



**江苏东方盛虹股份有限公司**

**Jiangsu Eastern Shenghong Co., Ltd.**

# **Articles of Association**

**(Deliberated and Approved by the Company's Second Extraordinary Shareholders' Meeting of 2026 on February 6, 2026)**

February 2026

Stock Code: 000301



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## Chapter 1 General Provisions

**Article 1** The Articles of Association are formulated and enacted in accordance with the Company Law of the People's Republic of China (the “Company Law”), the Securities Law of the People's Republic of China (the “Securities Law”), Guidelines for the Articles of Association of Listed Companies, and other relevant regulations to safeguard the lawful rights and interests of the Company, its shareholders, employees and creditors, and to standardize the organization and conduct of the Company.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law and other applicable regulations of the People's Republic of China (the “Company”).

The Company was set up by way of promotion on July 6, 1998 upon the approval of the document titled Su Zheng Fu [1998] No.71 issued by the People's Government of Jiangsu Province, and registered with the Administration of Industry and Commerce of Jiangsu Province on July 16, 1998 and obtained its business license.

The Company is now registered with the Data Bureau of Suzhou City and has obtained the business license with a unified social credit code of 91320500704043818X.

**Article 3** The Company was approved by the document titled Zheng Jian Fa Xing Zi [2000] No. 35 issued by the China Securities Regulatory Commission (the “CSRC”), for the initial public offering of 105 million ordinary shares dominated in RMB (A shares) on April 10, 2000, which was listed on the Shenzhen Stock Exchange on May 29, 2000.

The Company was approved by the CSRC and issued 39,794,000 Global Depositary Receipts (the “GDR(s)”) on December 19, 2022, representing 397,940,000 A shares calculated in accordance with the conversion ratio determined by the Company, which were listed on the SIX Swiss Exchange on December 28, 2022.

**Article 4** Registered name of the Company: Jiangsu Eastern Shenghong Co., Ltd. (江苏东方盛虹股份有限公司)

**Article 5** Company domicile: No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province

Postal code: 215228

Tel.: 0512-63573480

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**Article 6** The Company's registered capital is RMB6,611,230,317.

**Article 7** The Company is a joint stock company with limited liability existing in perpetuity.

**Article 8** The legal representative of the Company shall be the director responsible for executing affairs of the Company. Such director shall be elected by the Board, and the Chairman of the Board shall concurrently hold this position. If a Director serving as the legal representative resigns, it is considered as resigning from the position of legal representative simultaneously. When the legal representative resigns, the Company will designate a new legal representative within thirty days from the date of resignation.

**Article 9** The legal representative's civil activities conducted in the name of the Company shall have legal consequences borne by the Company.

Any limitations on the authority of the legal representative set forth in these articles or by the shareholders' meeting cannot be used against good-faith third parties.

If the legal representative causes harm to others while performing his/her duties, the Company shall bear civil liability. After the Company assumes civil liability, it may seek recourse from the legal representative who is at fault, in accordance with the law or the provisions of these articles.

**Article 10** The entire assets of the Company are divided into equal shares, and the shareholders are liable for the Company to the extent of their subscribed shares, while the Company is liable for its debts to the extent of its entire property.

**Article 11** The Articles of Association of the Company shall be a legally binding document that regulates the Company's organization and acts and governs the rights and obligations between the Company and its shareholders and amongst the shareholders themselves, as well as a legally binding document for the Company and its shareholders, directors, and senior management as of the date upon which it comes into effect. All of above persons may make any claims in relation to the matters of the Company pursuant to the Articles of Association.

Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders, shareholders may institute legal proceedings against directors, and senior management of the Company, shareholders may institute legal proceedings against the Company, and the Company may institute legal proceedings against its shareholders, directors, and senior management.

The legal proceedings referred to in the preceding paragraph include the initiation of proceedings in a court or the application of arbitration to an arbitration institution.

**Article 12** Senior management stated in the Articles of Association refers to the general manager, deputy general manager, Secretary to the Board, CFO and other personnel appointed and confirmed by the Board of Directors to perform important operational and managerial roles.

**Article 13** The Company may invest in other enterprises, and if the law stipulates that the Company shall not be considered a contributor that bears joint liability for the debts of the invested enterprise, such provisions shall prevail.

**Article 14** The Company shall establish the Organization of the Communist Party and carry out Party activities in accordance with relevant regulations of the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the Party Organization.

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

**Article 15** The business purpose of the Company is to promote further development of the Company and maximize investment returns for all shareholders by following the operation mode stipulated by international practices and norms for joint stock companies, focusing on economic benefits, taking scientific and technological progress as motivation, and relying on modern management.

**Article 16** As legal registry, the business scope of the Company covers the following:

General items: R&D of new material technologies; promotion services of new material technologies; R&D of emerging energy technologies; R&D of bio-based material technologies; R&D of biochemical product technologies; R&D of resource recycling technologies; R&D of special electronic materials; technology services, technology development, technology consultation, technology exchange, technology transfer, and technology promotion; engineering and technology research and experimental

development; manufacturing of bio-based materials; manufacturing of special electronic materials; manufacturing of high-performance fibers and composite materials; manufacturing of synthetic fibers; heat production and supply; sales of bio-based materials; sales of petroleum products (excluding hazardous chemicals); sales of chemical products (excluding licensed chemical products); wholesale of refined oil (excluding hazardous chemicals); sales of special chemical products (excluding hazardous chemicals); sales of new membrane materials; sales of synthetic materials; sales of ecological materials; sales of special electronic materials; sales of high-performance fibers and composite materials; sales of synthetic fibers; sales of coals and relevant products; investment activities with its own funds; business management consulting; leasing of non-residential real estate; property management. (Except the items subject to approval according to law, business activities shall be carried out pursuant to the business license independently according to law)

Operations limited to branches: power generation business, power transmission business, power supply (distribution) business

## Chapter 3 Shares

### Section 1 Issuance of Shares

**Article 17** The shares of the Company adopt the form of share certificates. The Company may create other classes of shares when needed in accordance with the law.

**Article 18** The shares of the Company shall be issued on the principle of openness, fairness and equity, and shares of the same class shall have equal rights.

Shares of the same class issued at the same time shall be issued under the same condition and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 19** All the shares issued by the Company shall be par value shares, denominated in RMB, with each share having the par value of RMB1. With the approval or filed of the competent securities authority under the State Council, the Company may issue shares or GDRs to domestic investors and foreign investors.

The foreign investors referred to in the preceding paragraph are investors in foreign countries and investors in Hong Kong, Macau and Taiwan of the People's Republic of China who subscribe for shares or GDRs issued by the Company; domestic investors refer to investors in the People's Republic of China other than the aforementioned regions who subscribe for shares issued by the Company or subscribe for GDRs in compliance with the national regulations on overseas investments.

**Article 20** The shares issued by the Company in Mainland China, as well as the new domestic shares corresponding to the issuance of GDRs outside Mainland China, are centrally deposited with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

**Article 21** The promoters of the Company and their method of capital contribution, number of shares and time of capital contribution are as follows:

Names of promoters	Number of shares (10,000 shares)	Method of capital contribution	Time of capital contribution
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Jiangsu Wujiang Silk Group Co., Ltd.	29,216.60	Net assets	1998
China Silk Industrial & Trading Corporation	651.10	Cash	1998
China National Garments Group Corp.	260.40	Cash	1998
Jiangsu Silk Group Co., Ltd.	1,106.80	Cash	1998
Suzhou Foreign Development General Company	65.10	Cash	1998

**Article 22** The total number of Company shares is 6,611,230,317, all of which are ordinary shares denominated in RMB.

**Article 23** The Company or its subsidiaries (including the Company's affiliated enterprises) shall not provide financial assistance to others for acquiring shares of the Company or its parent company in the form of grants, advances, guarantees, loans, or other forms, except in the case of employee stock ownership plans implemented by the Company.

For the benefit of the Company, the Company may provide financial assistance to others for acquiring shares of the Company or its parent company, subject to a resolution by the shareholders' meeting or a resolution by the Board of Directors authorized by the Articles of Association or the shareholders' meeting. However, the total cumulative amount of such financial assistance shall not exceed 10% of the total issued share capital. The resolution by the Board of Directors must be approved by at least two-thirds of all directors.

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

**Article 24** In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of the shareholders' meeting, increase its capital by the following methods:

- (I) issuing shares to unspecified objects;
- (II) issuing shares to specified objects;
- (III) issuing stock dividends to existing shareholders;
- (IV) capitalizing its capital reserve; and
- (V) other methods specified by laws and administrative regulations and approved by the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations of the PRC.

The issuance, conversion procedures, and arrangements for the Company's convertible bonds shall be handled in accordance with the provisions of the Securities Law, the Administrative Measures for the Issuance of Securities by Listed Companies, the Administrative Measures for Convertible Corporate Bonds, and other relevant laws, administrative regulations, and the regulations of the CSRC, as well as the prospectus. Convertible bonds may be converted into the Company's stocks no less than six months

after the completion of issuance. The conversion period shall be determined by the Company based on the duration of the convertible bonds and the Company's financial condition. Holders of convertible bonds have the option to choose whether to convert or not, and they shall become shareholders of the issuer on the day following the conversion. Matters such as the increase in the Company's registered capital resulting from the conversion shall be handled by the Company in accordance with the relevant regulations, including the registration of shares, listing, and changes to industrial and commercial registration.

**Article 25** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law and other relevant provisions and the procedures stipulated in the Articles of Association.

**Articles 26** The Company shall not repurchase its own shares. Except in any of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with another company that holds the shares of the Company;
- (III) to use the shares for Employee Stock Ownership Plan or as equity incentive;
- (IV) the shareholders disagreeing with the merger or division resolution made by the shareholders' meeting asking the Company to acquire their shares;
- (V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;
- (VI) necessary for the Company to protect its value and its shareholders' equity; or
- (VII) other circumstances as permitted by laws and administrative regulations.

**Article 27** The Company may repurchase its own shares through public centralized trading or other methods approved by laws, administrative regulations and the CSRC.

Where the Company intends to repurchase its shares in the situations prescribed in items (III), (V) or (VI) of paragraph 1 of Article 26 of the Articles of Association, the repurchase shall be conducted through public centralized trading.

**Article 28** If the Company intends to repurchase its shares for the reasons set out in items (I) or (II) of paragraph 1 of Article 26 of the Articles of Association, the approval of the shareholders' meeting shall be obtained. If the Company intends to repurchase its shares for the reasons set out in items (III), (V) or (VI) of paragraph 1 of Article 26 of the Articles of Association, a resolution of the Board meeting attended by more than two-thirds of directors may be made in accordance with the provisions of the Articles of Association.

Where the Company repurchases its shares in accordance with paragraph 1 of Article 26 of the Articles of Association, for the circumstance set out in item (I), it shall cancel the shares within ten days from the date of repurchase; for the circumstances set out in items (II) or (IV), it shall transfer or cancel the shares within six months from the date of repurchase; for the circumstances set out in items (III), (V) or (VI), the total number of shares of the Company held by the Company shall not exceed 10% of the total number of shares issued by the Company, and the shares shall be transferred or canceled within three years.

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

**Article 29** The Company's shares shall be transferred in accordance with the law.



**Article 30** The Company shall not accept its own shares as the subject matter of pledge.

**Article 31** Shares issued by the Company prior to the public offering of its shares shall not be transferred within one year from the date of listing and trading of the shares of the Company on a stock exchange.

Directors and senior management of the Company shall declare the number of shares held by them and relevant changes thereto. During the term of office determined at the time of appointment, the annual transfer of shares shall not exceed 25% of the total number of shares of the same class held by them in the Company. Shares held in the Company shall not be transferred within one year from the date of the Company's stock listing and trading. After resignation, they shall not transfer the shares they hold in the Company within six months.

**Article 32** For shareholders holding more than 5% of the Company's shares, directors and senior management, if they have sold the shares of the Company or other securities with equity nature held by them within six months after purchasing, or if they have purchased such shares or securities again within six months after selling them, the gains obtained therefrom shall be attributed to the Company and be forfeited by the Board of Directors of the Company. However, securities companies holding more than 5% of the shares due to the purchase of the remaining shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

The shares or other securities with equity nature held by directors, senior management and natural person shareholders as mentioned in the preceding paragraph shall include the shares or other securities with equity nature held by their spouses, parents, children, and those held in the accounts of others.

