

# **Articles of Association**

**of**

**Gotion High-tech Co., Ltd.**

**July, 2022**

# **Articles of Association of Gotion High-tech Co., Ltd.**

## **Table of Contents**

Chapter I General Provisions

Chapter II Business Purpose and Scope

Chapter III Shares

Section I Share Issuance

Section II Share Increase and Decrease and Share Repurchase

Section III Share Transfer

Section IV Financial Assistance for Purchasing Shares of the Company

Chapter IV Share Certificates and Register of Shareholders

Chapter V Shareholders and the Shareholders' Meeting

Section I Shareholder

Section II General Provisions on the Shareholders' Meeting

Section III Convening of the Shareholders' Meeting

Section IV Proposals and Notices of the Shareholders' Meeting

Section V Holding of the Shareholders' Meeting

Section VI Voting at and Resolution of the Shareholders' Meeting

Chapter VI Party Committee

Chapter VII Board of Directors

Section I Directors

Section II Board of Directors

Chapter VIII General Manager and Other Senior Management

Chapter IX Supervisory Committee

Section I Supervisors

Section II Supervisory Committee

Chapter X Qualifications and Obligations of Directors, Supervisors, General

Manager and Other Senior Management

Chapter XI Financial and Accounting System, Profits Distribution and Auditing

Section I Financial and Accounting System

Section II Internal Audit

Section III Appointment of Accounting Firm

Chapter XII Notice and Public Announcement

Section I Notice

Section II Public Announcement

Chapter XIII Corporate Combination, Division, Increase or Reduction of Capital,  
Dissolution and Liquidation

Section I Corporate Combination, Division, Increase or Reduction of Capital

Section II Dissolution and Liquidation

Chapter XIV Amendment to the Articles of Association

Chapter XV Dispute Resolution

Chapter XVI Supplementary Provisions

## Chapter I General Provisions

Article 1 The Articles of Association are formulated 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"), the *Special Provisions of the State Council concerning the Public Offering and Listing of Shares Overseas by Companies Limited by Shares* (the "Special Provisions"), the *Essential Clauses in Articles of Association of Company Listed Overseas* ("Essential Clauses"), the *Constitution of the Communist Party of China* and other relevant laws and regulations, for the purpose of safeguarding the legitimate rights and interests of Gotion High-tech Co., Ltd. (the "Company") and its shareholders and creditors, and regulate the organization and behavior of the Company.

Article 2 The Company is a company limited by shares established in accordance with the Company Law, the Special Provisions and other relevant laws and regulations.

With the approval of the People's Government of Jiangsu Province through the *Reply of the Provincial Government on Agreeing to Change to Establish Jiangsu Dongyuan Electrical Group Co., Ltd.* (Su Zheng Fu [1998] No. 30), the Company was established by changing from a limited liability company to a company limited by shares and registered with Jiangsu Provincial Administration for Industry and Commerce, and obtained the business license of enterprise legal person with a registration number of 3200001104132.

The Company was sponsored jointly by the Township Enterprise Management Service Station of Shizong Town, Tongzhou City, the Tongzhou Shizong Construction and Installation Engineering Co., Ltd., the Tongzhou Dongyuan Garment Factory, the Tongzhou Shizong Plastic Products Factory, and the Trade Union of Jiangsu Dongyuan Group Co. Ltd. Now it has changed its name to Gotion High-tech Co., Ltd. with a unified social credit code of 91320600138346792B.

Article 3 On September 25, 2006, the Company, as approved by China Securities Regulatory Commission (the "CSRC"), issued 24,000,000 RMB ordinary shares to the public for the first time, and listed on the Shenzhen Stock Exchange on October 18, 2006.

On July 22, 2022, the Company, as approved by the CSRC, actually issued 22,833,400 global depositary receipts ("GDR"), representing 114,167,000 A-shares based on the conversion ratio determined by the Company, and listed on July 28, 2022 on the Swiss Stock Exchange.

If the shares of the Company are terminated from listing, they will continue to be traded in the agency share transfer system.

The Company shall not amend the provisions of the preceding paragraph.

Article 4 Registered name of the Company:

Chinese Name: 国轩高科股份有限公司

English Name: Gotion High-tech Co., Ltd.

Article 5 Address of the Company: No. 566 Huayuan Avenue, Baohe District, Hefei City, Anhui Province, postal code: 230051, tel: 0551-62100213, fax: 0551-62100175.

Article 6 Registered capital of the Company: RMB1,778,874,835.

Article 7 The Company is a company limited by shares with a permanent term of business.

Article 8 The chairman shall serve as the legal representative of the Company.

Article 9 The Company shall set up a Party organization and carry out Party activities in accordance with the Constitution of the Communist Party of China. The Company shall ensure necessary conditions for carrying out Party activities. The secretary of the Party committee shall be the chairman.

Article 10 All assets of the Company are divided into equal shares, and the shareholders are liable for the Company to the extent of the shares they have subscribed and the Company is liable for its debts to the extent of all its assets.

Article 11 The Articles of Association, when they enter into force, shall become a document legally binding upon the Company's organizations and behaviors, and the rights and obligations between the Company and its shareholders, and those between a shareholder and another shareholder. The Articles of Association constitute a document legally binding upon the Company, its shareholders, directors, supervisors and senior management, who can put forward claims related to the Company's affairs in accordance with the provisions hereof. In accordance with the Articles of Association, a shareholder can sue another shareholder, or sue a director, a supervisor, a general manager or any other senior management, or sue the Company, and the Company can sue a shareholder, a director, a supervisor, a general manager or any other senior management.

