates of directors or supervisors shall be determined according to the number of votes and the requirements for directors or supervisors in the Articles of Association.

In the election, each share of the shareholder carries a voting right equivalent to the number of directors or supervisors to be elected. A shareholder has the right to divide the votes equally for each candidate of directors or supervisors or concentrate the votes on one or some candidate(s) or elect other person(s). The directors or supervisors shall be determined according to the number of votes and the requirements for directors or supervisors in the Articles of Association.

**Article 101** Save under the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is terminated or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

**Article 102** No amendment shall be made to a proposal when it is considered at a

**Article 103** The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 104** When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way, unless otherwise specified in the laws, administrative regulations and the listing rules of the stock exchange(s) where the shares or GDRs of the Company are listed.

**Article 105** ,  
however, subject to the requirements of laws, administrative regulations and the listing rules of the stock exchange(s) where the shares or GDRs of the Company are listed, the chairperson of the meeting may, in accordance with the principle of good faith, decide resolutions regarding the procedural or administrative matters to be voted on by a show of hands.

**Article 106**  
counting of the votes. Where any shareholder has interested relations with any matter considered, the said shareholder and proxy thereof shall not participate in counting and monitoring of votes.

monitoring of the votes and shall announce the voting results on the spot, which shall be recorded in the meeting minutes.

Corporate shareholders or proxies of the listed company voting over the network or other means shall have the right to check their voting results via the corresponding voting system.

**Article 107**

than that of online or other access to the meeting. The chairperson of the meeting shall announce the outcome and results of the vote on each proposed resolution, and shall decide whether or not a /her decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

Before the voting result is announced, the relevant parties including the listed company, counting officer, monitoring officer, major shareholders and network service provider involved at the venue, over the network or otherwise shall have the confidentiality obligation.

**Article 108** A shareholder attending a shareho  
following opinions on any proposal to be voted on: pro, con or abstention

Company shall implement the specific scheme within two months after conclusion of the

## **CHAPTER VI BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 114** Where a director is a natural person, he/she shall not act as a director of the Company in one of the following circumstances:

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

(II) a person who has been punished for committing an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging socialist economic order or who has been deprived of his/her political rights due to any crime, in each case where less than five years have elapsed since the date of the end of such punishment or deprivation, or a person who has been imposed a probation, where less than 2 years have elapsed since the expiration of the probation period;

(III) a

**Article 115**  
Company.

employee representative in the Board of the

Directors shall be elected or replaced at a shareholders' general meeting and may be removed from office prior to the

those of the Company for himself/her or for others, without the consent of the general meeting;

(VII) not to accept commissions arising from transactions with the Company and appropriate to himself/herself;

(VIII)

(IX) not to abuse his/her connections with the Company to jeopardize the interests of the Company;

(X) other obligation of fidelity provided by laws, administrative regulations, departmental rules and the Articles of Association.

The income incurred in violation of this Article shall be accounted to the Company; for any loss caused to the Company, he/she shall be liable for compensation.

**Article 117** Directors shall abide by laws and regulations and the Articles of Association and perform the following duties of diligence:

(I) to exercise the powers authorized by the Company in a prudent, careful and diligent way so as to ensure that the commercial activities of the Company are in compliance with PRC laws and regulations and economic policies, and that the business activities do not exceed the business scope of the Company as registered in the business license;

(II) to treat all shareholders equally;

(III) to seek to know the operation of the business and administration of the Company in time;

(IV) to issue in writing opinions of confirmation to the periodic reports of the Company so as to ensure that the information disclosed by the Company are true, accurate and complete;

(V) to provide information and documents according to the facts to the Supervisory Committee and not to hinder the exercise of responsibilities by the Supervisory Committee or supervisors;

(VI) other duties of diligence as prescribed by laws, administrative regulations, departmental

**Article 118** A director shall be deemed to be unable to carry out his/her duties if he/she fails to attend two consecutive Board meetings in person and fails to appoint an alternate director to attend Board meetings on his/her behalf. The Board shall propose at the shareholders' general meeting for the removal of such director.

**Article 119** A director may resign prior to the expiration of his/her term of office. If a director resigns from his/her office, he/she shall submit a written notice of his/her resignation to the Board. The Board shall make a disclosure related thereto within two days.

Where the number of members of the Board falls below the quorum due to the resignation of any director, the original director shall, before the newly-elected director assumes his post, carry out duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Except for the circumstances specified in the preceding paragraph, the resignation of a director shall become effective when the resignation report is delivered to the Board.

**Article 120** If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board. His/her honesty obligation to the Company and shareholders thereof shall not terminate automatically after the effective date of his/her resignation and at the end of his/her term of office, but the duty of confidentiality it owes to the Company's trade secrets (including core technologies, etc.) shall remain in effect until such trade secrets become public information. Such directors shall not use the core technology of the company to engage in the same or similar business as the company. The duration of the other obligations shall not be less than 2 years.

**Article 121** Except as required by the Articles of Association or except as lawfully authorized by the Board, any director shall not purport to represent the Company or the Board in his/her own name. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the Board, such director shall declare in advance his/her position and capacity.