If the Board of Directors of the Company does not comply with the provisions of paragraph 1 of this article, shareholders shall have the right to request the Board to do so within thirty days. If the Board of Directors of the Company fails to follow the above-mentioned deadline, shareholders shall have the right to file a lawsuit directly to the people's court in their own name in the interest of the Company.

If the Board of Directors of the Company does not comply with the provisions of paragraph 1 of this article, the responsible directors shall be jointly and severally liable in accordance with law.

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

### **Section 1 Shareholders**

**Article 33** The Company shall make a register of shareholders based on the vouchers provided by securities registration and clearing institution. A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders.

**Article 34** Shareholders shall enjoy the rights and assume the obligations according to the class and portion of the shares they hold. Shareholders holding the same class of



shares shall enjoy the same rights and assume the same obligations.

**Article 35** When the Company convenes a shareholders' meeting, distributes dividends, executes clearing or makes other conducts that require confirmation of equities, the Board of Directors or the convener of the shareholders' meeting shall determine the Record Date. Shareholders included in the register of shareholders at the close of business on the Record Date shall be the entitled shareholders.

**Article 36** Shareholders of the Company shall enjoy the following rights:

(I) to receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;

(II) to legally request to hold, convene, preside over, attend or dispatch shareholder's proxy to attend the shareholders' meeting and exercise the corresponding voting rights;

(III) to supervise the business operation of the Company, making recommendations or inquires;

(IV) to transfer, bestow or pledge the shares they hold according to laws, administrative regulations and the Articles of Association;

(V) to obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. Inspect and copy the Company's Articles of Association, shareholder register, minutes of shareholder meetings, resolutions of board meetings and financial accounting reports;

2. Shareholders who have individually or collectively held more than 3% of the Company's shares for 180 consecutive days or more have the right to request to inspect the Company's accounting books and vouchers, but they must submit a written request to the Company and specify the purpose;

3. When shareholders request to inspect or copy materials related to the Company's wholly-owned subsidiaries, the provisions of the preceding two items shall apply.

(VI) to participate in the distribution of the Company's remaining assets in proportion to the shares they held upon the termination or liquidation resolution of the shareholders' meeting of the Company;

(VII) Shareholders who object to the resolution of the shareholders' meeting regarding the Company's merger or division have the right to request the Company to repurchase their shares; and

(VIII) other rights set out in relevant laws, administrative regulations, departmental rules or the Articles of Association.

**Article 37** Any shareholder requesting for inspection or copy of the relevant information as set forth in the preceding article or for obtaining information shall furnish with the Company written document evidencing the class and quantity of shares he/she holds in the Company and the Company shall comply with such shareholder's request upon verification of his/her shareholder capacity. Shareholders who have individually or

collectively held more than 3% of the Company's shares for 180 consecutive days, when requesting to inspect the Company's accounting books and vouchers, may be denied access if the Company has reasonable grounds to believe that the shareholder has an improper purpose that may harm the legitimate interests of the Company. The Company must provide a written response to the shareholder within 15 days from the date the written request is submitted, explaining the reasons for the refusal. If the Company refuses to provide access, the shareholder may file a lawsuit with the people's court.

**Article 38** Shareholders shall be entitled to request the people's court to invalidate the resolution of the shareholders' meeting and Board meeting which violates laws and administrative regulations.

Shareholders shall be entitled to request the people's court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure or voting method of the shareholders' meeting or Board meeting violates laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association. However, minor defects in the procedures for convening or voting at shareholder meetings or board meetings that do not have a substantive impact on the resolution are excluded.

If the Board of Directors, shareholders, or other relevant parties dispute the validity of a shareholder meeting resolution, they should promptly file a lawsuit with the people's court. Before the court issues a judgment or ruling to revoke the resolution or take other actions, the relevant parties should comply with the shareholder meeting resolution. The Company, directors, and senior management should fulfill their responsibilities to ensure the normal operation of the Company.

If the people's court issues a judgment or ruling on the relevant matters, the Company shall fulfill its information disclosure obligations in accordance with laws, administrative regulations, and the rules of the CSRC and the stock exchange. The Company should provide a full explanation of the impacts and actively cooperate with the execution after the judgment or ruling takes effect. If previous matters require correction, the Company shall promptly handle them and fulfill the corresponding information disclosure obligations.

**Article 39** A resolution of the Company's shareholders' meeting or Board of Directors shall be deemed invalid under any of the following circumstances:

(I) the resolution was made without convening a shareholders' meeting or Board of Directors meeting;

(II) the shareholders' meeting or Board of Directors meeting did not vote on the matters of the resolution;

(III) the number of attendees or the voting rights held by them did not meet the requirements stipulated by the Company Law or the Articles of Association; and

(IV) the number of votes in favor of the resolution or the voting rights held by those in favor did not meet the requirements stipulated by the Company Law or the Articles of Association.

**Article 40** If a director or a senior executive other than members of the Audit

Committee causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of his/her duties, shareholders who hold more than 1%, individually or collectively, of the Company's shares for more than 180 consecutive days, have the right to request the Audit Committee in writing to file a lawsuit to the people's court; if the Audit Committee members causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of their duties, the aforesaid shareholders can request the Board of Directors in writing to file a lawsuit to the people's court.

Upon receipt of the written request made by the shareholders as stipulated in the preceding paragraph, in case the Audit Committee and/or the Board of Directors refuses to file a lawsuit or fails to file a lawsuit within 30 days from receipt of such request, or under urgent circumstances that failure in filing a lawsuit immediately will have the Company suffer from irreparable damages, the aforesaid shareholders shall have the right to file a lawsuit to a people's court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company and causes losses thereto, the shareholders specified in the first paragraph may file a lawsuit to a people's court in accordance with the provisions of the preceding two paragraphs.

If the directors, supervisors, or senior executives of a wholly-owned subsidiary of the Company violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, causing losses to the Company, or if others infringe upon the lawful rights and interests of the wholly-owned subsidiary and cause losses, shareholders who have continuously held 1% or more of the Company's shares individually or collectively for more than 180 days may, in accordance with the first three paragraphs of Article 189 of the Company Law, submit a written request to the supervisory board or Board of Directors of the wholly-owned subsidiary to initiate litigation in the People's Court, or directly initiate litigation in the People's Court in their own name.

If the wholly-owned subsidiary does not establish a Supervisory Board or supervisors but has an audit committee, the provisions of the first and second paragraphs of this article shall apply.

**Article 41** In the event of violation of laws, administrative regulations or the provisions under the Articles of Association by a director or a senior executive resulting damage to the interests of shareholders, the shareholders may file a lawsuit to a people's court.

**Article 42** Shareholders of the Company shall assume the following obligations:

- (I) to comply with laws, administrative regulations and the Articles of Association;
- (II) to pay subscription moneys for the shares subscribed in accordance with the agreed manner of payment;
- (III) not to withdraw the shares from the Company except for the circumstances set



out in relevant laws and administrative regulations;

(IV) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company; and

(V) other obligations to be assumed by shareholders according to laws, administrative regulations and the Articles of Association.

**Article 43** If any shareholder of the Company abuses the shareholder's rights and causes losses to the Company or other shareholders, he/she shall be liable for the compensation in accordance with the law. If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damages the interests of the creditors of the Company, he/she shall bear joint liability for the debts of the Company.

## **Section 2 Controlling Shareholders and Actual Controllers**

**Article 44** The controlling shareholder and actual controller of the Company shall not use their affiliated relationships to harm the interests of the Company. If this regulation is violated and losses are caused to the Company, they shall bear compensation liability.

The controlling shareholder and actual controller of the Company shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, the provisions of the CSRC, and stock exchange rules, and shall safeguard the interests of the listed Company.

**Article 45** The controlling shareholder and actual controller of the Company shall comply with the following provisions:

(I) exercise shareholder rights in accordance with the law, refrain from abusing control rights, or using affiliated relationships to harm the legitimate rights and interests of the Company or other shareholders;

(II) strictly fulfill public statements and commitments made, and must not arbitrarily alter or waive them;

(III) strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in fulfilling its information disclosure duties, and promptly notify the Company of any significant events that have occurred or are planned to occur;

(IV) refrain from occupying the Company funds in any manner;

(V) refrain from coercing, instructing, or requiring the Company or relevant personnel to provide guarantees in violation of laws and regulations;

(VI) refrain from using undisclosed significant information of the Company for profit, disclosing such information in any manner, or engaging in insider trading, short-swing trading, market manipulation, or other illegal activities;

(VII) refrain from harming the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, external investments, or other means;

(VIII) ensure the Company's asset integrity, personnel independence, financial independence, institutional independence, and business independence, and refrain from affecting the Company's independence in any manner;

(IX) comply with other provisions of laws, administrative regulations, CSRC rules, stock exchange business rules, and this Articles of Association.

If the controlling shareholder or actual controller does not serve as a director of the Company but effectively performs the Company's affairs, they shall comply with the provisions of this Articles of Association regarding the fiduciary and diligence obligations of directors.

If the controlling shareholder or actual controller directs directors or senior management personnel to engage in activities that harm the interests of the Company or shareholders, they shall bear joint and several liability with the directors or senior management.

**Article 46** If the controlling shareholder or actual controller pledges the Company shares they hold or effectively control, they shall maintain the Company's control and the stability of its production and operations.

**Article 47** When the controlling shareholder or actual controller transfers the Company shares they hold, they shall comply with the restrictions on share transfers stipulated by laws, administrative regulations, the CSRC, and stock exchange rules, as well as any commitments they have made regarding restrictions on share transfers.

### **Section 3 General Provisions of the Shareholders' Meeting**

**Article 48** The shareholders' meeting of the Company shall be composed of all shareholders. The shareholders' meeting is the organ of power of the Company and exercises the following functions and powers according to laws:

(I) to elect and replace directors who are not employee representatives, and to decide on matters relating to their remuneration;

(II) to review and approve the reports of the Board of Directors;

(III) to review and approve the profit distribution plans and loss recovery plans of the Company;

(IV) to make resolutions on the increase or reduction of the Company's registered capital;

(V) to make resolutions on the issue of the Company bonds;

(VI) to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

(VII) to amend the Articles of Association;

(VIII) to make resolutions on the appointment, dismissal of accounting firms undertaking the Company's audit business;

(IX) to review and approve the guarantee matters set out in Article 49 of the Articles of Association;

(X) to consider the Company's purchase or disposal of major assets within one year of an aggregate value exceeding 30% of the Company's audited total assets for the latest period; and

(XI) to review transactions of the Company or its holding subsidiaries satisfying one of the following standards:

1. The total assets involved in the transaction account for more than 50% of the Company's audited total assets for the latest period;

2. The net assets involved in the transaction subject (such as equity) account for more than 50% of the Company's audited net assets for the latest period with an absolute amount exceeding RMB 50 million;

3. The operating revenue of the transaction subject (such as equity) for the latest accounting year accounts for more than 50% of the Company's audited operating revenue of that year, with an absolute amount exceeding RMB 50 million;

4. The net profit of the transaction subject (such as equity) for the latest accounting year accounts for more than 50% of the Company's audited net profit of that year, with an absolute amount exceeding RMB 5 million;

5. The transaction amount of the transaction (including debts and expenses) accounts for more than 50% of the Company's audited net assets for the latest period, with an absolute amount exceeding RMB 50 million;

6. The profit from the transaction accounts for more than 50% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMB 5 million.

If both book value and appraised value exist for the above indicators, whichever is higher shall prevail. If the data involved in the calculation of the above indicators is negative, the absolute value of the data shall be used.