The term "sue" as mentioned in the preceding paragraph includes bringing a lawsuit to a court or applying to an arbitration institution for arbitration.

Article 12 For the purpose of the Articles of Association, "other senior management" refers to the deputy general manager, the secretary of the board to directors, and the chief financial officer of the Company.

Article 13 The Company may invest in other limited liability companies or companies limited by shares, and shall be liable to the investees to the extent of its capital contribution. Unless otherwise provided by law, the Company shall not become a contributor which bears joint liability for debts of an investee.

## **Chapter II Business Purpose and Scope**

Article 14 Business Purpose of the Company: to "focus on technology-driven growth and become a leader in the global energy storage industry" as the Company's vision, adhere to the operational principle of "prioritizing products, talents and users" and remain committed to developing green new energy, insisting on corporate values including "cherishing, pragmatism, integrity and innovation," and create top-class benefits by top-class management.

Article 15 Business scope of the Company as approved by the registration authority are as follows: R&D, manufacturing and sales of lithium-ion batteries and their materials, batteries, motors and vehicle control systems; R&D, manufacturing and sales of lithium-ion battery emergency power supply, energy storage battery and power tool battery; R&D, manufacturing, sales and installation of high- and low-voltage switches and complete sets of equipment, digital electrical equipment, intelligent equipment and components of distribution network, three-phase products; R&D, manufacturing, sales and installation of solar and wind renewable energy equipment; R&D, manufacturing, sales and installation of energy saving and environmental protection electrical appliances and equipment, marine electrical and equipment; R&D, manufacturing, sales of transformer, substation, large charging equipment, vehicle charger and vehicle high-voltage box; import and export business of all kinds of commodities and technologies for oneself or for others (except for commodities and technologies that are restricted by the state to be traded or prohibited from import and export); urban and road lighting design and construction. (For those items subject to the approval according to the law, they may not be carried out without the approval of relevant authorities)

### **Chapter III Shares**

#### **Section I Share Issuance**

Article 16 The Company shall have ordinary shares at all times. If necessary, the Company may set up any other type of shares with the approval of the company approval authority authorized by the State Council.

The shares of the Company are made in the form of share certificate.

Article 17 In issuing shares, the Company shall follow the principles of publicity, fairness and impartiality, with each share of the same class having the same rights.

For the shares of the same class issued in the same batch, their issuance conditions and price shall be the same; for the shares subscribed by any organization or individual,

the same price per share shall be paid.

Article 18 All the shares issued by the Company are shares with par value of RMB 1 per share.

Article 19 With the approval of the securities authority under the State Council, the Company may issue shares or GDR to both domestic and overseas investors.

The term “overseas investors” as mentioned in the preceding paragraph refers to investors from foreign countries or Hong Kong, Macao and Taiwan who subscribe for the shares or GDR issued by the Company; the term “domestic investors” refer to investors within the territory of Mainland China other than the aforementioned areas who subscribe for shares issued by the Company or subscribe for GDR in accordance with the regulations of the state on overseas investment.

Article 20 The shares issued domestically and the newly added domestic shares corresponding to the GDR issued overseas shall be managed by China Securities Depository and Clearing Co., Ltd. (“CSDC”) in a unified manner.

Article 21 The Company’s sponsors, number of shares subscribed for, method of capital contribution and time of capital contribution are as follows:

The 32.04 million ordinary shares approved for issuance at the time of the establishment of the Company were converted based on the net assets of Jiangsu Dongyuan Group Co., Ltd., which were evaluated by the accounting firm on July 31, 1997, at the rate of 1:1.

The share capital structure of the Company at the time of establishment is as follows:

(1) Township Enterprise Management Service Station of Shizong Town, Tongzhou City held 22.24 million shares, accounting for 69.4% of the total share capital;

(2) Trade Union of Jiangsu Dongyuan Group Co., Ltd. held 7.81 million shares, accounting for 24.4% of the total share capital;

(3) Tongzhou Dongyuan Garment Factory held 1.28 million shares, accounting for 4.00% of the total share capital;

(4) Tongzhou Shizong Construction and Installation Engineering Co., Ltd. held 0.54 million shares, accounting for 1.70% of the total share capital;

(5) Tongzhou Shizong Plastic Products Factory held 0.17 million shares, accounting for 0.50% of the total share capital.

Article 22. The total number of ordinary shares approved to be issued by the Company is 1,778,874,835 shares, all of which are RMB ordinary shares.

The current share capital structure of the Company is as follows: 1,778,874,835 ordinary shares, 1,664,707,835 shares of which are held by A-share holders, accounting for 93.58%; 114,167,000 shares of which are underlying A-shares converted from the GDR held by foreign investors according to the conversion ratio determined by the Company, accounting for 6.42%.

Article 23 The Company or its subsidiaries (including its affiliates) will not provide any financial assistance for the person purchasing or intending to purchase the shares of the Company in the form of grant, loans, guarantees, compensation or otherwise.