**Article 122** The director shall be liable for the compensation to the Company for losses caused should he/she violates laws, administrative regulations, departmental rules or the Articles of Association when performing the duties.

**Article 123** The independent directors shall perform their responsibilities in accordance with laws, administrative regulations and relevant requirements of the departmental rules.

## **Section 2 Board of Directors**

**Article 124** The Company shall set up a Board, which shall be responsible to the general meeting.

**Article 125** The Board shall be composed of seven directors

other senior management of the Company and to determine matters relating to their remuneration, rewards and penalties, and at the recommendation of the president, to decide on the appointment or dismissal of a vice president, finance director and other senior management of the Company and to determine matters relating to their remuneration, rewards and penalties;

(X) to formulate the basic management regulations of the Company;

(XI) to prepare proposals for the amendment to the Articles of Association;

(XII) to manage disclosure of information concerning the Company;

(XIII) to propose to the general meeting for the engagement or change of auditors of the Company;

(XIV) to receive reports and examine the work of the president of the Company;

(XV) such other duties and functions as authorized by the laws, administrative regulations, departmental rules or the Articles of Association.

Resolutions of the Board referred to in the preceding paragraph, with the exception of items (V), (VI) and (XI) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors.

Company;

(VII) other matters stipulated by laws, administrative regulations, rules, and the Articles of Association.

**Article 128** The Board shall explain to the general meeting the nonstandard auditing opinions

**Article 129** The Board shall formulate rules of procedures of the Board, to ensure the implementation of the resolutions made at general meetings, improve the working efficiency and ensure scientific decisions-making process.

**Article 130** The Board shall determine the scope of authority in respect of external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth

the Company and related legal persons in the amount of RMB3 million or above and accounting for more than 0.5% of the absolute amount of the latest audited net assets of the Company (except for related guarantees);

(VIII) the

If the numbers involved in the aforesaid indicators are negative, the absolute value shall be used for calculation.

As the Board reviews the guarantee, it shall be approved by over two-thirds of the directors present at the Board meeting, after being passed by over half of all directors.

For any transaction that need to be considered at the general meetings, if the subject matter of the transaction is equity of a company, the Company shall engage an accounting firm that meets the requirements of the Securities Act to audit the financial and accounting report of the subject matter of the transaction for the latest year and period, and the ending date of the audit report shall not exceed six months from the signing date of the agreement; if the subject matter of the transaction is asset other than equity, the Company shall engage an assets appraisal firm with the qualification to carry out business related to securities and futures to conduct appraisal, and the benchmark date of appraisal shall not be more than one year from the signing date of the agreement.

**Article 131** In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed of within four months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet reviewed by the general meetings, the Board shall not dispose of or consent to dispose of such fixed assets without prior approval at the general meetings.

presents (among other things) transferring certain interests in assets, but not including provision of guarantees with fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

**Article 132** The Board shall have 1 Chairperson, and may comprise a Vice-Chairperson. The Chairperson and the Vice-Chairperson shall be elected and removed by more than half of all the members of the Board. The term of office of the Chairperson and the Vice-Chairperson shall be three years and may be renewed upon re-election.

**Article 133** The Chairperson of the Board shall exercise the following authorities:

(I) to preside over general meetings and to convene and preside over Board meetings;

(II) to supervise and check on the implementation of resolutions passed at the meeting of the Board;

(III) to sign the securities issued by the Company; if the laws, regulations or the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or GDRs of the Company are listed have any other provisions, such provisions shall prevail.

(IV) other functions and powers conferred by the Board.

**Article 134** The vice chairperson shall assist the chairperson. In the event the chairperson of the Board is unable to perform his/her duties or he/she does not perform his/her duties, the vice

chairperson shall perform the duties. Where the vice chairperson is unable to perform his/her duties or he/she does not perform his/her duties, a director nominated by half or more of the directors shall perform the duties.

**Article 135** Meeting of the Board shall be held at least twice a year and be convened by the chairperson. A notice shall be given to all directors and supervisors 14 days before the date of the meeting.

**Article 136** A special meeting of the Board may be convened upon requisition by either shareholder holding 10% or more of voting shares, or one-third or more of the directors, or half or more of the independent directors or the Supervisory Committee. The chairperson shall convene and hold the meeting of the Board within 10 days after receiving the requisition.

**Article 137** The notification for an extraordinary Board meeting shall be delivered by mail, fax, telephone, e-mail and other ways; the notice period is five days prior to the convening day of the meeting; and be served at any time in oral form, telephone, or otherwise in the event of emergencies.

**Article 138** The notification of a Board meeting shall include following items:

- (I) the date and venue of the meeting;
- (II) the duration of the meeting;
- (III) the matters and meeting agenda;
- (IV) the date of delivery of the notification.

**Article 139** Board meeting shall be held only when more than half of the directors attend the

A director shall have one vote when voting on a resolution of the Board.