The "transaction" referred to in this item includes the following matters happening outside the ordinary course of business of the Company or its holding subsidiaries:

1. Purchase of assets;

2. Disposal of assets;

3. External investment (including entrusted wealth management, investment in subsidiaries);

4. Leasing in or leasing out of assets;

5. Entrusting or being entrusted to manage assets and businesses;

6. Granting or donated assets;



7. Restructuring of creditors' rights and debts;
8. Transferring or being assigned to research and development projects;
9. Signing a license agreement;
10. Waiver of rights (including waiver of preemptive rights, priority to subscribe for capital contribution, etc.); and
11. Other transactions recognized by the Shenzhen Stock Exchange.

The above “ordinary course of business” refers to the following types of matters related to daily operating activities of the Company or its holding subsidiaries:

1. Purchase of raw materials, fuels and power;
2. Acceptance of labor services;
3. Sales of products and commodities;
4. Rendering of services;
5. Contracting of construction projects; and
6. Other transactions related to daily operations

(XII) to review related transactions between the Company or its holding subsidiaries and related legal persons (or other organizations) and related natural persons with a transaction amount of more than RMB 30 million and accounting for more than 5% of the absolute value of the Company's audited net assets for the latest period (except the cash assets received by the Company and the guarantee provided by the Company, including the accumulated amount of related transactions with the same subject or the same related party within 12 consecutive months);

The “related transactions” mentioned in this item include the following types of matters that occur in the Company or its holding subsidiaries:

1. The transaction matters set out in item (XI) of Article 48 of the Articles of Association;
2. Purchase of raw materials, fuels and power;
3. Sales of products and commodities;
4. Providing or accepting labor services;
5. Entrusting or entrusted sales;
6. Deposit and loan business;
7. Joint investment by related parties; and
8. Other matters that may result in the transfer of resources or obligations by agreement.

The criteria for the identification of “related legal persons (or other organizations) and related natural persons” as mentioned in the Articles of Association shall be subject to the “Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange”.

(XIII) to consider and approve the change of use of proceeds;

(XIV) to review stock incentive plans and the ESOP;

(XV) to consider the Company's repurchase of its shares in the situations prescribed in items (I) or (II) of Article 26 of the Articles of Association;

(XVI) to consider proposals from shareholders representing more than 1% (inclusive) of the voting shares of the Company;

(XVII) to consider other matters that shall be decided by the shareholders' meeting according to laws, administrative regulations, departmental rules and the Articles of Association.

The shareholders' meeting may authorize the Board of Directors to make resolutions regarding the issuance of corporate bonds.

**Article 49** The following external guarantees of the Company shall be reviewed and approved by the shareholders' meeting:

(I) Any guarantee provided after the total amount of the external guarantees provided by the Company and its holding subsidiaries exceeds 50% of the Company's audited net assets for the latest period;

(II) Any guarantee provided after the total amount of the external guarantees provided by the Company exceeds 30% of the Company's audited total assets for the latest period;

(III) Providing guarantees to others within one year, where the total guaranteed amount exceeds 30% of the Company's total audited assets as of the most recent period;

(IV) The guarantee provided to the guaranteed object with a debt-to-asset ratio of more than 70%;

(V) Any single guarantee with its amount exceeding 10% of the Company's audited net assets for the latest period;

(VI) Any guarantee provided to shareholders, the actual controllers and their related parties; and

(VII) Other guarantees stipulated by the Shenzhen Stock Exchange.

**Article 50** The shareholders' meeting comes in the annual and the extraordinary. The annual shareholders' meeting shall be convened once a year, and shall be held within six months after the prior accounting year ends.

**Article 51** The Company shall convene an extraordinary shareholders' meeting within two months of the occurrence of any of the following circumstances:

(I) When the number of directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;

(II) When the uncovered loss of the Company reaches one-third of the total paid-in share capital of the Company;

(III) Upon the written request by shareholders individually or jointly holding more than 10% (inclusive) of the Company's shares;

(IV) When the Board considers it necessary;

(V) When the Audit Committee proposes to hold such a meeting;

(VI) Other situations set out in relevant laws, administrative regulations, departmental rules or the Articles of Association.

**Article 52** The place for convening a shareholders' meeting of the Company is Shengze Town in Wujiang District, Suzhou City.

A venue shall be set for the shareholders' meeting which shall be convened on site. The Company may also provide an online voting method to facilitate shareholders' participation in the shareholders' meeting.

**Article 53** When convening a shareholders' meeting, the Company shall engage legal counsels to provide legal opinions on the following issues and make an announcement:

(I) Whether the convening and holding procedures of the shareholders' meeting comply with relevant laws, administrative regulations, and the Articles of Association;

(II) Whether the persons attending the meeting and the convener of the meeting are legally entitled to do so;

(III) Whether the procedures of voting and the voting results at the shareholders' meeting are valid; and

(IV) Provision of any legal advice on any other matters requested by the Company.

#### **Section 4 Convening of the Shareholders' Meeting**

**Article 54** The Board of Directors shall convene the shareholders' meeting in a timely manner within the prescribed time limit.

Upon obtaining the consent of more than half of all independent directors, the independent directors have the right to propose the convening of an extraordinary shareholders' meeting to the Board of Directors. For the proposal of independent directors of convening an extraordinary shareholders' meeting, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within ten days upon receipt of the proposal.

If agreeing to convene the extraordinary shareholders' meeting, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. If the Board does not agree to convene such meeting, the reasons shall be stated and announced.

**Article 55** The Audit Committee shall be entitled to propose to the Board of Directors to convene an extraordinary shareholders' meeting, provided that the proposal shall be made in written form. The Board of Directors shall, pursuant to the provisions of



laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within ten days upon receipt of the proposal.

If agreeing to convene the extraordinary shareholders' meeting, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Changes to the original proposal in the notice shall be subject to the approval of the Audit Committee.

If not agreeing to convene the extraordinary shareholders' meeting, or failing to provide a written feedback within ten days upon receipt of the proposal, the Board of Directors shall be considered to be unable or fail to perform the duty of convening an EGM. The Audit Committee may convene and preside over the meeting on its own.

**Article 56** Shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to request the Board of Directors in writing to convene an extraordinary shareholders' meeting. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within ten days upon receipt of the request.

If agreeing to convene the extraordinary shareholders' meeting, the Board shall, with five days after the Board resolution is made, issue a notice calling for the meeting. Changes to the original request in the notice shall be subject to the approval of relevant shareholders.

If the Board does not agree to convene the extraordinary shareholders' meeting or fails to give a written reply within ten days upon receipt of the request, shareholders individually or jointly holding more than 10% of the Company's shares shall be entitled to request the Audit Committee in writing to convene an extraordinary shareholders' meeting.

If agreeing to convene the extraordinary shareholders' meeting, the Audit Committee shall issue a notice calling for the meeting within five days after receipt of the said request. Changes to the original request in the notice shall be subject to the consent of relevant shareholders.

If the notice of such meeting is not issued within the specified time limit, it shall be deemed that the Audit Committee does not convene and preside over the meeting, in which case, shareholders either individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by themselves.

**Article 57** When the Audit Committee or the shareholders decide to convene a shareholders' meeting by themselves, they shall notify the Board in writing and file the notice with the Shenzhen Stock Exchange.

The Audit Committee or convening shareholders shall submit relevant supporting evidences to the Shenzhen Stock Exchange when issuing the notice for holding a shareholders' meeting and announcing the resolutions of the shareholders' meeting.

Before an announcement on the resolutions of the shareholders' meeting is made, the shareholding percentage of the convening shareholders shall not be less than 10%.

**Article 58** The Board of Directors and the Secretary of the Board shall align with the shareholders' meeting convened by the Audit Committee or the shareholders on their own. The Board shall provide the register of shareholders as at the Record Date.

**Article 59** If the Audit Committee or shareholders convene a shareholders' meeting on their own, the expenses necessary for the meeting shall be borne by the Company.

### **Section 5 Proposals and Notices of the Shareholders' Meeting**

**Article 60** The proposal contents shall fall into the terms of reference of the shareholders' meeting with definite topics and specific matters for resolution and complying with the relevant provisions of laws, administrative regulations and the Articles of Association.

**Article 61** Where the Company convenes a shareholders' meeting, the Board, the Audit Committee, and shareholders individually or jointly holding more than 1% of the Company's shares may make proposals to the Company.

Shareholders individually or jointly holding more than 1% of the shares of the Company may raise a temporary proposal and submit it to the convener in writing ten days before the shareholders' meeting is held. The convener shall, within two days after the receipt of the proposal, issue a supplementary notice of the shareholders' meeting and announce the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for deliberation, except for the temporary proposal that violates laws, administrative regulations, or the Articles of Association or does not fall under the scope of powers of the shareholders' meeting .

Save as specified above, the convener shall not change the proposal set out in the notice of the shareholders' meeting or add any new proposal after the said notice is announced.

The shareholders' meeting shall not vote or pass resolutions on proposals not listed in the notice of the shareholders' meeting or proposals not in conformity with the Articles of Association.

**Article 62** The convener will notify all shareholders of an annual shareholders' meeting by way of announcement 20 days prior to the convening thereof, and notify all shareholders of an extraordinary shareholders' meeting by way of announcement 15 days prior to the convening thereof. The extraordinary shareholders' meeting shall not decide on matters not stated in the notice.

When calculating the notice time set out in the preceding paragraph, the meeting date shall not be counted.

**Article 63** The notice of the shareholders' meeting shall include the following:

- (I) The time, venue and duration of the meeting;
- (II) The matters and proposals to be reviewed at the meeting;

(III) Conspicuous text explanation: all shareholders shall be entitled to attend the meeting and they may appoint a proxy to attend and vote at such meeting on their behalves and that such proxy need not be shareholders of the Company;

(IV) The Record Date for shareholders who are entitled to attend the shareholders' meeting;

(V) The name and telephone number of the regular contact person for the meeting; and

(VI) Specifying voting time and voting procedure by online or other means.

The notice and the supplementary notice of the shareholders' meeting shall fully and completely disclose all the specific contents of all proposals.

If an online method is adopted, the voting method and time shall be stated in the notice. The online voting or other means of voting time of the shareholders' meeting shall not be earlier than 3:00 p.m. on the day before the on-site shareholders' meeting and shall not be later than 9:30 a.m. on the day of the on-site shareholders' meeting, and shall not conclude earlier than 3:00 p.m. on the day of the on-site shareholders' meeting.

The interval between the Record Date and the date of the meeting shall be no more than 7 working days. The Record Date shall not be changed once confirmed.

**Article 64** For A-share shareholders, notice of a shareholders' meeting shall be given by way of an announcement. Once the announcement referred to in the preceding paragraph is made, all A-share shareholders are deemed to have received notice of the relevant shareholders' meeting. Holders of GDRs are notified in accordance with the relevant laws and regulations of the securities regulatory authorities and stock exchanges where the GDRs are listed.

**Article 65** For the re-election or by-election of directors or the replacement of the Board of Directors, the list of candidates for directors shall be submitted to the shareholders' meeting for consideration in the form of proposals. The candidates for directors may be nominated by the Board of Directors through consultation, or nominated by shareholders individually or jointly holding more than 1% of the total number of the Company's issued shares with voting rights.

**Article 66** When the shareholders' meeting intends to discuss the election of directors, the notice of the meeting shall fully disclose the details of the candidates for directors, including, as a shall be, the following contents:

(I) personal particulars such as education background, working experience and any concurrent positions;

(II) whether there is any connected relationship with the Company or the controlling shareholders and actual controllers thereof;

(III) their shareholdings in the Company; and

(IV) any penalties imposed by CSRC and other relevant authorities and punishments imposed by stock exchanges.

Save for the directors who are elected by way of cumulative voting system, a single proposal shall be put forward for each candidate for directors.

**Article 67** When the notice of a shareholders' meeting is issued, the shareholders' meeting shall not be adjourned or canceled without just cause, and the proposals listed in the notice of the shareholders' meeting shall not be canceled. In the event of a delay or cancellation, the convener shall give a notice and explanations at least two working days before the scheduled date of convening.

## **Section 6 Holding of the Shareholders' Meeting**

**Article 68** The Board of Directors and other conveners of the Company shall take necessary measures to maintain the normal order of the shareholders' meeting. They shall take measures to stop the conducts that interfere with the shareholders' meeting, provoke troubles and infringe on the legal rights and interests of the shareholders and report timely to relevant authorities for investigation.

