# ARTICLES OF ASSOCIATION

# OF

# ZHEJIANG HUAYOU COBALT CO., LTD.

**May 2024**

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# 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**

**Article 9**

**Article 10**

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

| 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 |
| **Total** | | 36,000.0000 | 100.00 |

**Article 20** The total shares of the Company are and the shareholding structure of the Company is ordinary shares, of which A shareholders hold shares, representing 94.15%; and foreign investors hold 100,000,000 underlying A shares represented by GDRs representing 5.85%.

## 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

(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;

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 sh .

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

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 table profit);

(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

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

the securities regulatory authorities of the place(s) and the stock exchange(s)

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.

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**

general meeting or within 5 days before the record date determined by the Company for the purpose of dividend distribution. 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 41** Any person that challenges the register of shareholders and requests his/her name to be entered into or removed from the register of shareholders, may apply to the competent court for rectification of the register of shareholders.

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 42** Any shareholder who is registered in the register of shareholders or any person who requests his/her name to be entered into the register of shareholders, may apply to the Company for issuance of a replacement certificate in respect of such shares if his/her share certificate is lost.

Applications for the replacement of share certificates from holders of A shares who have lost their certificates, shall be handled in accordance with relevant provisions of the Company Law. Applications for the replacement of receipts from overseas holders of GDRs who have lost their global depository receipts, may be handled in accordance with the laws, rules of the stock exchange or other relevant regulations of the place(s) where the original of the register of overseas holders of GDRs is kept.

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 43** After the Company has issued a replacement share certificate in accordance with the Article of Association, it may not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is

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

the regulations of the securities regulatory authorities of the place(s) and the stock exchange(s) where the shares or

2. being entitled, after payment of reasonable charges, to examine and copy:

(1) all parts of the register of shareholders;

(2) personal data of directors, supervisors, the president and other senior management of the Company, including:

(a) present and former names and aliases;

(b) principal address (residence);

(c) nationality;

(d) full-time and all other part-time occupations and positions;

(e) documents of identity and their numbers;

(3) share capital of the Company;

(4) reports showing the nominal value of, number of, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last fiscal year, and the aggregate amount paid by the Company for such shares;

□ ;

(VII) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;

(VIII) for shareholders dissenting to a resolution for the merger or division of the

(IX) Shareholder(s) who individually or collectively hold(s) more than 3% of the Company's shares for more than 180 consecutive days may request access to the Company's accounting books and vouchers. If the shareholder(s) request(s) access to the Company's accounting books and vouchers, they shall submit a written request to the Company stating the purpose thereof. If the Company reasonably believes that the shareholder(s)' request for accessing the accounting books and vouchers is just for improper purposes or may harm the legitimate interests of the Company, it may refuse to provide access and respond in writing to the shareholder(s) and explain its reason of refusal within 15 days from the date of the shareholder's written request. Shareholders who consult or copy relevant materials shall comply with the Securities Law and other related laws and administrative regulations;

(X) other rights stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.

**Article 48** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by such shareholder, and the Company shall provide the information as required by such shareholder upon verification of the

**Article 49**

Company violates the laws or administrative regulations, the shareholders shall have the right to

meetings violates the laws, administrative regulations or the Articles of Association or the content of a resolution runs counter to the Articles of Association, the shareholders shall have the right to

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except for minor flaws in the convening procedures or voting methods of shareholder meetings and Board meetings that do not have a material impact on the resolutions adopted thereat.

**Article 50** If any director or senior management violates the laws, administrative regulations or the Articles of Association in fulfilling their duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for no less than

(V) to fulfil other obligations stipulated by the laws, administrative regulations and the Articgul

(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) distribution plan and loss recovery plan;

(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.

**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

meeting.

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

No extraordi

**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 B



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**Article 88** The presider shall, prior5(, )-tU5(, )-votUng, declare e of5(, )-attUng shareholders and r5(,79(pr)3(oxi)5(es)3(5(,79(as)3(5(,79(w)-4(el)6(l)5(5(,79(as)3(5(,79(tU)3he5(,78-tU)3(tU)3al)6(5(,79(numU)3be

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**Article 92** Th convener shall5(,419(ens)3(ur)3(e)12(5)-419(tU)3hat)6(5(,419(a )]TJETQq0.000008871 0 595.3

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**

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

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 total number of valid voting shares; the announcement of any resolution
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;

□

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 shareholde

(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 c(ed p114(s.)]e)12((sha)3(r)3(ehol)6(der)4(s a)3(r)3(en)12(ddu4(s.)]n;)]TJETQq0.000008871 0 595.3

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**Article**

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 ral meeting, and the nomination of independent director candidates shall adopt 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.

(

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.

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, except that the GDR depositary, being the nominal holder of the underlying A shares represented by GDRs, may express opinions according to the intentions of actual holders.

rights, and the voting results representing the shares held by such voters shall be counted as .

**Article 109** If the presider has any doubt as to the result of a resolution which has been put to

not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the result, demand that the votes be counted and the presider shall have the votes counted immediately.

If a vote count is conducted at a general meeting, the result thereof shall be recorded in the minutes of the meeting. The minutes of meetings together with the sign-in register of attending shareholders and the powers of attorney

**Article 110** Resolu

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

## CHAPTER VI BOARD OF DIRECTORS

**Article 115** employee representative in the Board of the Company.

Directors shall be elected or replaced at a shareholders' general meeting and may be removed from office prior to the expiry of their term of office, and the term of office shall be three years. Upon expiry, the term of office may be renewed if he/she is re-elected. Directors are not required to hold shares of the Company.