**Article 140** When the directors have connected relationship with the enterprise involved in the resolution to be passed at the Board meeting, he/she shall not vote in respect of such resolution, nor shall vote on behalf of other directors. Such Board meeting shall be held in the attendance of more than half of the directors without connected relationship. All resolutions to be passed at the Board meeting shall be passed by more than half of the directors without connected relationship. If number of the directors without connected relationship attending the meeting is less than 3, such matter shall be resolved at the general meeting.

**Article 141** The voting method for the resolutions of the Board shall be by show of hands.

Provided that the directors can fully express their opinions at the extraordinary Board meetings, such meetings can be held by electronic forms of communication and resolutions could be passed thereof which shall be signed by the directors who attended the meeting.

**Article 142** Directors shall attend Board meetings in person. Any director who is unable to attend the meeting for any reason may appoint in writing another director to attend the meeting on  
ommission, scope  
of authorization and term of the commission. The signature or seal of the director concerned shall be affixed on the proxy form. The appointed representative shall exercise the rights of a director within the scope of his/her authorisation. If a director fails to attend a Board meeting and has not appointed a representative to attend on his/her behalf, he/she shall be deemed to have waived

his/her right to vote at that meeting.

**Article 143** The Board shall keep minutes of resolutions on matters discussed at relevant meetings. The minutes shall be signed by the directors and the recorder present at such meetings. The directors shall be liable for the resolutions of the Board. If a resolution of the Board is in violation of laws, administrative regulations or the Articles of Association, thereby causing the Company to sustain a material loss, the directors who took part in the resolution shall be liable to the Company for damages. However, if a director is proved to have expressed his/her opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be released from such liability.

□

and above.

**Article 144** The minutes of the Board meetings shall include the following:

(I) the date, place and name of convener of the meeting;

(II) the names of the directors present and the directors (proxies) entrusted by others to attend the Board meeting;

(III) the agenda of the meeting;

(V) the method of voting and result of each resolution (the voting results shall indicate the number of votes for, against or abstaining from a resolution).

### **Section 3 Secretary to the Board**

**Article 145** The Board shall appoint a secretary to the Board. The secretary to the Board is a senior manager of the Company and shall be accountable to the Company and the Board.

**Article 146** the requisite professional knowledge in terms of finance, management and law, possess good professional ethics and personal quality. Any of the following persons shall not serve as a secretary to the Board:

(I) not meeting the qualifications required by the Company Law

(II) having been subject to the administrative punishment of China Securities Regulatory Commission in the recent year years;

(III) having been publicly censured or criticized by circulating a notice of criticism for more than three (3) times by a stock exchange in the recent three years;

(IV) currently serving as supervisor of the Company;

(V) was banned from market entry by the China Securities Regulatory Committee and still in the period of banning;

(VI) has been publicly declared by any stock exchange to be unsuitable for serving as the secretary to the Board of any listed company;

(VII) other circumstances that are inappropriate to take the post of secretary to the Board as stipulated by laws, regulations or the Articles of Association.

**Article 147** The primary duties of the secretary to the Board are:

(I) to be responsible for the communication and liaison between the Company and the related parties and the stock exchange and other competent authorities, to prepare and submit required reports and documents to relevant authorities;

(II) to be responsible for dealing with the disclosure of corporate information, to urge the Company to develop and implement a system of information disclosure and an internal reporting system of material information in order to facilitate the Company and the related parties in carrying out their information disclosure obligations according to the relevant laws, and handle disclosure of the regular reports and the extraordinary reports to the stock exchange in accordance with the relevant requirements;

(III) to coordinate and manage the relationship between the Company and its investors, to  
to information disclosed by the Company;

(IV) to prepare general meetings and Board meetings in accordance with the legal procedures, and to prepare and submit the documents and materials for the relevant meetings, and to ensure that the Company has maintained a complete set of constitutional documents and records;

(V) to participate in Board meetings and produce and sign minutes of meeting;

(VI) to be responsible for the confidentiality of corporate information in relation to disclosure, to draw up relevant confidentiality measures, to procure the directors, supervisors, the president and other senior management and other personnel in the know to keep information in confidentiality prior to its disclosure, and to take timely remedial measures upon leaks of insider

**Article 148** Directors or senior management staff of the Company may serve concurrently as secretary to the Board. The certified public accountants from the accounting agencies and the lawyers from the law firms appointed by the Company may not serve concurrently as Secretary to the Board.

**Article 149** The secretary of the Board shall be nominated by the chairman of the Board and appointed or removed by the Board. Removal decision made to the secretary to the Board by the Board shall be adequate and reasonable, and any removal without any reason is prohibited.

The Company shall file the required materials with the Shanghai Stock Exchange in five transaction days before convening a Board meeting for the appointment of the secretary to the Board. If the Shanghai Stock Exchange does not raise any objection to the qualification of candidates for the secretary to the Board, the Company may convene a Board meeting for appointing the secretary to the Board.

When the secretary to the Board is dismissed or resigns, the Board shall promptly report to the Shanghai Stock Exchange to state the reasons and make an announcement. The secretary to the Board shall have the right to submit a personal statement report to the Shanghai Stock Exchange regarding the circumstances in relation to the improper dismissal or resignation.