**Article 69** All shareholders or their proxies registered on the record date are entitled to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, and the Articles of Association. Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

**Article 70** If a natural person shareholder attends the meeting in person, they shall present their identification card or other valid documentation certifying their identity. If attending as a proxy for another, they shall present their own valid identification and a power of attorney from the shareholder.

A legal person shareholder shall be represented at the meeting by its legal representative or a proxy authorized by the legal representative. If the legal representative attends the meeting, they shall present their identification card and valid documentation proving their status as the legal representative. If a proxy attends the meeting, the proxy shall present their own identification card and a written power of attorney issued by the legal representative of the legal person shareholder entity in accordance with the law.

**Article 71** The power of attorney issued by a shareholder to appoint a proxy to attend a shareholders' meeting shall contain the following information:

- (I) The name of the principal and the class and quantity of Company shares held;
- (II) The name of the proxy;
- (III) Specific instructions from the shareholder, including instructions to vote for, against, or abstain on each deliberative matter included in the agenda of the shareholders' meeting;
- (IV) The date of issuance and the term of validity of the power of attorney;
- (V) The signature (or seal) of the principal. If the principal is a legal person shareholder, the power of attorney shall be affixed with the seal of the legal person entity.

**Article 72** If the power of attorney for proxy voting is signed by another person authorized by the principal, the power of attorney or other authorization documents shall

be notarized. The notarized letter of authority or other authorization documents and the power of attorney for voting by proxies shall be deposited at the domicile of the Company or such other places as designated in the notice of the meeting.

**Article 73** The meeting register for the attendees shall be prepared by the Company. The register shall set out the names of the persons attending the meeting (or names of the entity they are from), their ID card numbers, numbers of shares held or representing voting rights and names of the principal (or names of the entity they are from).

**Article 74** The convener and the lawyer engaged by the Company shall jointly verify the qualification of the shareholders according to the register of shareholders provided by the securities depository and clearing institution, and register the name (or title) of each shareholder and the number of shares with voting rights he/she holds. The meeting registration shall be terminated by the time the meeting presider announces the number of shareholders and proxies present on site at the meeting as well as the total number of shares with voting rights they hold.

**Article 75** If the shareholders' meeting requires directors or senior management to attend the meeting, such directors or senior management shall attend and respond to shareholders' inquiries.

**Article 76** The shareholders' meeting convened by the Board of Directors shall be presided over by the Chairman of the Board of Directors as the presider. If the chairman of the Board is unable or fails to perform his/her duties, the deputy chairman of the Board shall preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a director elected by more than half of the directors shall preside over the meeting.

A shareholders' meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his/her duty, a member of the Audit Committee jointly elected by more than half of the members shall preside over the meeting.

A shareholders' meeting convened by shareholders shall be presided over by the convener or a representative elected by the convener. If, for any reason, the convener is unable to elect a representative to preside over the meeting, the shareholder holding the largest number of voting shares among the conveners (including the shareholder's proxy) shall act as the presider of the meeting.

During the course of the shareholders' meeting, if the presider of the meeting violates the rules of procedure such that the meeting cannot be continued, the shareholders in the shareholders' meeting may elect one person to act as the meeting presider to continue the meeting so long as the proposed presider has the consent of more than half of voting rights held by shareholders who are present at the meeting.

**Article 77** The Company shall formulate rules of procedure for the shareholders' meeting, and specify the convening, holding and voting procedures thereof, including notice, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing and announcement thereof, as well as the principles of authorization of the



shareholders' meeting to the Board of Directors. The content of authorization shall be clear and specific.

The rules of procedure for the shareholders' meeting shall be annexed to the Articles of Association and shall be prepared by the Board and approved by the shareholders' meeting.

**Article 78** At the annual shareholders' meeting, the Board of Directors shall make a report on their works in the past year to the shareholders' meeting. Each independent director shall also make a work report.

**Article 79** The directors and senior management shall make explanation and interpretation on the inquiries and recommendations of shareholders at the shareholders' meeting.

**Article 80** The meeting presider shall announce the number of shareholders and proxies present and the total number of shares with voting rights they hold before voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

**Article 81** The shareholders' meeting shall have meeting minutes, and the Secretary to the Board shall be responsible for the meeting minutes. The meeting minute shall contain the following contents:

(I) The time, and venue of, and the agenda for the meeting, and the name or title of the convener;

(II) Names of the meeting presider and the directors and senior management attending the meeting as non-voting delegates;

(III) The number of shareholders and proxies present at the meeting, total number of voting shares held and their respective proportions in the total number of the Company's shares;

(IV) Considerations on each proposal, key points and the voting results;

(V) Queries and recommendations of shareholders and corresponding answers or explanations;

(VI) The names of the lawyer, vote counter and scrutineer; and

(VII) Other contents that shall be included in the meeting minutes according to the Articles of Association.

**Article 82** The convener shall guarantee the authenticity, accuracy and integrity of the contents of the meeting minutes. The directors, Secretary to the Board, convener or their representative who attend or being present at the meeting, and the meeting presider shall sign the meeting minutes. The meeting minutes shall be kept for a period of 15 years together with the sign-in register of the shareholders present in person, the power of attorney of proxies and the valid materials on online votes.

**Article 83** The convener shall guarantee that the shareholders' meeting will proceed continuously until the final resolution is made. If the shareholders' meeting is suspended

or the resolution cannot be made due to force majeure or other special causes, necessary measures shall be taken to resume the shareholders' meeting or directly terminate the shareholders' meeting, and public announcement shall be made in time. Meanwhile, the convener shall report to the CSRC dispatched agency where the Company is domiciled and the Shenzhen Stock Exchange.

### **Section 7 Voting and Resolutions at the Shareholders' Meeting**

**Article 84** The resolutions of the shareholders' meeting are classified into ordinary ones and special ones.

Ordinary resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' meeting shall be adopted by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

**Article 85** The following matters shall be adopted by the shareholders' meeting by way of an ordinary resolution:

- (I) Work reports of the Board of Directors;
- (II) Profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) Appointment, dismissal and remuneration of the members of the Board of Directors and the method of payment of the remuneration;
- (IV) Any matters not otherwise required by laws, administrative regulations or the Articles of Association to be adopted by special resolutions.

**Article 86** The following matters shall be adopted by the shareholders' meeting by way of a special resolution:

- (I) Increase or reduction of the Company's registered capital and the issue of shares of any class, warrants and other similar securities;
- (II) Separation, division, merger, dissolution and liquidation of the Company;
- (III) Amendment of the Articles of Association;
- (IV) Purchase and disposal of major assets or a guarantee to others by the Company within one year, in an amount exceeding 30% of the Company's audited total assets for the latest period;
- (V) Equity incentive plan;
- (VI) Adjustment to profit distribution policy; and
- (VII) Other matters which are required by laws, administrative regulations or the Articles of Association, and matters which, according to an ordinary resolution of the shareholders' meeting, may have a significant impact on the Company and should be adopted by way of a special resolution.

**Article 87** Shareholders (including their proxies) shall exercise their voting rights by the number of voting shares they represent, and each share shall have one vote.

When material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The shares held by the Company itself have no voting right, and those shares are not included in the total number of voting shares present at the shareholders' meeting.

Where a shareholder's purchase of the Company's voting shares violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares shall not be included in the total number of voting shares of the shareholders attending the shareholders' meeting.

The Board of Directors, the independent directors, and shareholders holding more than 1% of the voting shares or the investor protection agency established in accordance with laws, administrative regulations or provisions of the CSRC can publicly solicit the voting rights from the shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. Solicitation of shareholders' voting rights in a paid or disguised paid way shall be prohibited. Except for statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of shareholders' voting rights.

**Article 88** When related transactions are considered at the shareholders' meeting, the interested shareholders shall not participate in voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes. The voting particulars of the uninterested shareholders shall be fully disclosed in the announcement on the resolutions of the shareholders' meeting.

**Article 89** The procedures for withdrawal and voting of interested shareholders are as follows:

(I) If the matters to be considered at the shareholders' meeting are related transactions, the interested shareholders should take the initiative to apply for withdrawal, and other shareholders also have the right to propose to the convener to ask the interested shareholders to withdraw. The convener shall announce the names of the interested shareholders who should withdraw and the number of shares they represent before voting;

(II) The interested shareholders who should withdraw may participate in the discussion of the related transactions, and may make explanations and statements to the shareholders' meeting on matters such as the reasons for such related transactions, the basic situation thereof, and whether such transactions are legal and fair;

(III) When the shareholders' meeting votes on the related transactions, after deducting the number of shares with voting rights represented by the interested shareholders, the uninterested shareholders present at the shareholders' meeting shall vote in accordance with the provisions stipulated in the Articles of Association.

**Article 90** Unless the Company is in danger or under other special circumstances, the Company shall not, without the approval of the shareholders' meeting by way of a special resolution, make and enter into contracts with persons other than directors or senior management granting such persons the responsibility for managing all or part of the Company's material business.

**Article 91** The list of candidates for directors shall be included in a proposal to be submitted to the shareholders' meeting for voting.

When a single shareholder and its persons acting in concert hold an aggregate shareholding ratio of thirty percent or more, or when the shareholders' meeting elects two or more independent directors, the election of directors shall be conducted by cumulative voting.

Where directors are elected by cumulative voting at a shareholders' meeting, the voting for independent directors and non-independent directors shall be conducted separately.

The cumulative voting system referred to in the preceding paragraph means that in the election of directors at a shareholders' meeting, each share carries a number of votes equal to the number of directors to be elected, and the votes held by a shareholder may be concentrated on a single candidate or distributed among several candidates. The Board of Directors shall announce the resumes and basic information of the director candidates to the shareholders.

**Article 92** In addition to the cumulative voting system, the shareholders' meeting shall resolve on all proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on in the order of time at which they are submitted. Unless the shareholders' meeting is adjourned 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 shareholders' meeting.

**Article 93** When considering a proposal, the shareholders' meeting shall not revise it; otherwise such amendment shall be deemed as a new proposal and may not be voted at the current meeting.

**Article 94** The same voting right shall only be exercised on site, via the Internet or by other means. Where the same vote is cast for two or more times, the first cast shall hold.

**Article 95** Voting at the shareholders' meeting shall be conducted by open ballot.

**Article 96** Before the relevant proposed resolution is voted on at the shareholders' meeting, two representatives of the shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll. Where a shareholder is related to the proposed matters, the related shareholder and proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

At the time of deciding on a proposal by voting at the shareholders' meeting, lawyers, shareholder representatives shall count and scrutinize the votes jointly, and announce the voting result forthwith. The voting result in connection with the resolution shall be recorded in the minutes of meeting.

Shareholders of the Company or proxies shall have the right to check the results of their votes through the voting system if they vote via the Internet.

**Article 97** An on-site shareholders' meeting shall not end before that held on-line or otherwise, and the meeting presider shall announce, according to the voting results of each proposal, to determine whether the resolution of the shareholders' meeting is passed, and his/her decision shall be final and conclusive, and shall be announced at the meeting and recorded in the minutes of the meeting.

Prior to the formal announcement of the voting results, relevant parties involved in relation to voting on the site of the shareholders' meeting, via the Internet or by other means, including the Company, the persons responsible for counting votes and scrutinizing the voting, shareholders, and Internet service providers, shall be obliged to keep the voting status confidential.

**Article 98** Shareholders attending the shareholders' meeting shall express one of the following opinions on the proposal to be voted on: favor, against, or abstention.

The securities clearing and registration institution, as the nominal holder of the shares subject to the Mainland-Hong Kong Stock Connect, or the GDR depository institution, as the nominal holder of the underlying A shares corresponding to the GDRs, shall not make any declaration according to the intentions of the actual holders.

An unfilled, wrongly filled, or illegible vote, or an uncast vote shall be deemed to be a waiver of the voting right of the voter, and the voting result for the number of shares he/she holds shall be accounted as "abstention".

