# ARTICLES OF ASSOCIATION

# OF

# ZHEJIANG HUAYOU COBALT CO., LTD.

**June 2025**

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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

**Article 9**

**Article 10**

**Article 11** For the purpose of the Articles of Association, other senior management refers to deputy general managers

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,

| No. | Name of shareholders | Number of shares |
| --- | --- | --- |

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;

(VI) to safeguard the Compan
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

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 .

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.

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.

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 yea
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
-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

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

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

[redacted]

(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 ses0 gep695005750 595.005-66(a )-66(dupl)5(i)5(cat)7(e )0 G[.)]TJETQ

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.

DRs are issued and traded in paperless 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**

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.

DRs are issued and traded in paperless 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 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

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

If the Comp
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.

## CHAPTER V SHAREHOLDERS AND SHAREHOLDERS' GENERAL 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 shareholders,
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 holding more
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;

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 Company at the shareholde

(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** If any resolution of the shareh
Company violates the laws or administrative regulations, the shareholders shall have the right to

If the convening procedure or voting method of the shareh

meetings violates the laws, administrative regulations or the Articles of Association or the content

(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.

**Article 53** If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**Article 54** The controlling shareholders and de facto controllers of the Company shall not use the connected relations to the detriment of the interests of the Company; otherwise, they shall be liable for compensation for any loss caused to the Company.

The controlling shareholders and de facto controllers of the Company shall perform fiduciary duty to the Company and general public shareholders thereof. The controlling shareholders shall

amage the

legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation, loan and guarantee and shall not abuse their controlling status to damage the interests of the Company and general public shareholders.

The directors, supervisors and senior management are legally obliged to safeguard the asset security of the Company. If any director or senior management assists or connives at the embez

affiliates, the Board of Directors of Company will sanction the directly responsible person based on the severity of the circumstances, and will propose at a general meeting to remove from office

(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;

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

**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

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 connected relations with the Company, its controlling shareholders 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.

## Section 5 Holding of Shareholders' General Meetings

**Article 74** The Board of the Company or any other convener shall take necessary measures to

or infringing upon t

**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

well as the number of their voting shares. The registration for a meeting shall be completed before

**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.

## Section 6 Voting and Resolutions of Shareholders' General Meetings

**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 sharehold 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.

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 person who is a former director, factory manager or manager of a company or enterprise, which has entered into insolvent liquidation as a result of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

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

**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 or other senior management may concurrently serve as directors, provided that the total number of directors who concurrently serve as the president or other senior management and directors who are employee representatives shall not exceed one half of the total number of directors of the Company.

All directors of the Company shall be elected and appointed at the general meeting, and the procedures for the election and appointment of directors of the Company shall be as follows:

**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 (including three independent directors), all of whom are elected at the general meeting.

**Article 126** The Board shall exercise the following functions and powers:

(I) to convene general meetings and to report on its work at the general meetings;

(II) to implement resolutions of the general meetings;

(III) to decide on the business plans and investment proposals of the Company;

(IV) to prepare proposals for profit distribution and for making up accrued losses of the Company;

(V) to prepare proposals for the increase or reduction of share capital, the issue of bonds or other securities and listing;

(VI)
demerger, dissolution, or change in the form of the Company;

(VII) within the scope of authorization by the general meeting, to make decisions on external investments, assets purchase or sales, assets pledges, external guarantees, entrusted wealth management, related party transactions, donations etc.;

(VIII) to decide on the establishment of internal management organization of the Company;

(IX) to decide on the appointment or dismissal of the president, the secretary to the Board and

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.

The Board shall set up the audit committee, and shall set up the strategy committee, the nomination committee, and the remuneration and assessment committee and other special committees as required. These special committees shall be responsible to the Board, fulfill duties according to the Articles of Association and the authorization of the Board, and their proposals shall be submitted to the Board for deliberation. Members of special committees are all directors. In the audit committee, the nomination committee and the remuneration and assessment committee, independent directors shall take the majority and assume the role of convener. The convener of the audit committee shall be an accountant professional. The Board is responsible for establishing the working procedures of the special committees to regulate their operations.

**Article 127** The Board shall set up a special meeting for independent directors. The special meeting of independent directors shall be convened and presided over by an independent director jointly elected by more than half of the independent directors. When the convener fails or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting. The following matters shall be subject to the deliberation of the special meeting of independent directors:

(I) to independently hire an intermediary to audit, consult, or verify specific matters of the Company;

(II) to propose to the Board to convene an extraordinary shareholders' meeting;

(III) to propose to convene a Board meeting;

(IV) related-party transactions that should be disclosed;

(V) plans for the Company or related parties to change or waive commitments;

(VI) the decisions and measures taken by the Board in response to the acquisition of the

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;

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

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.

(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;

**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.

**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

t fail

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;

**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

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 or other senior management of the Company or a Relevant Person thereof on normal commercial terms, if the ordinary scope of business of the Company includes the lending of money or the provision of loan guarantees.

**Article 186** A loan provided by the Company in breach of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 187** A loan guarantee provided by the Company in breach of the Articles of Association shall be unenforceable against the Company, unless:

## 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

(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

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



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(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

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

(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 co0 G04(sue5.32 841.92 reW204(i)5(n )504C30520st)8( )7 Tm0-1010530048

**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 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 directly or indirectly controlled by the same, which relations may give rise to a transfer of interests of the Company, provided howeve