## **Section II Share Increase and Decrease and Share Repurchase**

Article 24 Upon resolutions adopted at the shareholders' meeting, the Company may apply any of the following methods to increase its registered capital based on its needs for operation and development and in accordance with laws and regulations:

- (I) public offering;
- (II) non-public offering;
- (III) bonus issue to its existing shareholders;
- (IV) placement of new shares to its existing shareholders;
- (V) conversion from capital reserves to share capital; or
- (VI) other methods permitted by the relevant laws and regulations or approved by the CSRC.

When the Company issues convertible corporate bonds, matters related to the

issuance of convertible corporate bonds, the procedures and arrangements for share conversion and the change of the share capital resulting from share conversion shall be handled in accordance with the provisions of state laws, administrative regulations, departmental rules and other documents as well as the provisions of the prospectus for the issuance of convertible corporate bonds.

Upon approval pursuant to the Articles of Association, the Company may issue new shares to increase its share capital as per procedures stipulated by state laws, administrative regulations, etc.

Article 25 The Company may reduce its registered capital, provided that it shall abide by the Company Law and other relevant regulations and the procedures set out in the Articles of Association.

Article 26 The Company shall not acquire its own shares, but it may do so under any of the following circumstances:

- (I) where the Company decreases its registered capital;
- (II) where the Company merges with another company who holds its shares;
- (III) where the Company uses such shares for ESOP or equity incentives;
- (IV) where any shareholder requires the Company to acquire its shares since it dissents from the resolution of shareholders' meeting on the corporate combination and division of the Company;
- (V) where the Company uses such shares to convert corporate bonds issued by the Company that can be converted into shares;
- (VI) where it is necessary for the Company to acquire its shares for the purpose of protecting its value and the interests of its shareholders.
- (VII) other circumstances under which an acquisition is permitted under laws and administrative regulations.

Article 27 The Company may acquire its shares in any of the following ways:

- (I) through an offer;

(II) to repurchase by public trading on a stock exchange; or

(III) to repurchase through an agreement over the counter.

If the Company acquires its own shares under the circumstances specified in Item (III), (V) and (VI), the first paragraph of Article 26 above, it shall do so through public centralized transaction.

Article 28 If the Company acquires its own shares under the circumstances specified in Item (I) and (II), the first paragraph of Article 26 above, such acquisition shall be subject to the resolution of the shareholders' meeting. If the Company acquires its shares under the circumstances specified in Item (III), (V) and (VI), the first paragraph of Article 26 above, such acquisition shall be subject to the resolution of the meeting of board of directors present by more than two-thirds of the directors.

After the Company acquires its own shares in accordance with the provisions of Article 26 above, such shares shall be cancelled within 10 days from the date of acquisition if the acquisition falls under the circumstances of Item (I), or such shares shall be transferred or cancelled within 6 months from the date of acquisition if the acquisition falls under the circumstances of Item (II) or (IV), or, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company and such shares shall be transferred or cancelled within three years if the acquisition falls under the circumstances of Items (III), (V) and (VI).

If the Company acquires its own shares, it shall fulfill the obligations of information disclosure in accordance with the Securities Law.

Where the Company repurchases its own shares through an agreement over the counter, such repurchase shall be subject to prior approval of the shareholders' meeting in accordance with the provisions of the Articles of Association. In the same way, upon approval of the shareholders' meeting, the Company may cancel or alter any contracts on share repurchase already concluded in any of the aforesaid ways or waive any right under such contract.

The “contracts on share repurchase” as mentioned in the preceding paragraph include but are not limited to the agreements on the consent about undertaking obligations to repurchase shares or acquiring the right to repurchase shares.

The Company shall not transfer any contract on share repurchase or any right under such contract.

If the Company cancels some shares due to its repurchase of such shares, it shall apply to the original company registration authority for the registration of change of registered capital in accordance with the law. The total par value of the canceled shares shall be deducted from the registered capital of the Company.

### **Section III Share Transfer**

Article 29 Unless otherwise provided by laws and administrative regulations, the shares of the Company may be transferred according to law free from any lien.

Article 30 The Company does not accept any pledge created upon its shares.

Article 31 The shares of the Company held by the sponsors shall not be transferred within one year after establishment of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the Company’s shares are listed on the stock exchange.

The directors, supervisors and senior management shall report to the Company about the number of shares held by them respectively and any change thereof. Such persons shall not transfer more than 25% of their shares per year during their terms of office, and shall not transfer their shares within one year after the Company’s shares are listed on the stock exchange, and, in case of a resignation, shall not transfer their shares within half a year after resignation.

Article 32 If any director, supervisor or senior management, or any shareholder holding more than 5% shares of the Company, sells shares or other equity securities within 6 months after buying the same, or buys shares or other equity securities within

6 months after selling the same, the proceeds arising therefrom shall belong to the Company and be recovered by the board of directors. However, the preceding sentence shall not apply to any securities company who holds more than 5% shares of the Company due to the purchase of remaining shares after underwriting, and any other circumstances stipulated by the CSRC.

The shares or other equity securities of the Company held by the directors, supervisors, senior management or the natural-person shareholders as mentioned in the first paragraph of this Article shall include the shares or other equity securities of the Company held by such persons' spouses, parents and children or through any other person's accounts.

If the board of directors fails to observe the provisions of the first paragraph of this Article, the shareholders shall have the right to require the board of directors to observe the same within 30 days. If the board of directors fails to observe the same within the said period, the shareholders shall have the right to directly file a lawsuit to the people's court in their own names for the benefit of the Company.