**Article 99** If the meeting presider has any doubts as to the result of a resolution put to vote at the shareholders' meeting, he/she may have the votes counted. If the meeting presider fails to count the votes, any shareholder present in person or by proxy who objects to the result announced by the meeting presider may, immediately after the declaration, demand to have the votes counted, and the meeting presider shall have the votes counted immediately.

**Article 100** Resolutions of the shareholders' meeting shall be announced in time, which shall set out the number of shareholders and proxies present at the meeting, the total number of voting shares held by them and their proportion in the total number of the Company's voting shares, voting methods, voting results of each proposal, and details of resolutions adopted.

**Article 101** Where proposals fail to be approved or if the shareholders' meeting changes the resolutions of the previous one, a special notice shall be included in the announcement of the resolutions of the shareholders' meeting.

**Article 102** Where the proposed resolution in relation to the election of directors are adopted at the shareholders' meeting, the new directors shall take office immediately or on the date determined in the resolution of the shareholders' meeting adopting the proposal for the election of directors.

**Article 103** If the shareholders' meeting adopts the proposal on cash dividends, scrip issue or conversion of capital reserve into share capital, the Company shall implement the



specific plan within two months after the end of the shareholders' meeting.

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

### **Section 1 Directors**

**Article 104** The employee representatives on the Board of Directors are elected democratically by the Company's employees through the employee representative assembly, employee shareholders' meeting, or other forms, without the need for submission to the shareholders' meeting for review.

**Article 105** Directors shall comply with laws, administrative regulations, and the Articles of Association, and have a duty of loyalty to the Company. Directors shall take measures to avoid conflicts between their own interests and those of the Company and shall not use their authority to seek improper benefits.

**Article 106** Directors have the following duties of loyalty to the company:

- (I) not to embezzle the Company property or misappropriate the Company funds;
- (II) not to use their own names or other people's names to open accounts to deposit the Company property or funds;
- (III) not to take advantage of position to receive bribery or other illegal income;
- (IV) not to, directly or indirectly, enter into contracts or carry out transactions with the Company unless they have reported to the Board of Directors or the shareholders' meeting and such contracts or transactions have been approved by resolution of the Board or the shareholders' meeting in accordance with these Articles of Association.
- (V) not to, by taking advantage of their position, appropriate for themselves or others any business opportunities belonging to the Company, except where such opportunities are reported to the Board of Directors or the shareholders' meeting and approved by resolution of the shareholders' meeting, or where the Company cannot exploit the opportunity in accordance with laws, administrative regulations, or the provisions of these Articles of Association.
- (VI) not to operate on their own or on behalf of others any business of the same kind as that of the company without having reported to the Board of Directors or the shareholders' meeting and obtained approval by resolution of the shareholders' meeting;
- (VII) not to accept and keep commissions on transactions between the Company and others as their own;
- (VIII) not to disclose the secrets of the Company without authorization;
- (IX) not to damage the interests of the Company by taking advantage of his/her affiliation; and
- (X) other faithful obligations stipulated by laws, administrative regulations, and departmental rules and the Articles of Association.

The income derived by the directors in violation of the Article of Association shall be

returned to the Company. If losses are caused to the Company, they shall be liable for compensation.

A director or senior executive's close relatives, an enterprise directly or indirectly controlled by a director or senior executive or by their close relatives, or any other related parties having other kinds of relationships with a director or senior executive enter into contracts with or carry out transactions with the Company, the provisions of item (IV) of paragraph 2 of this Article shall apply.

**Article 107** Directors shall comply with laws, administrative regulations, and these Articles of Association, and owe a duty of diligence to the Company. In performing their duties, they shall exercise the reasonable care typically expected of managers in the interests of the Company's best interests.

Directors bear the following diligence to the Company:

(I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;

(II) to be fair to all shareholders;

(III) to timely understand the business operations and management of the Company;

(IV) to approve periodic reports of the Company in written form; and to ensure that all information disclosed is true, accurate and complete;

(V) to provide the status reports and information to the Audit Committee honestly, and not to hinder the Audit Committee from exercising their powers; and

(VI) other faithful obligations stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 108** If a director fails to attend the Board meeting in person or entrust any other directors to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board shall advise the shareholders' meeting to remove such director.

**Article 109** A director may resign before the expiration of his/her term. The director shall submit a written resignation report to the Company. The resignation shall take effect on the date the Company receives the resignation notice. The Company shall disclose the relevant circumstances within two trading days.

If the resignation of a director resulting in the number of members of the Company's Board of Directors falling below the statutory minimum, the former director shall, before the newly elected director takes office, still perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

**Article 110** The Company shall establish a director departure management system, which defines safeguards for holding directors accountable and seeking recourse concerning unfulfilled public commitments and other outstanding matters.

Upon the effective date of a director's resignation or the expiration of their term of office, the director shall complete all handover procedures with the Board of Directors. The fiduciary duty of loyalty owed to the Company and its shareholders shall remain effective for three year after the effective date of resignation or the expiration of the term. The duty to maintain the confidentiality of the Company's trade secrets shall remain in effect after the term of office until such trade secrets become publicly known. Any liability incurred by a director during their tenure in the performance of their duties shall not be waived or terminated due to their departure.

**Article 111** The shareholders' meeting may resolve to remove a director, with the removal taking effect on the date the resolution is adopted.

If a director is removed prior to the expiration of their term without due cause, the director may require the Company to provide compensation.

**Article 112** Without the legal authorization by the Articles of Association or the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her own name. Where a director acts in his/her own name, the director shall declare in advance his/her position and identity in the case that a third party would reasonably believe that the director is acting on behalf of the Company or the Board of Directors.

**Article 113** If a director, in performing their duties for the Company, causes damage to a third party, the Company shall be liable for compensation; if the director acted with intent or gross negligence, they shall also be liable for compensation. If a director, in performing their duties for the Company, violates laws, administrative regulations, departmental rules, or the provisions of these Articles of Association, thereby causing loss to the Company, they shall be liable for compensation.

## Section 2 Board of Directors

**Article 114** The Company shall have a Board of Directors, which is accountable to the shareholders' meeting.

**Article 115** The Board of Directors consists of seven directors and has one chairman. A vice chairman may be appointed if necessary. Independent directors shall comprise no less than one-third of the Board. The Board of Directors shall include one director who serves as an employee representative. The Chairman and Vice Chairman shall be elected by a majority vote of all directors on the Board of Directors.

**Article 116** The Board of Directors shall exercise the following functions and powers:

- (I) to convene and report to the shareholders' meeting;
- (II) to implement the resolutions of the shareholders' meeting;
- (III) to determine the business operation plans and investment plans of the Company;

(IV) to formulate the profit distribution plans and loss recovery plans of the Company;

(V) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(VI) to draft plans for substantial acquisition, repurchase of shares, or merger, division and dissolution and change of corporate form of the Company;

(VII) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, related transactions, and external donations of the Company within the authority granted by the shareholders' meeting;

(VIII) to determine the setup of the Company's internal management structure;

(IX) to appoint or dismiss the general manager, Secretary to the Board and other senior management of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior management such as deputy general manager and CFO according to the nomination of the general manager, and decide on matters of remuneration, rewards and punishments;

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

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

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

(XIII) to request the shareholders' meeting to engage or replace the accounting firm that provides audits for the Company;

(XIV) to debrief the work report of the general manager of the Company and check the works of the general manager;

(XV) to decide the company's acquisition of its own shares in the circumstances specified in Article 26, items (III), (V) and (VI) of these Articles of Association.

(XVI) other functions and powers granted by relevant laws, administrative regulations, departmental rules and the Articles of Association.

**Article 117** The Board shall make explanations to the shareholders' meeting on the non- standard audit opinions issued by the certified public accountants on the Company's financial reports.

**Article 118** The Board of Directors shall formulate the rules of procedures of the Board Meeting to ensure the implementation of the resolutions of the shareholders' meeting, improvement of work efficiency and scientific decision-making.

**Article 119** The Board of Directors shall determine the authority of outbound investment, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related transactions and external donations, and set up strict inspection and decision-making procedures; for important investment projects, the Board of Directors shall organize relevant experts and professionals to review and report at the shareholders' meeting for approval.

Based on the above provisions, the decision-making authority of the Board of Directors on relevant matters is as follows:

(I) to consider and decide on transactions of the Company or its holding subsidiaries satisfying one of the following standards but not reaching the criteria of the shareholders' meeting for consideration:

1. The total assets involved in the transaction accounts for more than 10% of the Company's audited total assets for the latest period;

2. The net assets involved in the transaction subject (such as equity) accounts for more than 10% of the Company's audited net assets for the latest period, with an absolute amount exceeding RMB10 million;

3. The operating revenue of the transaction subject (such as equity) for the latest accounting year accounts for more than 10% of the Company's audited operating revenue of that year, with an absolute amount exceeding RMB10 million;

4. The net profit of the transaction subject (such as equity) for the latest accounting year accounts for more than 10% of the Company's audited net profit of that year, with an absolute amount exceeding RMB1 million;

5. The transaction amount of the transaction (including debts and expenses) accounts for more than 10% of the Company's audited net assets for the latest period, with an absolute amount exceeding RMB10 million; or

6. The profit from the transaction accounts for more than 10% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMBm1 million.

If both book value and appraised value exist for the above indicators, whichever is higher shall prevail. If the data involved in the calculation of the above indicators are negative, the absolute value of the data shall be used. The scope of the above-mentioned "transaction" is the same as that stipulated in item (XI) of Article 48 of the Articles of Association.

The Board of Directors authorizes the chairman to review and approve the transactions not satisfying the above standards.

(II) to consider and decide on the Company's purchase or disposal of assets within one year of an aggregate value exceeding 10% of the Company's audited total assets for the latest period but not reaching the criteria of the shareholders' meeting for consideration.

The purchase or disposal of assets failing the above standards shall be reviewed and approved by the chairman of the Board with the authorization thereof.

(III) to consider and decide on the external guarantees of the Company or its holding subsidiaries not reaching the criteria of the shareholders' meeting for consideration.

If the Company provides guarantee, the matter shall, in addition to the approval of more than half of all directors, be approved and adopted by more than two-thirds of the



directors present at the board meeting.

(IV) to consider and decide on the related transactions of the Company or its holding subsidiaries satisfying one of the following standards but not reaching the criteria of the shareholders' meeting for consideration:

1. The total transaction amount of related transactions with related natural persons exceeds RMB 300,000 (including the accumulated amount of related transactions with the same subject or the same related party within 12 consecutive months) ; or

2. The total transaction amount of related transactions with related legal persons (or other organizations) exceeds RMB 3 million and accounts for more than 0.5% of the absolute value of the Company's audited net assets for the latest period (including the accumulated amount of related transactions with the same subject or the same related party within 12 consecutive months).

The scope of the above-mentioned "related transaction" is the same as that stipulated in item (XII) of Article 48 of the Articles of Association.

The Board of Directors shall formulate detailed decision-making procedures and rules on relevant matters in accordance with the above provisions.

**Article 120** The chairman and vice chairmen of the Board shall be directors and shall be elected and dismissed by more than half of all directors. The chairman and vice chairman of the Board shall have a term of office of three years, and are eligible for re-election.

**Article 121** The chairman of the Board shall perform the following functions and powers:

(I) to preside over the shareholders' meeting, and to convene and preside over the Board Meeting;

(II) to supervise and inspect the execution of the resolutions of the Board of Directors;

(III) to sign important documents of the Board;

(IV) to exercise the special disposal power on the Company affairs in line with the interests of the Company in accordance with the provisions of laws and regulations in case of an emergency of force majeure such as a major natural disaster, and reporting to the Board or the shareholders' meeting of the Company afterwards;

(V) to exercise relevant functions and powers granted by Article 119 of the Articles of Association; and

(VI) other functions and powers granted by the Board of Directors.

**Article 122** The vice chairman shall assist the chairman in his/her work. If the chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice chairman. If the vice chairman is unable or fails to perform his/her duties, a director shall be elected jointly by more than half of the directors to perform such duties.

**Article 123** The Board of Directors shall hold at least two meetings each year, which shall be convened by the chairman of the Board and notified to all directors ten days prior

to the meeting in writing.