Where the office of secretary to the Board is held concurrently by a director, and an act is required to be conducted by a director and the secretary to the Board separately, the person who holds the offices of a director and the secretary to the Board may not perform such act in a dual capacity.

## **CHAPTER VII PRESIDENT AND OTHER SENIOR MANAGEMENT**

**Article 150** The Company shall have 1 president, 9 vice presidents, 1 finance director and 1 secretary to the Board, who shall be appointed and dismissed by the Board.

president, vice presidents, finance director, secretary to the Board are the

**Article 151** Provisions of Article 114 of the Articles of Association regarding the disqualified directors shall also apply to senior management.

Provisions of Article 116 of the Articles of Association regarding the duties of loyalty and (IV) ~ (VI) of Article 117 regarding the duties of diligence of directors shall also apply to senior management.

**Article 152** Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company, de facto controllers, shall not serve as a senior management of the Company.

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

**Article 153** The term of office of the president shall be three years, renewable upon reappointment.

**Article 154** The president shall be accountable to the Board and shall exercise the following



**Article 160** If any senior management violates laws, administrative regulations, departmental rules or the Articles of Association when performing his/her duties in the Company, such senior management shall indemnify the Company against losses incurred due to such violation.

Senior management of the Company shall faithfully perform their duties and safeguard the Company's interests. If they fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.

## **CHAPTER VIII SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 161** The circumstances of disqualification for directors prescribed in Article 114 hereof shall also apply to supervisors.

The directors, the president and other senior management shall not act concurrently as supervisors.

**Article 162** The supervisors shall observe laws, administrative regulations and the Articles of Association. They shall shoulder the duties of loyalty and due diligence to the Company, and shall not accept any bribery or other illegal income by using his/her powers and position, or seize the assets of the Company.

**Article 163** Each supervisor shall serve for a term of three years, which term is renewable upon reelection upon expiry.

**Article 164** Where the tenure of supervisors expires and re-election has not yet been made in a timely manner, or where a supervisor resigns during his/her tenure resulting in the number of supervisors falls below the necessary quorum of meeting of the Supervisory Committee, the original supervisors shall (before the re-election of the new supervisors) continue to perform their duties as supervisors pursuant to the provisions of laws, administrative regulations and the Articles of Association.

**Article 165** A supervisor shall ensure that information disclosed by the Company is true, accurate and complete and he/she shall sign on the periodical report with written confirmation.

**Article 166** Supervisors shall attend Board meetings and may raise queries or proposals regarding matters resolved at such meetings.

**Article 167** Supervisors shall not prejudice the interests of the Company by means of their connected relationship or they shall be liable for compensation for any loss caused to the Company.

**Article 168** If supervisors have violated the provisions of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties, which has caused losses to the Company, they shall be liable for compensation.

### **Section 2 Supervisory Committee**

**Article 169** The Company shall set up a Supervisory Committee which shall be composed of

three supervisors. The Supervisory Committee shall have one chairperson. The election of the chairperson of the Supervisory Committee shall be determined by more than half of the members of the Supervisory Committee. The meetings of Supervisory Committee shall be convened and presided over by the chairperson of the Supervisory Committee. If the chairperson of the Supervisory Committee is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a supervisor jointly elected by more than half of the supervisors.

The Supervisory Committee shall include Shareholder representatives and a proper proportion of employee representatives. The proportion of employee representatives shall be two-thirds. The employee representatives of the Supervisory Committee shall be elected and removed meeting or otherwise democratically.

**Article 170** The Supervisory Committee shall exercise the following functions and powers:

(I) reviewing and expressing its review comments in writing on securities issuance documents and periodic reports prepared by the Board;

(II) examining the financial status of the Company;

(III) monitoring the performance of duties of directors and senior management, and proposing the dismissal of directors and senior management who have violated the laws, administrative regulations and the Articles of Association or resolutions passed by the

(IV) demanding for remedies of any damage to the legal right of the Company caused by directors and senior management;

(V) proposing the convening of extraordinary general meetings, and convening and chairing Board having failed to perform so pursuant to the Company Law;

(VII) instituting legal proceedings against directors and senior management in accordance with Article 151 of the Company Law;

(VIII) in case of any irregularity of the Company's operation identified, making investigations and if necessary, engaging professional institutions (such as accounting or law firms) to assist in its work at the expense of the Company;

(IX) other functions and powers conferred by the laws, administrative regulations and the

**Article 171** Meetings of the Supervisory Committee shall be held at least once every 6 months. Supervisors may propose to hold extraordinary meetings of the Supervisory Committee.

Resolutions of the Supervisory Committee shall be passed by the affirmative votes of half or more of the supervisors.

**Article 172** The Supervisory Committee shall formulate procedural rules of the Supervisory Committee, specify the method for conducting business and the voting procedures of the Supervisory Committee, so as to ensure the working efficiency and scientific decision making of the Supervisory Committee.