If the board of directors fails to observe the provisions of the first paragraph of this Article, the responsible directors shall bear joint and several liability according to law.

#### **Section IV Financial Assistance for Purchasing Shares of the Company**

Article 33 None of the Company and its subsidiaries shall, at any time and in any way, provide the person purchasing or intending to purchase shares of the Company with financial assistance for the said purchase or intension. The persons who purchase shares of the Company as mentioned in the preceding sentence shall include those who directly or indirectly assume obligations due to the purchase of shares of the Company.

None of the Company and its subsidiaries shall, at any time or in any way, provide the aforesaid obligors with financial assistance in order to reduce or eliminate their obligations so assumed.

The provisions of this Article shall not apply to the circumstances specified in Article 35 below.

Article 34 The “financial assistance” as mentioned herein shall include (but be not limited to) the following:

(I) donation;

(II) guarantee (including the guarantors’ assumption of liability or provision of properties to guarantee the obligors’ performance of their obligations), compensation (other than the compensation caused by the Company’s own fault), termination or waiver of rights;

(III) the provision of loans, or the conclusion of contracts whereby the Company shall perform its obligations prior to other parties, and changes of such loans and parties to the contracts and the assignment of such loans and rights thereunder, etc.;

(IV) any other form of financial assistance provided by the Company when it is unable to pay its debts, has no net assets or whereby its net assets may be decreased substantially.

The term “obligations assumed” as mentioned herein shall include the obligations assumed by the obligors as a result of entering into a contract or making an arrangement (whether or not such contract or arrangement is enforceable, whether they are undertaken by the obligors individually or jointly with any others) or otherwise changing its financial position.

Article 35 The following behaviors shall not be deemed as being prohibited under Article 33 above:

(I) The Company provides a financial assistance in good faith for the benefit of the Company, and the main purpose of the financial assistance is not to purchase the shares of the Company, or the financial assistance is an incidental part of a general plan of the Company;

(II) The Company distributes its property as dividends in accordance with the law;

(III) The Company distributes dividends in the form of shares;

(IV) The Company reduces its registered capital, repurchases shares, or adjusts ownership structure in accordance with its Articles of Association;

(V) The Company provides loans during its ordinary course of business within its business scope (provided that such loans shall not result in any decrease in the net assets of the Company or, if it does, such financial assistance is disbursed out of the distributable profits of the Company);

(VI) The Company contributes to the ESOP (provided that this shall not result in any decrease in the net assets of the Company or, if it does, the financial assistance is disbursed out of the distributable profits of the Company).

#### **Chapter IV Share Certificates and Register of Shareholders**

Article 36 The Company's shares shall be registered in the share certificates.

Such share certificates shall specify the following matters:

(I) name of the Company;

(II) registered date of establishment of the Company;

(III) type of shares, par value and number of shares represented;

(IV) serial number of the share certificates; and

(V) other matters stipulated in the Company Law and other laws and regulations or required by the stock exchange in the place where the Company's shares or GDRs are listed.

Article 37 The share certificates shall be signed by the chairman, or, if the stock exchange in the place where the Company's shares are listed so require, be signed by other senior management of the Company as well. The share certificates shall become effective after being sealed by the Company or affixed with the Company's seal in the printed form. The signature of the chairman or other senior management on the share certificates may also be affixed in the printed form.

Under the circumstances of paperless issuance and trading of shares, the provisions of competent security regulatory authority or stock exchange in the place where the Company's shares or GDRs are listed shall apply.

Article 38 The Company shall keep Register of Shareholders to register the following matters:

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

The Register of Shareholders shall be sufficient evidence to prove that shareholders hold shares of the Company, unless there is evidence to the contrary.

Under the circumstances of paperless issuance and trading of shares, the provisions of competent security regulatory authority or stock exchange in the place where the Company's shares or GDRs are listed shall apply.

Article 39 The Company may, in accordance with the understanding and agreement reached between the competent security regulatory authority under the State Council and the competent security regulatory authority overseas, keep a register of GDR interest holders abroad and put it under the custody of an overseas agency.

The Company shall keep a copy of the register of GDR interest holders at the Company's address, and the entrusted overseas agency shall at all times ensure the consistency of the original and copy of the register of GDR interest holders.

In case of any discrepancy between the original and copy of the register of GDR interest holders, the original shall prevail.

Article 40 The Company shall keep a complete Register of Shareholders.

Such Register of Shareholders shall include the following parts:

(I) the register of shareholders kept at the address of the Company other than those specified in Items (II) and (III) of this paragraph;

(II) the register of GDR interest holders kept in the place where the Company's GDRs are listed;

(III) the register of shareholders which the board of directors decides to keep elsewhere for the purpose of listing of the Company.

The foregoing provisions of this Article shall always apply unless it is otherwise stipulated by the competent security regulatory authority or stock exchange in the place where the Company's shares or GDRs are listed.

Article 41 Each part of the Register of Shareholders shall not overlap each other. The transfer of any share registered in any part of the Register of Shareholders shall not be registered in any other part of the Register of Shareholders during the registration period of such share.

Any change or correction of any part of the Register of Shareholders shall be made in accordance with the laws of the place where that part of the Register of Shareholders is kept.