**Article 124** The shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, more than half of the independent directors or the audit committee may propose to convene an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over a Board meeting within ten days after receiving the proposal.

**Article 125** The notice of the extraordinary meeting of the Board shall be sent by hand, fax or e-mail. The notice periods shall be as follows: for regular meetings, a written notice shall be issued ten days prior to the meeting; for extraordinary meetings, a written notice shall be issued three days prior to the meeting.

In case of emergency and being necessary to convene an extraordinary meeting of the Board as soon as possible, the Board may not be subject to the above time limit, provided that the convener shall make explanations at the meeting.

**Article 126** The notice of the Board meeting shall include the following:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) reason for convening the meeting and agenda thereof; and
- (IV) the date of issuing the notice.

**Article 127** A board meeting shall not be held unless more than half of the directors are present.

Each director shall have one vote for the resolutions of the Board of Directors. Each director shall have one vote. The resolutions of the Board shall be adopted by more than half of all the directors.

**Article 128** If a director has a related relationship with an enterprise or individual involved in a matter for resolution at a Board meeting, such director shall promptly provide a written report to the Board. The related director shall not vote on such resolution, nor shall they proxy for another director to vote on it. The Board Meeting can be held by more than half of the uninterested directors present. The resolutions of the Board Meeting shall be adopted by more than half of the uninterested directors. If the number of uninterested directors present at the Board meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.

**Article 129** Votes on the resolutions at the Board meeting shall be cast by open ballot or by a show of hands.

The Board may conduct the voting and make resolutions by means of communication signed by the directors present, provided that the directors have fully expressed their opinions.

**Article 130** A director shall attend the Board meeting in person. If a director is unable to attend the Board meeting, he/she may appoint another director by a written power of attorney to attend on his/her behalf. The power of attorney shall specify the name of the

proxy, the matters entrusted, the scope of authorization and the term of validity, and shall be signed or sealed by the principal. The proxy shall exercise the rights of a director within the scope of the authorization. A director failing to attend the Board meeting in person or by proxy shall be deemed as having waived his/her voting rights at such meeting.

**Article 131** Decisions on matters discussed at the Board Meeting shall be recorded in the meeting minutes which shall be signed by directors attending such meetings and the recorder. Directors attending the meeting have the right to have their speeches at the meeting descriptively recorded on the meeting minutes.

Directors shall be responsible for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates the laws, administrative regulations, the Articles of Association or resolutions of the shareholders' meeting and causes serious losses to the Company, the directors participating in the resolution shall be liable for compensation to the Company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from such liability.

The minutes of the Board meeting shall be kept in corporate archives for a period of 15 years.

**Article 132** The minutes of the Board meeting shall contain the following information:

- (I) the date and venue of the meeting and the name of the convener;
- (II) names of the directors present and of directors (proxies) appointed by others to attend the Board meeting;
- (III) agenda of the meeting;
- (IV) main points made by the directors; and
- (V) table method and results of each item (the results of the table shall indicate the number of votes approved, opposed or abstained).

### Section 3 Independent Directors

**Article 133** Independent directors shall diligently perform their duties in accordance with laws, administrative regulations, and the provisions of the CSRC, the Shenzhen Stock Exchange, and the Articles of Association. They shall play roles in participating in decision-making, exercising supervisory checks and balances, and providing professional advice within the Board of Directors, safeguarding the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders.

**Article 134** Independent directors must maintain independence. The following persons shall not serve as independent directors:

- (I) persons employed by the Company or its affiliated enterprises, and their spouses, parents, children, and close social relations;
- (II) natural person shareholders who directly or indirectly hold more than one

percent of the Company's issued shares or are among the top ten shareholders of the Company, and their spouses, parents, and children;

(III) persons employed by shareholders directly or indirectly holding more than five percent of the Company's issued shares or by the top five shareholders of the Company, and their spouses, parents, and children;

(IV) persons employed by the affiliated enterprises of the Company's controlling shareholder or actual controller, and their spouses, parents, and children;

(V) persons who have significant business dealings with the Company and its controlling shareholder, actual controller, or their respective affiliated enterprises; or persons employed by entities having significant business dealings with the Company and their controlling shareholders or actual controllers;

(VI) persons providing financial, legal, consulting, sponsorship, or other services to the Company, its controlling shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all members of the project team, reviewers at all levels, signatories on reports, partners, directors, senior management, and primary responsible persons of the service intermediary institutions;

(VII) persons who, within the last twelve months, have fallen into any of the categories listed in items (I) to (VI) above;

(VIII) other persons deemed non-independent under laws, administrative regulations, the provisions of the CSRC, rules of the stock exchange, or the Articles of Association.

The affiliated enterprises of the Company's controlling shareholder or actual controller mentioned in items (IV) to (VI) of the preceding paragraph shall not include enterprises that are under the control of the same state-owned assets regulatory authority as the Company and, according to relevant regulations, do not constitute a connected relationship with the Company.

Independent directors shall conduct an annual self-assessment of their independence and submit the assessment results to the Board of Directors. The Board of Directors shall annually assess the independence of serving independent directors and issue a special opinion, which shall be disclosed together with the annual report.

**Article 135** A person serving as an independent director of the Company shall satisfy the following conditions:

(I) be qualified to serve as a director of a listed company in accordance with laws, administrative regulations, and other relevant provisions;

(II) fulfill the independence requirements specified in these Articles of Association;

(III) possess basic knowledge of the operation of listed companies and be familiar with relevant laws, regulations, and rules;

(IV) have at least five years of work experience in law, accounting, economics, or other fields necessary for the performance of independent director duties;

(V) have good personal integrity, and have no record of serious dishonesty or other

negative records;

(VI) meet other conditions stipulated by laws, administrative regulations, the provisions of the CSRC, rules of the stock exchange, and the Articles of Association.

**Article 136** As members of the Board of Directors, independent directors owe fiduciary duties and duties of diligence to the Company and all shareholders, and shall prudently perform the following responsibilities:

(I) participate in the decision-making of the Board of Directors and express clear opinions on matters under deliberation;

(II) supervise matters involving potential major conflicts of interest between the Company and its controlling shareholders, actual controllers, directors, or senior management, and protect the legitimate rights and interests of minority shareholders;

(III) provide professional and objective advice on the Company's business development to facilitate the enhancement of the Board's decision-making capabilities;

(IV) other responsibilities stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

**Article 137** Independent directors shall exercise the following special authorities:

(I) independently engage intermediary institutions to conduct audits, provide consultations, or perform verifications on specific matters of the Company;

(II) propose to the Board of Directors the convening of an extraordinary shareholders' meeting;

(III) propose the convening of a Board of Directors meeting;

(IV) solicit shareholders' rights from shareholders publicly in accordance with the law;

(V) express independent opinions on matters that may harm the interests of the Company or minority shareholders;

(VI) other authorities stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

The exercise of the authorities listed in items (I) to (III) of the preceding paragraph by an independent director shall be subject to the approval by more than half of all independent directors. The Company shall promptly disclose the exercise of any authority specified in paragraph 1 by an independent director. If the normal exercise of the aforementioned authorities is impeded, the Company shall disclose the specific circumstances and reasons.

**Article 138** The following matters shall be submitted to the Board of Directors for deliberation only after obtaining the approval by more than half of all independent directors of the Company:

(I) related transactions requiring disclosure;

(II) plans for the Company and relevant parties to alter or exempt themselves from



commitments;

(III) decisions and measures taken by the Board of Directors of an acquired listed company in response to the acquisition;

(IV) Other matters stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

**Article 139** The Company shall establish a mechanism for special meetings attended exclusively by independent directors. Where the Board of Directors deliberates on matters such as related transactions, prior approval from the special meeting of independent directors shall be obtained.

The Company shall convene special meetings of independent directors on a regular or ad hoc basis. Matters specified in Article 137, Paragraph 1, items (I) to (III), and Article 138 of the Articles of Association shall be reviewed by the special meeting of independent directors.

The special meeting of independent directors may, as needed, discuss other matters of the Company. The special meeting of independent directors shall be convened and chaired by one independent director jointly nominated by a majority of the independent directors; if the convener fails to perform or is unable to perform their duties, two or more independent directors may convene the meeting on their own initiative and nominate one representative to chair it.

The special meeting of independent directors shall prepare meeting minutes in accordance with relevant regulations, and the opinions of the independent directors shall be recorded in the minutes. Independent directors shall sign to confirm the meeting minutes.

The Company shall provide convenience and support for the convening of special meetings of independent directors.

#### Section 4 Special Committee of the Board of Directors

**Article 140** The Company's Board of Directors shall establish an Audit Committee, which shall exercise the powers and functions of a Board of Supervisors as prescribed by the Company Law.

**Article 141** The Audit Committee shall consist of four members, who shall be directors not serving as senior management of the Company, including three independent directors. The convener shall be an accounting professional from among the independent directors.

**Article 142** The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for deliberation only after obtaining the approval by more than half of all members of the Audit Committee:

(I) Disclosure of financial accounting reports and financial information in periodic

reports, as well as internal control evaluation reports;

(II) Appointment or dismissal of the accounting firm undertaking the Company's audit business;

(III) Appointment or dismissal of the Company's chief financial officer;

(IV) Changes in accounting policies or accounting estimates, or corrections of significant accounting errors, for reasons other than changes in accounting standards;

(V) Other matters stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

**Article 143** The Audit Committee shall hold at least one meeting every quarter. Extraordinary meetings may be convened upon the proposal of two or more members, or when the convener deems it necessary. A meeting of the Audit Committee shall be held only when attended by at least two-thirds of its members.

Resolutions of the Audit Committee shall be adopted by an affirmative vote of more than half of its members.

Voting on resolutions of the Audit Committee shall be conducted on a one-member, one-vote basis.

Meeting minutes for resolutions of the Audit Committee shall be prepared in accordance with relevant regulations, and the members of the Audit Committee present at the meeting shall sign the minutes.

The working procedures of the Audit Committee shall be formulated by the Board of Directors.

**Article 144** The Company's Board of Directors shall establish Strategy, Nomination, and Remuneration and Appraisal Committees, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals from the special committees shall be submitted to the Board of Directors for deliberation and decision. The working procedures of the special committees shall be formulated by the Board of Directors.

**Article 145** The Nomination Committee shall be responsible for formulating the criteria and procedures for selecting directors and senior management, screening and reviewing candidates for directors and senior management and their qualifications, and shall make recommendations to the Board of Directors on the following matters:

(I) nominating or appointing and removing directors;

(II) employing or dismissing senior management;

(III) other matters stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

If the Board of Directors does not adopt or only partially adopts the recommendations of the Nomination Committee, the Board resolution shall record the opinions of the Nomination Committee and the specific reasons for non-adoption, and such information shall be disclosed.

**Article 146** The Remuneration and Appraisal Committee shall be responsible for formulating appraisal standards and conducting appraisals for directors and senior management, developing and reviewing remuneration policies and schemes for directors and senior management, including remuneration determination mechanisms, decision-making processes, payment and clawback arrangements, and shall make recommendations to the Board of Directors on the following matters:

- (I) the remuneration of directors and senior management;
- (II) formulating or modifying equity incentive plans or employee stock ownership plans, and the fulfillment of conditions for grantees to obtain or exercise rights under such plans;
- (III) arrangements for directors and senior management to participate in shareholding plans in subsidiaries intended to be spun off;
- (IV) other matters stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

If the Board of Directors does not adopt or only partially adopts the recommendations of the Remuneration and Appraisal Committee, the Board resolution shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption, and such information shall be disclosed.

## **Chapter 6 Senior Management**

**Article 147** The Company has one general manager and several deputy general managers who shall be appointed or dismissed by the Board of Directors.

**Article 148** The provisions of the Articles of Association regarding disqualification for directorship and the director departure management system shall apply equally to senior management.

The provisions of the Articles of Association regarding the fiduciary duty of loyalty and the duty of diligence of directors shall apply equally to senior management.

**Article 149** Persons who hold administrative posts other than directors and supervisors in the controlling shareholder units of the Company shall not serve as the senior management of the Company.