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

(III) to exercise their discretion vested in them and not to allow themselves to act under the control of others and, unless and to the extent permitted by the laws or administrative regulations or with the informed consent of the \_\_\_\_\_, not to delegate others to exercise their discretion;

(IV) to treat shareholders of the same class equally;

(V) not to enter into any contract, transaction or arrangement with the Company unless otherwise specified in the Articles of Association or with the informed consent of the \_\_\_\_\_ general meeting;

\_\_\_\_\_ in any way without the informed consent of the \_\_\_\_\_

(VII) not to exploit their positions to accept bribes or other illegal income or expropriate the property of the Company by any means, including but not limited to opportunities which are advantageous to the Company;

(VIII) not to accept commissions in connection with the transactions of the Company without the informed consent of the \_\_\_\_\_

(IX) to abide by the Articles of Association, perform their official duties faithfully and protect the interests of the Company, and not to exploit their positions and powers in the Company for their own interests;

(X) not to compete with the Company in any way without the informed consent of the \_\_\_\_\_ general meeting;

to open accounts in their own names or other names for the deposit of the assets of the Company; not to provide guarantees for the debts of \_\_\_\_\_ s or other individual(s) with the assets of the Company;

\_\_\_\_\_ keep confidential the information about the Company acquired by them in the course of and during their tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if the disclosure is:

1. by order of the laws;

2. in the interests of the public;

3. in the interest of the relevant director, supervisor, the president or other senior management.

**Article 179** Any director, supervisor, the president or other senior management of the Company shall not direct the following persons or bodies (the \_\_\_\_\_ (s) \_\_\_\_\_) anything that such director, supervisor, the president or other senior management is not permitted do:

(I) the spouse or a minor child of such director, supervisor, the president or other senior management of the Company;

(II) a trustee of such director, supervisor, the president or other senior management of the Company or of any person referred to in item (I) of this Article;

(III) a partner of such director, supervisor, the president or other senior management of the Company or of any person referred to in items (I) and (II) of this Article;

(IV) a company over which such director, supervisor, the president or other senior management of the Company, alone or jointly with any person referred to in items (I), (II) and (III) of this Article or any other director, supervisor, the president or other senior management of the Company, has de facto control;

(V) a director, a supervisor, the president or other senior management of a company being controlled as referred to in item (IV) of this Article.

**Article 180** s directors, supervisors, the president and other senior management shall not necessarily cease upon the termination of their tenure.

termination of their tenure. The terms for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time which has elapsed between the termination of tenure and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company is terminated.

**Article 181** A director, a supervisor, the president or other senior management of the Company may, with informed consent of the general meeting, be relieved of liability for a specific breach of his/her obligations, except in circumstances as specified in the Articles of Association.

**Article 182** If a director, a supervisor, the president or other senior management of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement concluded or planned by the Company (excluding his/her engagement contract with the Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval or consent of the Board.

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

A dire

declared his/her interest, to the extent stated in the notice.

**Article 184** The Company may not in any manner pay tax on behalf of its directors, supervisors, the president or other senior management, unless otherwise specified in the laws.

**Article 185** The Company may not directly or indirectly provide a loan to, or loan guarantees for, its directors, supervisors, the president and other senior management or those of its parent company, or provide loans to or loan guarantees for Relevant Persons of the above-mentioned persons.

The provisions of the preceding paragraph shall not apply to the following circumstances:

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

(II) the provision by the Company of a loan to, a loan guarantee for or other moneys to a director, a supervisor, the president or other senior management of the Company under an engagement contract approved by the general meeting, so as to enable him/her to meet the expenses incurred for the purposes of the Company or for the performance of his/her duties to the Company;

(III) the provision by the Company of a loan to or a loan guarantee for a director, a supervisor, the president

president or other senior management representing the Company was in breach of his/her obligations to the Company);

(III) require the relevant director, supervisor, the president or other senior management to surrender the gains derived from the breach of his/her obligations;

(IV) recover any moneys received by the relevant director, supervisor, the president or other senior management that should have been received by the Company, including but not limited to commissions;

(V) require the relevant director, supervisor, the president or other senior management to return the interest earned or possibly earned on the moneys that should have been given to the Company.

**Article 190** The Company shall conclude written contracts in relation to remuneration with each director and supervisor of the Company, which shall be approved by the general meeting before they are entered into. The aforementioned remuneration shall include:

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

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

(III) remuneration for other services provided toward the management of the Company or its subsidiaries;

(IV) the payment by way of compensation for his/her loss of office or retirement to such director and supervisor.

A director or supervisor may not sue the Company for the benefits due to him/her on the basis of the aforementioned matters, except under a contract as mentioned above.

**Article 191** The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his/her remuneration that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the general meeting, have the right to receive the compensation or other moneys obtainable for loss of office or retirement. For the purposes of the preceding paragraph, the term

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

(II) anyone making a purchase offer such that the offeror will become a controlling shareholder. The definition of the controlling shareholder is the same as that defined in item (I) of Article 247 the Articles of Association.

If the relevant director or supervisor has failed to comply with this Article, any sums received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of the aforementioned offer, and the expenses incurred in the pro rata distribution of such sums shall be borne by the relevant director or supervisor and may not be paid out of such sums.

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

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

**Article 192** The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations and the provisions of the relevant authorities of the state. At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by laws.