Under the circumstances of paperless issuance and trading of shares, the provisions of competent security regulatory authority or stock exchange in the place where the Company's shares or GDRs are listed shall apply.

Article 42 No registration of change in the Register of Shareholders due to share transfer shall not permitted 30 days prior to the shareholders' meeting or 5 days prior to the benchmark date for the Company to decide on dividend distribution, unless it is otherwise specified by the competent security regulatory authority in the place where the Company's shares are listed.

Article 43 Any person who has an objection to the Register of Shareholders and requests that his/her name be entered in or removed from the Register of Shareholders may apply to the court having jurisdiction for correction of the Register of Shareholders.

Under the circumstances of paperless issuance and trading of shares, the provisions of competent security regulatory authority or stock exchange in the place where the Company's shares or GDRs are listed shall apply.

Article 44 Any shareholder who is registered on the Register of Shareholders or requires his/her name to be registered on the Register of Shareholders may apply to the Company for the issuance of new share certificates when his/her original share certificates are lost.

Where any A-shares holder loses his/her shares certificates and applies for re-issuance, such matter shall be handled in accordance with relevant provisions of the Company Law. If any GDR interest holder loses his/her global depository receipt and applies for a re-issuance, such matter shall be handled in accordance with the laws, or the rules of the stock exchange or other relevant regulations, of the place where the original register of GDR interest holders is kept.

Under the circumstances of paperless issuance and trading of shares, the provisions of competent security regulatory authority or stock exchange in the place where the Company's shares or GDRs are listed shall apply.

Article 45 After the Company issues new share certificates in accordance with the provisions hereof, the name of any bona fide purchaser who obtains such new share certificates or any shareholder who subsequently registered as the owner of the shares (in the case of bona fide purchaser) shall not be removed from the Register of Shareholders.

Under the circumstances of paperless issuance and trading of shares, the provisions of competent security regulatory authority or stock exchange in the place where the Company's shares or GDRs are listed shall apply.

Article 46 In no event the Company shall be obligated to indemnify any person who is damaged by the cancellation of the original share certificates or the issuance of new share certificates unless the person can prove that the Company has committed

fraud.

## **Chapter V Shareholders and the Shareholders' Meeting**

### **Section I Shareholders**

Article 47 Shareholders of the Company refer to the persons who lawfully hold shares of the Company and whose names are registered in the Register of Shareholders. Shareholders of the Company enjoy rights and fulfill obligations as per the class and number of shares they hold, and the shareholders holding the same class of shares shall enjoy the same rights and fulfill the same obligations.

Article 48 If the Company convenes a shareholders' meeting, distributes dividends, conducts liquidation or executes any other affairs requiring the identification of qualified shareholders, the convener of the meeting of board of directors or shareholders' meeting shall determine a date of record, and the shareholders who are registered in the Register of Shareholders at the closing of the stock market on the date of record shall be the qualified shareholders.

Article 49 Shareholders of the Company enjoy the following rights:

(I) to obtain dividends or any other profit distribution based on the shares held by them;

(II) to request, convene, preside over, attend (either in person or by proxy) the shareholders' meeting and exercise their voting rights thereat in accordance with the law;

(III) to supervise and manage the Company's business conduct and raise proposals or inquiries with respect thereto;

(IV) to transfer, gift or pledge the shares held by them pursuant to the provisions of laws, administrative regulations and the Articles of Association;

(V) to consult the Articles of Association, the Register of Shareholders, studs of the corporate bonds, minutes of the shareholders' meeting, resolutions of the meetings of board of directors, resolutions of the meetings of the supervisory committee, and the

financial statements;

(VI) to participate in the distribution of the remaining assets of the Company based on the shares held by them when the Company is terminated or liquidated;

(VII) to require the Company to acquire the shares held by them where they dissent from the resolutions of the shareholders' meeting on the corporate combination or division of the Company; and

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

Article 50 If any shareholder requires to consult information or asks for materials related to the matters set out in the preceding Article, such shareholder shall provide the Company with written documents evidencing the class and number of shares held by it, and, after verifying the identity of the said shareholder, the Company shall provide such information and materials required by the shareholder.

Article 51 If the content of any resolution of the shareholders' meeting or the board of directors of the Company runs against the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the said resolution.

If the convening procedure or voting method of the shareholders' meeting or meeting of board of directors run against the laws, administrative regulations or the Articles of Association or if the content of any resolution runs against the Articles of Association, the shareholders shall have the right to request the people's court to cancel the resolution so adopted within 60 days after adoption of the same.

Article 52 If any director or senior management violates the laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby incurring any loss of the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than 180 consecutive days shall have the right to submit a written request to the supervisory committee to file a lawsuit to the people's court. If

the supervisory committee violates the laws, administrative regulations or the Articles of Association in fulfilling its duties, thereby incurring any loss of the Company, the shareholders shall have the right to submit a written request to the board of directors to file a lawsuit to the people's court.

If the supervisory committee or the board of directors refuses to do so after receipt of the said written request, or fails to do so within 30 days after receipt of the said written request, or if the circumstance is urgent and any delay of filing a lawsuit may cause irrecoverable damage to the interests of the Company, the shareholders mentioned in the preceding paragraph shall have the right to directly file a lawsuit in their own names for the benefits of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss of the Company, the shareholders mentioned in the first paragraph of this Article may file a lawsuit to the people's court pursuant to the provisions of the preceding two paragraphs.