The Company's senior management shall be only paid by the Company, not by the controlling shareholders.

**Article 150** The general manager shall serve a term of three years and may serve consecutive terms if reappointed.

**Article 151** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, and to report on his/her work to the Board of Directors;

(II) to arrange for the implementation of the Board resolutions, the Company's annual business plans and investment plans;

(III) to draft the plan for establishment of the Company's internal management organization;

(IV) to draft the Company's basic management system;

(V) to develop the specific rules of the Company;

(VI) to request the Board to appoint or dismiss the deputy general manager, chief financial officer and other senior management personnel who should be nominated by the general manager;

(VII) to appoint or dismiss the officers other than those whose appointment or dismissal shall be decided by the Board; and

(VIII) other functions and powers granted by the Articles of Association or the Board.

The general manager may attend the Board meeting as a non-voting delegate, and the general manager who is not a director shall have no right to vote at the Board meeting.

**Article 152** The general manager shall formulate the working rules of the manager, which shall be submitted to the Board for approval before implementation.

**Article 153** The working rules of the manager shall include the following:

(I) the conditions, procedures and participants of the general manager's meeting;

(II) the respective responsibilities of the general manager and other senior management and their division of labor;

(III) the Company's use of funds and assets, the authority to enter into major contracts, and the reporting system to the Board of Directors; and

(IV) other matters deemed necessary by the Board of Directors.

**Article 154** The general manager and other senior managements may resign before the expiration of their term of office. The specific procedures and methods for the resignation of the general manager and senior management shall be stipulated in the employment contract between the general manager and other senior managements and the Company.

**Article 155** The deputy general management shall be responsible for assisting the general manager in his/her work. When the general manager is unable to perform his or her duties, the general manager may entrust a deputy general manager or another senior management to exercise the general manager's powers; alternatively, the Board of Directors may designate a director or a senior management to act in place of the general manager.

**Article 156** The Company shall have a Secretary to the Board of Directors, who shall be responsible for the preparation of the Company's shareholders' meetings and Board of Directors meetings, the custody of relevant documents, the management of

shareholder information, handling information disclosure matters, and other related duties. The Secretary to the Board of Directors shall comply with the provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

**Article 157** If a senior management, in performing their duties for the Company, causes damage to a third party, the Company shall be liable for compensation; if such senior manager acted with intent or gross negligence, he/she shall also be liable for compensation.

If a senior management violates laws, administrative regulations, departmental rules and the Articles of Association while performing his/her duties and causes losses to the Company, he/she shall be liable for compensation.

**Article 158** The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

Where senior management of the Company fails to faithfully perform their duties or breaches their duty of good faith, thereby causing damage to the interests of the Company or the holders of public shares, they shall be liable for compensation in accordance with the law.

## **Chapter 7 Financial and Accounting Systems, Distribution of**

### **Profits and Audit**

#### **Section 1 Financial and Accounting Systems**

**Article 159** The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and the rules of the relevant authorities of the State.

**Article 160** The Company shall submit and disclose its annual report to the local office of the CSRC and the Shenzhen Stock Exchange within four months from the end of each fiscal year, and shall submit and disclose its semi-annual report within two months from the end of the first half of each fiscal year.

The aforementioned annual reports and semi-annual reports shall be prepared in accordance with the provisions of relevant laws, administrative regulations and regulations of the CSRC and the Shenzhen Stock Exchange.

**Article 161** The Company will not set up any other accounting books except for the legal accounting books. The fund of the Company shall not be deposited into an account opened in the name of any individual.

**Article 162** When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve. The Company may not withdraw statutory reserve if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory reserve of the Company is not sufficient to recover its losses in



the previous years, the profits of the current year shall be used to make up for the loss before the withdrawing of the statutory reserve in accordance with the above provisions.

After the Company withdraws the statutory reserve from the after-tax profits, the discretionary reserve may be withdrawn from the after-tax profits with the approval of the shareholders' meeting.

The remaining after-tax profits of the Company after making up for the losses and withdrawing the reserve may be distributed according to the proportion of shares held by shareholders.

If the shareholders' meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the unlawfully distributed profits to the Company. If losses are caused to the Company, the shareholders and the directors and senior management responsible shall be liable for compensation.

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

**Article 163** The Company's reserve funds shall be used to offset the Company's losses, expand the Company's production and operation, or be converted into increased registered capital of the Company.

When reserve funds are used to offset the Company's losses, the discretionary reserve and the statutory reserve shall be used first; if the losses still cannot be covered, the capital reserve may be used in accordance with relevant regulations.

When the statutory reserve is converted into increased registered capital, the amount of such reserve retained shall not be less than 25% of the Company's registered capital prior to the conversion.

**Article 164** After a resolution on the profit distribution plan is adopted by the shareholders' meeting, or after the Board of Directors formulates a specific plan based on the conditions and caps for interim dividends in the following year approved by the annual shareholders' meeting, the Company's Board of Directors must complete the distribution of dividends (or shares) within two months after the shareholders' meeting is held.

**Article 165** The profit distribution policy and decision-making procedures of the Company are as follows:

(I) Basic principles for profit distribution of the Company:

1. The Company shall give full consideration to the return to the investors and distribute dividends to the shareholders per annum in proportion to distributable profits realized for the year concerned attributable to parent company;

2. The Company's profit distribution policy shall maintain continuity and stability, and shall be for the long term interest of the Company, in the interest of all shareholders as a whole, and for the sustainable development of the Company; and

3. The Company shall give priority to adopt dividend distribution in cash.

(II) Specific policies of the Company for profit distribution are as follows:

1. Form of profit distribution: the Company distributes profits in cash, stock or a combination of cash and stock. The Company can make interim profit distributions when conditions permit.

2. Specific conditions and proportions of cash dividend distribution of the Company:

The profits that have accumulatively distributed in cash in the last three years shall account for no less than 30% of the average annual distributable profits of parent company realized in the last three years.

Except in special circumstances, the Company shall first distribute dividends in cash when it is profitable in the current year and the accumulative undistributed profit is positive, and the profits to be distributed in cash per annum shall account for no less than 10% of the distributable profits of parent company realized for the year concerned.

Special circumstances refer to:

(1) The distributable profit per share realized for the year concerned is less than RMB0.09.

(2) The Company has no events such as material investment plan or significant cash expenditure (excluding fund raising projects) for the next 12 months.

The material investment plan or significant cash expenditure refers to the Company's accumulative expenditure on proposed external investment, acquisition of assets or purchase of equipment within the next 12 months exceeding 30% of the Company's net assets in the audited consolidated statements for the latest period and exceeding RMB 50 million.

(3) The asset-liability ratio in the audited consolidated statements for the year concerned exceeds 70%.

The Board of Directors shall determine the minimum percentage of the Company's annual profit distribution in cash based on the following situations after comprehensively considering such factors as the industry characteristics, the Company's development stage, operation mode, profitability and whether it has any significant capital expenditure arrangement:

(1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, when profit distribution is made, the cash dividends shall at least account for 80% of the profit distribution;

(2) If the Company is at the mature stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 40% of the profit distribution; and

(3) If the Company is at the growth stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 20% of the profit distribution.

If it is difficult to distinguish the development stage of the Company and there are

significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

3. Specific conditions for the Company to issue stock dividends:

The Company can propose a stock dividend distribution plan when it is in good operating condition, and the Board of Directors believes that the Company's stock price does not match the Company's share capital and that issuing stock dividends is beneficial to the overall interests of all shareholders of the Company, under the premise that the above-mentioned conditions for cash dividends are met.

Distributing profits by way of dividend in shares shall include true and reasonable factors such as growth of the Company and dilution of net assets per share.

(III) Procedures for considering the Company's profit distribution plan:

1. The profit distribution plan of the Company shall be submitted to the Board of Directors for consideration. The Board of Directors shall fully discuss the rationality of the profit distribution plan and form a special proposal which shall be submitted to the shareholders' meeting for consideration..

2. When the Company chooses not to distribute cash dividends due to the special situations stipulated in the preceding paragraph, the Board of Directors shall give special explanations on the specific reasons for not distributing cash dividends, the exact use of the Company's retained earnings and the expected investment income shall be submitted to the shareholders' meeting for consideration, and then disclosed on the designated media of the Company.

3. Independent Directors who believe that the specific cash dividend plan may harm the interests of the company or minority shareholders have the right to express their independent opinions. If the Board of Directors does not adopt or fully adopt the opinions of the Independent Directors, it shall record the opinions of the Independent Directors and the specific reasons for not adopting them in the board resolution and disclose them.

4. Before the shareholders' meeting reviews the specific cash dividend plan, the company should actively communicate and engage with shareholders, especially minority shareholders, through various channels, fully listen to the opinions and demands of minority shareholders, and promptly respond to the concerns raised by them.

(IV) The change to the Company's profit distribution policy:

In the event of force majeure such as war or natural disasters that have a significant impact on the Company's production and operation, or significant changes to the Company's own operating conditions, the profit distribution policy may be adjusted by the Company.

If the Company intends to adjust its profit distribution policy, the Board of Directors must make a special discussion to demonstrate the reasons in detail, and the policy shall be submitted to and adopted by the shareholders' meeting by means of a special resolution.

When the shareholders' meeting considers the changes to the profit distribution

policy, the Company must make Internet voting accessible to shareholders.

## **Section 2 Internal Audit**

**Article 166** The Company implements an internal audit system, defining the leadership structure, responsibilities and authorities, staffing, funding assurance, utilization of audit results, and accountability mechanisms for internal audit work. The Company's internal audit system shall be implemented upon approval by the Board of Directors and shall be publicly disclosed.

**Article 167** The Company's internal audit function shall conduct supervision and inspection of the Company's business activities, risk management, internal control, financial information, and other matters.

The internal audit function reports to the Board of Directors.

During the process of supervising and inspecting the Company's business activities, risk management, internal control, and financial information, the internal audit function shall accept the supervision and guidance of the Audit Committee. If the internal audit function identifies any significant issues or related clues, it shall immediately report directly to the Audit Committee.

**Article 168** The specific organization and implementation of the Company's internal control evaluation shall be the responsibility of the internal audit function. Based on the evaluation report and relevant materials issued by the internal audit function and reviewed by the Audit Committee, the Company shall produce an annual internal control evaluation report.

**Article 169** When the Audit Committee communicates with external audit entities such as accounting firms and state audit institutions, the internal audit function shall actively cooperate and provide necessary support and coordination.

The Audit Committee shall participate in the performance appraisal of the head of the internal audit function.

## **Section 3 Employment of Accounting Firms**

**Article 170** The Company shall employ an accounting firm that complies with the provisions of the Securities Law to audit financial reports, verify net assets, and offer other relevant consulting services. The term of employment of such accounting firm shall be one year, which is renewable, unless otherwise provided by the laws, administrative regulations, listing rules of the stock exchange where the Company's shares or GDRs are listed.

**Article 171** The engagement or dismissal of an accounting firm by the Company shall be decided by the shareholders' meeting. The Board of Directors shall not appoint an accounting firm prior to the decision of the shareholders' meeting.

**Article 172** The Company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to

the hired accounting firm, and shall not refuse, conceal or make false reports.

**Article 173** The audit fee of an accounting firm shall be decided by the shareholders' meeting.

**Article 174** When the Company dismisses or does not renew the employment of an accounting firm, it shall give a 30-day prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the shareholders' meeting where a voting process concerning the dismissal of such accounting firm is carried out. Where an accounting firm tenders its resignation, it shall inform the shareholders' meeting of whether there is any irregularity in the Company.

## **Chapter 8 Notice and Announcement**

### **Section 1 Notice**

**Article 175** The Company's notice may be given in the following means:

- (I) by hand;
- (II) by post;
- (III) by announcement; and
- (IV) other forms specified in the Articles of Association of the Company.

**Article 176** If a notice of the Company is sent by way of announcement, once an announcement is made, it is deemed that all relevant personnel have received the notice.

**Article 177** The notice of the shareholders' meeting held by the Company shall be made by public announcement.

**Article 178** The notice of the meeting of the Board of Directors held by the Company shall be sent by hand, fax or e-mail.