**Article 193** The Board of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations as well as normative documents promulgated by local governments and competent authorities require the Company to prepare.

**Article 194** The Company shall make available its financial report at the office of the Company for inspection by its shareholders 20 days prior to the convening of the annual general meeting. Every shareholder of the Company shall have the right to obtain the financial report mentioned in this Chapter.

**Article 195** The Company shall submit and disclose its annual financial report to the CSRC and the stock exchange within four months after the end of each accounting year; submit and disclose the interim financial report to the branch of the CSRC and the stock exchange within two months after the end of the first six months of each accounting year; and submit and disclose the quarterly financial reports to the stock exchange within one month after the end of the first three months and the first nine months.

The aforesaid financial reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange.

**Article 196** The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 197** The Company shall withdraw 10% of the annual after-tax profits as the statutory reserve of the Company, and such withdrawal may be stopped when the statutory reserve of the Company has accumulated to over 50% of the registered capital of the Company.

If the statutory reserve of the Company is insufficient to recover the losses of the preceding year, the profits of the current year shall first be used to recover the said losses before any statutory reserve is withdrawn as per the preceding paragraph.

After statutory reserve is withdrawn out of the after-tax profits, discretionary reserve may

The after-tax profits remaining after recovery of losses and withdrawal of common reserve may be distributed to the shareholders in proportion to their shareholding percentages, except where the Articles of Association provide that the distribution shall not be made in proportion to the shares held.

If the share distributes profits to shareholders before recovering losses and withdrawing statutory common reserve, the profits thus distributed shall be returned to the Company.

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

**Article 198** The reserve of the Company shall be used to recover the losses, enhance the operating scale or increase the capital of the Company. To recover the Company's losses, the discretionary reserve and the statutory reserve should be used first, and then the capital reserve can be used in accordance with the rules if the discretionary reserve and the statutory reserve are not insufficient. The capital reserve shall include the following funds:

(I) the premiums obtained from the issue of shares above par;

capital reserve.

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

**Article 199**

general meeting of the Company, or the Board of Directors of the Company develops a specific plan based on the mid-term dividend conditions and upper limit for the following year approved by the annual shareholders' meeting, the Board the Company shall complete the distribution of

**Article 200** The Company shall appoint a receiving agent for holders of GDRs to collect on behalf of the relevant holders of GDRs the dividends distributed and other moneys payable in respect of GDRs. The receiving agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the stock exchange(s) where the shares or GDRs of the Company are listed.

**Article 201** The profit distribution policy of the Company is as follows:

(I) Principles of profit distribution policy

The Company adopts the dividend distribution policy under the principle of equal shares entitling to equal profits, under which dividends and other forms of benefits are distributed to shareholders in proportion to the number of shares they hold. The profit distribution policy of the Company shall be continuous and stable. The distribution of profit shall not exceed the scope of accumulated distributable profits and shall be in consideration of the long-term interests of the Company, the overall interests of all shareholders as a whole and the sustainable development of the Company. Among them, the cash dividend policy is targeted at a differentiated cash dividend policy based on a fixed dividend payout rate.

(II) Means of profit distribution

The Company may distribute profits in the form of cash, stock, a combination both or any other forms permitted by law. The Company shall, in priority, distribute dividends in cash.

(III) Conditions for profit distribution

1. Conditions for cash dividends

(1) -tax profits after making up for losses and appropriating capital reserves, for that year or half-year are positive and the Company has sufficient cash so that the distribution of cash dividends will not affect the

(2) The Company s accumulated distributable profits are positive;

(3)

financial report for that year (mid-term cash dividends are not subject to the requirement of audit);

(4) The Company has no such events as major investment plans or significant cash expenditures (excluding fund-raising projects). Major investment plans or significant cash expenditures refer to the expected one-off or accumulated investment amount or cash expenditures exceeding RMB200 million in the next fiscal year;

(5)

the cash dividends distributed to the shareholder to repay the funds he/she occupies.

## 2. Conditions for the distribution of stock dividends

The Board of the Company may distribute stock dividends based on accumulated distributable profits, capital reserves and cash flows provided that the minimum cash dividend payout ratio and an optimal share capital base and shareholding structure of the Company are maintained.

## (IV) Intervals and proportion of profit distribution

The Board shall comprehensively take into account factors including the characteristics of the profitability, and whether there are any significant capital expenditure arrangements, etc., to formulate cash dividend distribution policy according to the procedures as stipulated in the Articles of Association. The Company will, in principle, pay cash dividends annually when the conditions for cash dividends are met and subject to the compliance of the profit distribution principles and the maintenance of the long-term development of the Company. The Board of the Company may also propose the Company to

However, the proportion of cash dividends to the profits for distribution is required to meet the following requirements:

1.

years shall be no less than 30% of the average annual distributable profits realized in such three years.

2.

expenditure arrangement, during the profit distribution, the proportion of cash dividends of the profits for distribution shall not be less than 80%;

3.

arrangements, during profit distribution, the proportion of cash dividends of the profits for distribution shall not be less than 40%;

4.

arrangements, during the profit distribution, the proportion of cash dividends of the profits for distribution shall not be less than 20%;

5. If the development stage of the Company cannot be easily identified but there are substantial capital expenditure arrangements, it can be carried out in accordance with the preceding paragraph.