Article 53 If any director or senior management violates the laws, administrative regulations or the Articles of Association, thereby incurring any loss to the shareholders, the shareholders may file a lawsuit to the people's court.

Article 54 Shareholders of the Company shall fulfill the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay contribution as per the shares subscribed for by them and the way of contribution;
- (III) not to withdraw their contributions from the Company unless otherwise provided by relevant laws and regulations;
- (IV) not to abuse shareholder's right to harm the interests of the Company or any other shareholders; not to abuse the Company's independent status of legal person or shareholder's limited liability to harm the interests of creditors; and
- (V) to fulfill other obligations stipulated by laws, administrative regulations and

the Articles of Association.

If any shareholder abuses the shareholders' right, thereby causing any loss of the Company or other shareholders, such shareholder shall be liable for compensation according to law.

If any shareholder abuses the Company's independent status of legal person or shareholders' limited liability to evades debts, thereby seriously damaging the interests of the creditors of the Company, such shareholder shall bear joint and several liability for the debts of the Company.

Except for the conditions agreed as the subscribers at the time of subscription, the shareholders shall not be liable for any subsequent increase of share capital.

Article 55 If any shareholder holding more than 5% voting shares of the Company pledges its voting shares, it shall submit a written report to the Company on the date when the pledge occurs.

Article 56 Neither the controlling shareholder nor the actual controller of the Company shall use their affiliated relations to damage the interests of the Company. Otherwise, they shall compensate any and all loss caused to the Company.

The controlling shareholder and the actual controller of the Company shall be honest to the Company and public shareholders. The controlling shareholder shall duly exercise contributors' rights according to the law, and shall not damage the legitimate rights and interests of the Company and public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and public shareholders.

The controlling shareholder shall duly exercise contributors' rights according to the law, and shall not damage the legitimate rights and interests of the Company and public shareholders by such means as connected transaction, profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee, nor shall it

abuse its controlling status to damage the interests of the Company and public shareholders. The board of directors shall set up a mechanism of "freezing upon embezzlement" of the shares held by major shareholders. That is, if it is found that the controlling shareholder embezzles the Company's assets, it shall immediately apply for judicial freezing. If the controlling shareholder cannot repay the embezzled assets in cash, its shares shall be sold to repay the embezzled assets instead.

The chairman shall be the first person responsible for implementing the mechanism of "freezing upon embezzlement", and the finance chief and the secretary to the board of directors shall assist in his/her work. If it is found that any director or senior management offers assistance for or indulge the controlling shareholder or any of its affiliated companies' embezzlement of the Company's assets, the board of directors, will, depending on the seriousness of the situation, circulate a notice of criticism or give warning to the person directly responsible, or remove the director who is seriously responsible from his/her office.

The specific procedures are as follows:

(I) The finance chief shall report to the chairman in writing on the day he/she finds that the controlling shareholder embezzles the Company's assets. If the chairman is the controlling shareholder, the finance chief shall report in writing to the secretary to the board of directors and send a copy to the chairman on the day when he/she finds that the controlling shareholder embezzles the Company's assets. The report shall contain at least the following information: the name of the shareholder embezzling the Company's assets, the name and location of the embezzled asset, the embezzled time, the amount involved, and the required period for repayment, etc. If any director or senior management is found to offer assistance for or indulge any controlling shareholder or any of its affiliated companies' embezzlement of the Company's assets, the finance chief shall indicate in the written report the names of the director or the senior management, detailed information of the situation, and the proposed punishment on the director or the

senior management, etc. as well;

(II) The chairman shall, based on the written report of the finance chief, urge the secretary to the board of directors to notify the directors in writing or by e-mail and hold an emergency meeting to deliberate the time limit for the controlling shareholder's repayment or the proposed punishment on the director or the senior management, and apply to the relevant judicial department for the freezing of the controlling shareholder's shares. If the chairman is the controlling shareholder, the secretary shall, upon receipt of the written report of the finance chief, immediately notify the directors in writing or via e-mail and hold an emergency meeting to deliberate the time limit for the controlling shareholder's repayment or the proposed punishment on the director or the senior management, and apply to the relevant judicial department for the freezing of the controlling shareholder's shares. The affiliated directors shall withdraw from the deliberation. For any director who is seriously responsible, the board of directors shall, after deliberating the proposed punishment, submit it to the shareholders' meeting for deliberation.

(III) The secretary to the board of directors shall, in accordance with the resolution of the board of directors, send a notice of repayment within a time limit to the controlling shareholder, execute the punishment on the director or senior management, apply to relevant judicial department for the freezing of the controlling shareholder's shares etc., and make relevant information disclosure. For any director who is seriously responsible, the secretary shall inform the director, draft relevant punishment documents and go through relevant procedures immediately after relevant matters are deliberated and approved by the shareholders' meeting.

(IV) If the controlling shareholder fails to make repayment within the prescribed time limit, the Company shall apply to relevant judicial department to sell the frozen shares to repay the seized assets within 30 days after the expiration of the time limit. The secretary shall make relevant information disclosure accordingly.