**Article 179** If the notice of the Company is delivered by hand, the addressee shall sign (or stamp) on the receipt of service, and the date of signature of the addressee shall be the date of service; if the notice of the Company is sent by post, the date of service shall be 5 business day after the date of delivery to the post office; and if a notice of the Company is sent by public announcement, the date of the first announcement shall be the date of service.

**Article 180** The meeting and the resolution thereof shall not be null and void if the notice of the meeting fails to be delivered to or received by any person entitled to the notice due to accidental omission.

### **Section 2 Announcement**

**Article 181** The Company shall designate *Securities Times* as the media publishing company announcements and other information that needs to be disclosed. The Company shall designate *cninfo.com.cn* as the website for publishing company announcements and other information that needs to be disclosed.

## **Chapter 9 Merger, Division, Capital Increase and Reduction,**

## **Dissolution and Liquidation**

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

**Article 182** In the event of a merger or division of the Company, the Board of Directors shall propose a plan, which, after approval in accordance with the procedures stipulated in the Articles of Association, shall undergo relevant approval procedures in accordance with the law. Shareholders who oppose the merger or division plan may request the Company to purchase their shares at a reasonable price.

**Article 183** Merger of the Company may take the form of merger by absorption or merger by new establishment.

A company absorbing other companies is a merger by adsorption, and the absorbed company is dissolved. The merger of two or more companies to create a new company is a merger by new establishment, and the merging parties are dissolved.

**Article 184** A merger of the Company may be effected without a resolution of the shareholders' meeting if the consideration paid for the merger does not exceed ten percent of the Company's net assets, unless otherwise provided by the Articles of Association.

If a merger is carried out in accordance with the preceding paragraph without a resolution of the shareholders' meeting, it shall be subject to a resolution of the Board of Directors.

**Article 185** In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within ten days since the date on which the resolution to proceed with the merger is passed, and publish announcements on the merger in the media specified in Article 181 of the Articles of Association or the National Enterprise Credit Information Disclosure System within 30 days.

Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off their debts in full or to provide a corresponding guarantee.

**Article 186** After the merger, the rights and the obligations of the merging parties shall be assumed by the company in existence or the newly established company after the merger.

**Article 187** If the Company is to be divided, its property shall be divided accordingly.

For the division of the Company, a balance sheet and a schedule of assets shall be prepared. The Company shall notify its creditors within ten days since the date on which the resolution to proceed with the division is passed, and publish announcements on the division in the media specified in Article 181 of the Articles of Association within 30 days.

**Article 188** Debts owed by the Company prior to the division shall be assumed by



the companies in existence after the division jointly and severally, except as otherwise stated in the agreement entered into between creditors and the Company for debt service prior to the division.

**Article 189** In case the Company needs to reduce its registered capital, a balance sheet and a schedule of assets shall be prepared.

The Company shall, within ten days from the date the shareholders' meeting adopts a resolution to reduce its registered capital, notify its creditors, and within thirty days, publish an announcement in the media designated under Article 181 of the Articles of Association or on the National Enterprise Credit Information Disclosure System. Creditors shall, within thirty days from the date of receiving the notice, or within forty-five days from the date of the announcement if no notice was received, have the right to demand that the Company repay its debts or provide corresponding guarantee.

When the Company reduces its registered capital, it shall correspondingly reduce the capital contributions or shares in proportion to the shareholding percentage of each shareholder, unless otherwise provided by law or these Articles of Association.

**Article 190** If the Company still has losses after offsetting them in accordance with Paragraph 2 of Article 163 of the Articles of Association, it may reduce its registered capital to cover the losses. Where the registered capital is reduced to cover losses, the Company shall not make distributions to shareholders, nor shall it release shareholders from their obligations to make capital contributions or pay share prices.

The provisions of Paragraph 2 of Article 189 of the Articles of Association shall not apply to a reduction of registered capital under the preceding paragraph. However, an announcement shall be published in the designated media or on the National Enterprise Credit Information Disclosure System within thirty days from the date the shareholders' meeting adopts the resolution to reduce the registered capital.

After the Company reduces its registered capital in accordance with the preceding two paragraphs, it shall not distribute profits until the accumulated amount of the statutory reserve and the discretionary reserve reaches fifty percent of the Company's registered capital.

**Article 191** If the registered capital is reduced in violation of the Company Law or other relevant provisions, shareholders shall return the funds they have received, and any reduction or exemption of shareholders' capital contributions shall be restored to the original state; if losses are caused to the Company, the shareholders and the directors and senior management responsible shall be liable for compensation.

**Article 192** When the Company issues new shares to increase its registered capital, shareholders shall not have preemptive rights, unless otherwise provided by these Articles of Association or a resolution of the shareholders' meeting grants shareholders preemptive rights.

**Article 193** In the event of a merger or division of the Company, if registration matters change, the Company shall complete the amendment registration with the company registration authority in accordance with the law; if the Company is dissolved, it

shall complete the deregistration in accordance with the law; if a new company is established, the establishment registration shall be completed in accordance with the law.

Any increase or decrease in the Company's registered capital shall be registered as an amendment with the company registration authority in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 194** The Company is dissolved for the following reasons:

(I) Business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(II) The shareholders' meeting resolves to dissolve the Company;

(III) Dissolution is required due to merger or division of the Company;

(IV) The Company is revoked of its business license, ordered to close down or annulled; and

(V) There is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of its shareholders and there is no other way to resolve, shareholders who hold 10% or more of the voting rights of the Company can make a petition to the people's court to dissolve the Company.

If a cause for dissolution as stipulated in the preceding paragraph occurs to the Company, the cause for dissolution shall be publicized through the National Enterprise Credit Information Disclosure System within ten days.

**Article 195** If the Company falls under the circumstances specified in Items (I) and (II) of Article 194 of the Articles of Association and has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or through a resolution of the shareholders' meeting.

Amending the Articles of Association or adopting a resolution of the shareholders' meeting in accordance with the preceding paragraph shall require the affirmative vote of at least two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

**Article 196** If the Company is dissolved under the circumstances specified in Items (I), (II), (IV), or (V) of Article 194 of the Articles of Association, it shall undergo liquidation. The directors are the liquidation obligors and shall form a liquidation committee to carry out liquidation within fifteen days from the date the cause for dissolution arises to conduct the liquidation.

The liquidation committee shall be composed of directors, unless otherwise provided by the Articles of Association or the shareholders' meeting resolves to select other persons.

If the liquidation obligors fail to perform their liquidation obligations in a timely

manner, causing losses to the Company or its creditors, they shall be liable for compensation.

If the Company is dissolved under the circumstances specified in Item (IV) of Article 194 of the Articles of Association, the department that issued the decision to revoke the business license, order the closure, or cancel the registration, or the company registration authority, may apply to the People's Court to designate relevant persons to form a liquidation committee for liquidation.

**Article 197** The liquidation committee shall exercise the following functions and powers during liquidation:

(I) Examining the assets of the Company and prepare a balance sheet and a schedule of assets respectively;

(II) Notifying the creditors by a notice or public announcement;

(III) Handling the outstanding business of the Company in connection with liquidation;

(IV) Repaying all outstanding tax payment and the tax payment which arise in the course of the liquidation process;

(V) Clearing up claims and debts;

(VI) Distribute the remaining assets after full payment of the Company's debts; and

(VII) Participating in civil litigation on behalf of the Company.

**Article 198** The liquidation committee shall notify its creditors within ten days since the date it is established, and publish relevant announcements on the media designated by Article 181 of the Articles of Association or the National Enterprise Credit Information Disclosure System within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, report their creditors' rights to the liquidation committee.

When reporting his/her rights, the creditor shall provide an explanation of matters relevant to his/her rights and provide the supporting evidence. The liquidation committee shall register the creditors' rights.

In the course of reporting the creditors' rights, the liquidation committee shall not repay the creditors.

**Article 199** After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and a schedule of assets, it shall formulate a liquidation plan and submit such plan to the shareholders' meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages, labor insurance fees and statutory compensation owed to employees of the Company, outstanding taxes and debts of the Company shall be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities irrelevant to liquidation.

The property of the Company shall not be distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

**Article 200** After the liquidation committee has liquidated the Company's assets and prepared the balance sheet and inventory of assets, if it is discovered that the Company's assets are insufficient to pay off all its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

After the People's Court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation affairs to the bankruptcy administrator designated by the People's Court.

**Article 201** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders' meeting or the People's Court for confirmation, and present it to the company registration authority to apply for deregistration of the Company.

**Article 202** Members of the liquidation committee shall, in performing their liquidation duties, owe fiduciary duties of loyalty and diligence.

If a member of the liquidation committee fails to diligently perform their liquidation duties, causing losses to the Company, they shall be liable for compensation; if a member of the liquidation committee causes losses to the Company or its creditors due to intentional act or gross negligence, they shall be liable for compensation.

**Article 203** If the Company is declared bankrupt, the bankruptcy liquidation shall be implemented in accordance with the laws on enterprise bankruptcy.

## **Chapter 10 Amendment of the Articles of Association**

**Article 204** The Company shall amend the Articles of Association in accordance with the laws, administrative regulations and the Articles of Association under any of the following circumstances:

(I) After the Company Law or relevant laws and administrative regulations are amended, the provisions of the Articles of Association are in conflict with that of the amended ones;

(II) There has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association; or

(III) The shareholders' meeting decides to amend the Articles of Association.

**Article 205** If any amendment to the Articles of Association adopted by a resolution of the shareholders' meeting requires approval from the competent authority, such amendment shall be submitted to the competent authority for approval; if it involves matters registered for the Company, an amendment registration shall be completed in accordance with the law.

**Article 206** The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the shareholders' meeting and the approval opinions of relevant competent authorities.

**Article 207** If the amendments to the Articles of Association are information required to be disclosed by laws and regulations, they shall be announced in accordance with relevant provisions.

## **Chapter 11 Supplementary Provisions**

### **Article 208 Definitions**

(I) Controlling shareholder refers to a shareholder holding more than fifty percent of the total share capital of the joint stock limited company; or a shareholder whose shareholding ratio, although not exceeding fifty percent, holds voting rights sufficient to exert a significant influence on the resolutions of the shareholders' meeting.

(II) Actual controller refers to a natural person, legal person, or other organization that is capable of actually dominate the conduct of the Company through investment relationships, agreements, or other arrangements.

(III) Related relationship refers to the relationship between the Company's controlling shareholder, actual controller, directors, or senior management and enterprises directly or indirectly controlled by them, as well as other relationships that may lead to the transfer of the Company's interests. However, enterprises controlled by the state shall not be deemed to have a connected relationship solely due to being under state control.

**Article 209** The Board of Directors may formulate the articles in accordance with the provisions of the Articles of Association. The articles shall not contradict the provisions of the Articles of Association.

**Article 210** The Articles of Association are prepared in Chinese. In case of discrepancies between any other languages or different versions of the articles of association and the Articles of Association, the Chinese version of the Articles of Association after the latest approval of registration with the Data Bureau of Suzhou City shall prevail.

**Article 211** The terms "above" and "within" as used in the Articles of Association include the number itself; the terms "below", "more than", "exceeding" and "over" do not include the number itself.

The "total assets" and "net assets" in the Articles of Association refer to the "total assets" and "total equity attributable to shareholders of the parent company" in the Company's consolidated balance sheet respectively; the "operating revenue" and "net profit" therein refer to the "total operating revenue" and "net profit attributable to shareholders of the parent company" in the Company's consolidated income statement respectively.

**Article 212** The Articles of Association shall be interpreted by the Board of Directors of the Company. If the Articles of Association are inconsistent with the laws and regulations, the requirements of the laws and regulations, the requirements of the

securities regulatory authorities and stock exchanges where the Company's shares or GDRs are listed shall apply.

**Article 213** The appendix to the Articles of Association shall include the Procedural Rules for shareholders' meetings and the Procedural Rules for Meetings of the Board.

**Article 214** The Articles of Association shall take effect from the date of approval by the Company's shareholders' meeting, and the same shall apply to any amendments.

**Jiangsu Eastern Shenghong Co., Ltd.**

**February, 2026**