The term of office of a director shall be calculated from the date upon which the director assumes office to the expiry of the current Board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

The president

**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.

Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration. The statutory functions and powers of the Board shall not be exercised by the chairman of the Board or the president.

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 management, related party transactions and donations. It shall establish strict inspection and decision-making procedures. For major investment projects, the Board shall organize the relevant experts and professional to conduct assessment for approval of the shareholders at a shareholders' general meeting.

According to the relevant laws and regulations and the actual situation of the Company, the Board shall have the authority to consider the following transactions:

(I) the total assets which are the subject of the transaction account for more than 10% but less than 50% of the latest audited total assets of the Company. If there are both book value and assessed value for the assets which are the subject of the transaction, the higher figure shall be used as the basis of calculation;

(II) the net assets which are the subject of the subject matter of the transaction (such as equity interest) account for more than 10% of the latest audited net assets of the Company, with the absolute amount exceeding RMB10 million. If there are both book value and assessed value for the net assets which are the subject of the transaction, the higher figure shall be used as the basis of calculation;

(III) the operating income related to the subject matter of the transaction (such as equity interest) for the most recent financial year accounts for more than 10% of the audited operating income of the Company for the same period, with the absolute amount of such operating income exceeding RMB10 million;

(IV) the net profit related to the subject matter of the transaction (such as equity interest) for the most recent financial year accounts for 10% of the audited net profit of the Company for the same period, with the absolute amount of such net profit exceeding RMB1 million;

(V) the transaction amount (including the debt and expenses incurred) accounts for more than such transaction exceeding RMB10 million;

(VI) the profit derived from the transaction accounts for more than 10% of the audited net profit of the Company for the most recent financial year, with the absolute amount of such profit exceeding RMB1 million;

(

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**

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 secretory 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

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.

**Article 173** The Supervisory Committee shall cause decisions made during the meeting to be produced to minutes of meetings, and supervisors present shall sign on such minutes.

A Supervisor is entitled to request the points made by him/her as expressed in his/her discussion to be recorded as representations made in the meeting. Minutes of meetings of the Supervisory Committee shall be kept in the files of the Company for at least ten years.

**Article 174** A notice of meeting of the Supervisory Committee shall include the following:

(I) date and venue of meeting and duration of the meeting;

(II) matters and agenda;

(III) date of issue of the notice of the meeting.

## CHAPTER IX QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT OF THE COMPANY

**Article 175** The validity of an act of a director, the president or other senior management of the Company on behalf of the Company shall not, vis-a-vis a bona fide third party, be affected by any non-compliance in his/her holding of such office, election or qualifications.

**Article 176** Besides the obligations imposed by the laws, administrative regulations or the listing rules of the stock exchange(s) where the shares or GDRs of the Company are listed, the directors, supervisors, president and other senior management of the Company shall perform the following obligations on each shareholder when exercising the powers conferred on them by the Company:

(I) not to allow the Company to operate beyond the scope stated in the business license;

(II) to act, honestly, in the best interests of the Company;

(III) not to deprive the Company of its property in any way, including but not limited to any opportunities that are advantageous to the Company;

(IV) not to deprive shareholders of their personal rights or interests, including but not limited to the rights to distributions and voting rights, but excluding a restructuring of the Company

Association.

**Article 177** president and other senior management shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with due care, diligence and skill that a reasonably prudent person should exercise in comparable circumstances.

**Article 178** The directors, supervisors, president and other senior management of the Company shall perform their duties in accordance with the principles of honesty and shall not put themselves in a position where their duties and their interests may conflict. These principles include but not limited to the following:

(I) to act, honestly, in the best interests 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 director, a supervisor, the president or other senior management of the Company shall be deemed to be interested in any contracts, transactions or arrangements in which a Relevant Person of that director, supervisor, the president or other senior management is interested.

**Article 183** If a director, a supervisor, the president or other senior management of the Company gives a written notice to the Board before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the contents of the notice, he/she is interested in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, the president or other senior management of the Company shall be deemed for the purposes of the preceding Article of this Chapter to have

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, a

**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)

**Article 206** The Company shall undertake to provide its accounting firms with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 207** The auditing fees of an accounting firm or the method of determining the auditing fees The remuneration of



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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)

, 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 Party Organization of the Company shall perform the following duties in accordance with the Constitution of the Communist Party of China and other party regulations:

(I)To supervise the implementation of the principles and policies of the Party and the State in the Company according to laws, as well as the deployment of the relevant important work of the Party organizations at higher levels;

(II)
business management and major issues involving the vital interests of employees according to

Committee and the senior management in perform their duties according to laws; and to support the

(III)
ethical progress, trade unions, the Communist Youth League of China and the work of other groups according to laws and regulations;

(IV) -level Party organizations and
the Party members, support the community-level Party organizations to give full play to their key role in rallying and encourage them to be vanguards and role models, uniting and leading cadres

## Chapter XIV AMENDMENT TO ARTICLES OF ASSOCIATION

**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

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 other manner.

(II) De facto controller refers to a person who is not the shareholder of the Company but who can effectively control the Company through investment, agreement or other arrangement.

(III) Connected relations refers to relations between a controlling shareholder, de facto controller, director, supervisor or the senior management of the Company and the enterprise