Article 57 Except for the obligations required by laws, administrative regulations or the listing rules of the stock exchange in the place where the Company's shares or GDRs are listed, the controlling shareholder shall not, in exercising his /her shareholders' rights, vote to make any decision on any of the following issues harmful to the interests of all or part of the shareholders:

(I) exempting the directors and supervisors from the obligation to act in good faith in the best interests of the Company;

(II) approving the directors and supervisors to deprive any property of the Company in any form (for their own or for others' benefit), including but not limited to any opportunity favorable to the Company;

(III) approving the directors and supervisors to deprive any personal interests of other shareholders (for their own or for others' benefit), including but not limited to any distribution right and voting right and excluding the proposal on the restructuring of the Company submitted according to the Articles of Association and adopted by the shareholders' meeting.

## **Section II General Provisions on the Shareholders' Meeting**

Article 58 The shareholders' meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law:

(I) to decide on business policies and investment plans of the Company;

(II) to elect and change the directors and the supervisors who are not employee representatives, and decide on their remunerations;

(III) to deliberate and approve reports of the board of directors;

(IV) to review and approve the reports of the supervisory committee;

(V) to deliberate and approve the annual budgets plan and final accounts plan of the Company;

(VI) to deliberate and approve the profit distribution plans and loss recovery plans

of the Company;

(VII) to decide on the increase or decrease of the Company's registered capital;

(VIII) to decide on issuance of corporate bonds of the Company;

(IX) to resolve on the corporate combination, division, dissolution or liquidation of the Company, or change of corporate form of the Company;

(X) to amend the Articles of Association;

(XI) to resolve on appointment, dismissal or non-renewal of the Company's accounting firm;

(XII) to deliberate and approve the guarantees stipulated in Article 59 hereof;

(XIII) to deliberate and approve the Company's purchase or disposal of major assets with an annual cumulative amount accounting for more than 30% of the latest audited total assets of the Company;

(XIV) to deliberate and approve any change in the purpose of raised funds;

(XV) to deliberate share incentives schemes or employee ownership plans;

(XVI) to decide on the Company's acquisition of its own shares due to the circumstances specified in Items (I) and (II), the first paragraph of Article 26;

(XVII) to deliberate the proposals of shareholders representing more than 3% (inclusive) of the Company's voting shares;

(XVIII) to deliberate other matters which, in accordance with the laws, administrative regulations, department rules and the Articles of Association, must be approved by a shareholders' meeting.

The functions and powers of the shareholders' meeting mentioned above shall not be authorized to the board of directors or other organizations or individuals.

Article 59 The Company's provision of guarantee shall be subject to the deliberation and approval of more than half of all the directors, and of more than two-thirds of the directors present at the meeting of board of directors with a resolution be made, and be disclosed to the public in a timely manner.

If any guarantee to be provided by the Company falls under any of the following circumstances, it shall be submitted to the shareholders' meeting for deliberation as well after it is deliberated and approved by the board of directors:

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

(II) any guarantee to be provided after the total amount of guarantees provided by the Company and its holding subsidiaries has reached or exceeded 30% of the latest audited total assets of the Company;

(III) any guarantee to be provided for any subject with asset liability ratio over 70%;

(IV) any guarantee whose single amount exceeds 10% of the latest audited net assets of the Company;

(V) any guarantee whose accumulative amount in the last 12 months exceeds 30% of the latest audited total assets of the Company;

(VI) any guarantee to be provided for any shareholder, the actual controller or any of their affiliates.

When the shareholders' meeting deliberates any guarantee mentioned in Item (V) above, it shall be approved only when it is voted for by more than two-thirds of the voting rights represented by the shareholders present.

When the shareholders' meeting deliberates any proposal for providing guarantee for any shareholder, the actual controller or any of their affiliates, such shareholder or any shareholder under the control of such actual controller shall not participate in the voting, and the guarantee shall be approved only when it is voted for by more than half of the voting rights represented by the shareholders present.

Article 60 The shareholders' meeting is divided into annual shareholders' meeting and extraordinary shareholders' meeting. The annual shareholders' meeting shall be held once a year within 6 months after the end of the previous fiscal year.

Article 61 The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of occurrence of any of the following circumstances:

(I) The number of directors is less than 2/3 of the number stipulated in the Articles of Association;

(II) The Company's uncovered losses amount to 1/3 of its paid-up share capital;

(III) Shareholder(s) who individually or collectively hold more than 10% shares of the Company request(s) to convene an extraordinary shareholders' meeting;

(IV) The board of directors deems it necessary to convene an extraordinary shareholders' meeting;

(V) The supervisory committee proposes to convene an extraordinary shareholders' meeting;

(VI) other circumstances stipulated by laws, administrative regulations, department rules or the Articles of Association.

Article 62 The shareholders' meeting of the Company shall be held at the address of the Company, the place of any subsidiary of the Company or such appropriate place as may be determined by notice of the shareholders' meeting.

The shareholders' meeting shall be held at a venue on site. The Company will permit online voting as well to facilitate shareholders' attendance at the meeting. Shareholders who attend the shareholders' meeting through the said means shall be deemed to be present at the meeting.

Article 63 When holding a shareholders' meeting, the Company shall engage a lawyer to issue legal opinions on the following issues and make an announcement accordingly:

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

(II) Whether the qualification of the attendees and the convenor are legal and valid;

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

legal and valid;

(IV) legal opinions on other related issues as requested by the Company.