## (V) Decision-

distribution

1.

be formulated after due consideration on stable, sustainable and scientific returns to shareholders.

2. If there are significant changes in the external operating environment of the Company or the established profit distribution policy may affect the sustainable development of the Company, the Board may propose to amend the profit distribution policy. When proposing amendments to the profit distribution policy, the Board shall take the interests of shareholders as the starting point, give due consideration to the opinions of minority shareholders, pay attention to the protection of the interests of investors, and provide reasons with details for the amendments in the proposal

3. When formulating and amending the profit distribution policy, the Board shall proactively communicate and exchange views with shareholders, in particular minority shareholders, through various means, fully listen to the opinions and requests of minority shareholders, and address the concerns of minority shareholders in a timely manner.

4. The formulation of and any amendment to the profit distribution policy by the Board shall be passed by more than half of the Board and more than two-thirds of the independent directors.

5. The formulation and any amendment the profit distribution policy of the Company shall shareholders with more than two-thirds of the voting rights held by the shareholders present at the meeting.

## **Section 2 Internal Audit**

**Article 202** The Company shall conduct internal audit system and assign full-time auditors to conduct internal audit and supervision on the financial revenue/expenditures and economic activities of the Company.



(III) by announcement;

(IV) by other means specified in the Articles of Association.

**Article 213** Where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once the notice is announced.

**Article 214** Unless otherwise stipulated in the laws, administrative regulations or the listing rules of the stock exchange(s) where the shares or GDRs of the Company are listed or the Articles of Association, the notice of a \_\_\_\_\_ general meeting shall be delivered to the shareholders

the register of shareholders. For holders of A shares, the notice of a \_\_\_\_\_ general meeting may be served by announcement.

Once the \_\_\_\_\_ A shares shall be deemed to have received the notice of the relevant general meeting.

**Article 215** The notice of a Board meeting of the Company shall be served by personal delivery or sent in writing by mail. The notice of an extraordinary Board meeting may be served by post, fax, telephone, or e-mail.

**Article 216** The notice of a meeting of the Supervisory Committee of the Company shall be served by personal delivery or sent in writing by mail. The notice of an extraordinary meeting of the Supervisory Committee shall be served by post, fax, telephone, or e-mail.

**Article 217** If the notice of the Company is served by personal delivery, the recipient shall affix their signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is served by post, the seventh working day after handover to the post office shall be the date of service; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service.

**Article 218** The accidental failure to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

## **Section 2 Announcement**

**Article 219** The Company has designated the website of Shanghai Stock Exchange, Shanghai announcements and other required disclosure of information.

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

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

**Article 220** The merger of the Company may take the form of absorption or establishment of a new company.

One company absorbing another company is merger by absorption, and the company being

absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is a consolidation, and the companies being consolidated shall be dissolved.

**Article 221** In the event of a merger, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of property. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make announcements in the designated media for the disclosure of information about the Company within 30 days. The creditors may require the Company to repay debts or to provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice. Shareholders that oppose the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

**Article 222** The credits and debts of the parties to the merger during merger shall be inherited by the company subsisting after the merger or by the newly established company.

**Article 223** Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and an inventory of property should be prepared. The Company shall notify all creditors within 10 days after adoption of the division resolution and shall make announcements in the designated media for the disclosure of information about the Company within 30 days.

**Article 224** The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before the division.

**Article 225** The Company shall prepare a balance sheet and an inventory of property when it needs to reduce its registered capital.

The Company shall notify the creditors within 10 days from the date of making the resolution to reduce the registered capital, and shall make announcements in the designated media for the disclosure of information about the Company within 30 days. The creditors may require the Company to repay debts or to provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

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

**Article 226** Changes in registered particulars arising from a merger or division of the Company shall be registered with the company registration authority according to the law. If the Company is dissolved, it shall be deregistered according to the law. If a new company is established, such establishment shall be registered according to the law.

Increase or decrease of the registered capital of the Company shall be registered with the company registration authority according to the law.

## **Section 2 Dissolution and Liquidation**

**Article 227** The Company may be dissolved for the following reasons:

(I) The term of operation stipulated in the Articles of Association has expired or circumstances for dissolution specified in the Articles of Association arises;

(II)

(III) Merger or division of the Company entails dissolution;

(IV) The business license is revoked or the Company is ordered to close down or be de-registered according to the law due to a violation of laws and administrative regulations;

(V) Where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing more than 10% of the voting rights of all shareh ;

(VI) The Company is legally declared insolvent due to its failure to repay due debts.

**Article 228** In the circumstance set out in clause (I) and (II) of Article 227 and if the Company has not yet distributed its assets to shareholders, the Company may continue to subsist by amending the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding paragraph or the resolution of the shareholders' meeting shall be subject to the approval of more than two-thirds of

**Article 229** Where the Company is dissolved in accordance with clauses (I), (II), (IV) and (V) of Article 227 hereof, a liquidation committee shall be established to effect liquidation within 15 days from the date of occurrence of the cause of liquidation. The liquidation committee shall be composed of directors, unless it is otherwise provided in the Articles of Association or decided by the shareholders' meeting. If a liquidation committee is not set up for liquidation before the deadline, or if the liquidation committee does not commence the liquidation after its setup, interested parties may apply to th liquidation committee for liquidation.

court shall, according to relevant laws, organize the shareholders, relevant authorities and professionals to establish a liquidation committee to carry out liquidation.

**Article 230** If the Board decides to perform the liquidation, other than a liquidation due to the

status has been made and that

□

liquidation.

The functions and powers of the Board of the Company shall terminate immediately upon the adoption by the general meeting of a resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting, and not less than once a year make a report to the receipts and expenditures, the business of the Company and the progress of the liquidation. It shall make a final report to the general meeting when the liquidation is completed.

**Article 231** During liquidation, the liquidation committee shall exercise the following functions and powers:

(I) To examine and take possession of the assets of the Company and prepare the balance sheet and an inventory of property;

(II) To inform creditors by notice or announcement;

(III) To deal with the outstanding businesses of the Company relating to the liquidation;

(IV) To pay off outstanding taxes as well as taxes arising in the course of the liquidation;

(V) To settle credits and debts;

(VI) To dispose of the remaining assets of the Company after repayment of debts;

(VII) To represent the Company in civil proceedings.

**Article 232** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in the media designated for company information disclosure within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors

The creditors shall explain matters relating to their rights and provide relevant evidential documents. The

to the creditors.

**Article 233** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and an inventory property, it shall formulate a confirmation.

The remaining properties of the Company after payment of the liquidation expenses,

, shall be distributed to its shareholders according to the class and the proportion of the shares held by them.

The Company shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation. Before liquidation as specified in the preceding paragraphs, the assets of the Company shall not be distributed to shareholders.

**Article 234** In the case of liquidation as a result of dissolution of the Company, after the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and an inventory of property, if

Company bankrupt according to law.

the liquidation

**Article 235** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a Chinese certified public accountant, submit them to . The liquidation committee shall, within 30 days from the confirmation of the

, submit the aforesaid documents to the company registration authority for cancellation of company registration, and announce the termination of the Company.

**Article 236** Any member of the liquidation committee shall dutifully and lawfully fulfill the liquidation obligation.

Any member of the liquidation committee shall not abuse his official powers to accept bribes or other unlawful

Where any member of the liquidation committee causes any loss to the Company or the creditors with will or serious negligence, the said member shall be liable for compensation.

**Article 237** Where the Company declares bankrupt according to the law, bankruptcy liquidation shall be conducted pursuant to laws on bankruptcy of enterprises.

### **CHAPTER XIII PARTY ORGANIZATION**

**Article 238** The Company shall establish the organization for the Communist Party of China accordance with the provisions of the Constitution of the Communist Party of China.

**Article 239** The Company provide necessary funds for the Party Organization, which shall be included in administrative expenses before tax of the Company according to the relevant requirements.

**Article 240** The Company shall provide office premises and essential office facilities for the Party Organization.

**Article 241** The

**Article 242** The Company shall amend the Articles of Association in any of the following circumstances:

(I) After amendments are made to the Company Law or other relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;

(II) The conditions of the Company have changed, and such change is not covered in the Articles of Association;

(III)

**Article 243**

Association shall be submitted to the competent authorities for approval where necessary; changes, if any, shall be registered.

**Article 244** The Board shall amend the Articles of Association in accordance with the the Articles of Association and the examination and approval opinions from relevant competent authorities.

**Article 245** Where the amendments to the Articles of Association involve matters requiring disclosure by law and regulations, the amendments shall be announced as required.

## **CHAPTER XV SETTLEMENT OF DISPUTES**

**Article 246** Whenever any disputes or claims arise between shareholders and the Company, between shareholders and the directors, supervisors, the president or other senior management of the Company, or among shareholders, which are based on the Articles of Association or any rights or obligations under relevant laws and administrative regulations concerning other affairs of the Company, and the competent securities regulatory authorities under the State Council have not reached an understanding or entered into any agreement with overseas securities regulators in respect of the disputes settlement methods, the parties concerned may resolve such disputes or claims in accordance with laws and administrative regulations, or other methods as agreed by both parties.

T are applicable to the disputes as described in the preceding paragraph.

## **CHAPTER XVI SUPPLEMENTARY PROVISIONS**

**Article 247** Definitions

(I) Controlling shareholder refers to a person that satisfies any of the following conditions: 1. he/she, acting alone or in concert with others, has the power to elect at least one half of the directors; 2. he/she holds shares which represent more than 50% of the total share capital of the Company; or 3. he/she, although holding less than 50% of the shares, has sufficient voting rights

shareholding, including but not limited to: (1) he/she, acting alone or in concert with others, has the power to exercise or to control the exerc

he/she, acting alone or in concert with others, holds at least 30% of the outstanding shares of the Company; (3) he/she, acting alone or in concert with others, actually controls the Company in any  
ot