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

Article 64 An independent director shall have the right to propose to the board of directors the convening of an extraordinary shareholders' meeting. The board of directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback of approving or disapproving the convening of the extraordinary shareholders' meeting within 10 days after receiving the proposal from the independent director.

If the board of directors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after the resolution of the board of directors on the convening of the shareholders' meeting is made. If the board of directors disagrees to convene the extraordinary shareholders' meeting, it shall give reasons and make a public announcement.

Article 65 The supervisory committee shall have the right to propose to the board of directors the convening of an extraordinary shareholders' meeting in writing. The board of directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback of approving or disapproving the convening of the extraordinary shareholders' meeting within 10 days after receiving the proposal.

If the board of directors agrees to hold the extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after the resolution of the board of directors on the convening of the shareholders' meeting is made, and any

change of the original proposal in the notice shall be subject to the approval of the supervisory committee.

If the board of directors disagrees to hold the extraordinary shareholders' meeting, or fails to give feedback within 10 days after receiving the proposal, the board of directors shall be deemed to be unable to perform or fail to perform its duty of convening the shareholders' meeting. In such case, the supervisory committee may convene and preside over the meeting by itself.

Article 66 The shareholder(s) who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the board of directors to convene an extraordinary shareholders' meeting and the request shall be submitted to the board of directors in written form to clarify the agenda of the meeting. The board of directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on approving or disapproving the convening of the extraordinary shareholders' meeting within 10 days after receiving the written request.

If the board of directors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after the resolution of the board of directors on the convening of the shareholders' meeting is made, and any change of the original request in the notice shall be subject to the consent of relevant shareholder(s).

If the board of directors disagrees to hold the extraordinary shareholders' meeting, or fails to give feedback within 10 days after receiving the request, the shareholder(s) who individually or collectively hold more than 10% of the shares of the Company shall have the right to propose to the supervisory committee the convening of an extraordinary shareholders' meeting, and make a request to the supervisory committee in written form.

If the supervisory committee agrees to hold the extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within 5 days upon receipt of the request,

and any change of the original proposal in the notice shall subject to the consent of relevant shareholder(s).

If the supervisory committee fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the supervisory committee does not convene and preside over the shareholders' meeting. In such case, the shareholder(s) who individually or collectively hold more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting by himself/herself/itself/themselves.

Article 67 If the supervisory committee or the shareholder(s) decide to convene a shareholders' meeting by himself/herself/itself/themselves, he/she/it/they shall notify the board of directors in writing and file a record with the stock exchange at the same time.

Before the resolution of the shareholders' meeting is announced, the shareholding ratio of the convening shareholder(s) shall not be less than 10%.

The supervisory committee or the convening shareholder(s) shall submit relevant certification materials to the stock exchange when issuing the notice of the shareholders' meeting and announcing the resolutions of the shareholders' meeting.

Article 68 The board of directors and the secretary to the board of directors shall cooperate at the shareholders' meeting called by the supervisory committee or the shareholder(s) himself/herself/itself/themselves. The board of directors will provide the Register of Shareholders as at the date of record.

Article 69 Necessary expenses incurred by the supervisory committee or the shareholder(s) for convening the shareholders' meeting by himself/herself/itself/themselves shall be borne by the Company.

If the board of directors does not agree to convene the shareholders' meeting due to Article 66 hereof, resulting in the supervisory committee or the shareholder(s)' convening of the shareholders' meeting by himself/herself/itself/themselves, such

expenses shall be deducted from the amount owed by the Company to the derelict director(s).

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

Article 70 The contents of the proposals shall fall within the scope of the functions and powers of the shareholders' meeting. They shall have clear topics and specific resolutions, and conform to relevant provisions of laws, administrative regulations and the Articles of Association.

Article 71 When the Company convenes a shareholders' meeting, the board of directors, the supervisory committee, and the shareholder(s) individually or collectively holding more than 3% of the shares of the Company, shall have the right to make a proposal to the Company.

The shareholder(s) individually or collectively holding more than 3% of the shares of the Company may make an interim proposal and submit it in writing to the convenor 10 days prior to the shareholders' meeting. The convenor shall, within 2 days after receiving the proposal, issue a supplementary notice of the shareholders' meeting to announce the contents of the interim proposal.

Except for the circumstances specified in the preceding paragraph, the convenor shall not modify any proposal already specified in the notice of shareholders' meeting or add any new proposal after the notice is issued.

The shareholders' meeting shall not vote on or make any resolution on any proposal not specified in the notice of shareholders' meeting or not in conformity with Article 70 hereof.

Article 72 In case of annual shareholders' meeting, the convenor shall notify each shareholder in the form of announcement 20 days in advance. In case of an extraordinary shareholders' meeting, the convenor shall notify each shareholder in the form of announcement 15 days in advance.

Matters not specified in the notice shall not be decided at the extraordinary shareholders' meeting.

Article 73 The notice of the shareholders' meeting shall:

- (I) Be made in written form;
- (II) State the time, place and duration of the meeting;
- (III) Describe the matters and proposals submitted to the meeting for deliberation;
- (IV) Provide the shareholders with such information and explanations as may be necessary to enable the shareholders to make informed decisions on matters to be discussed at the meeting, including but not limited to the provision of specific terms and conditions (if any) of the proposed transaction and a detailed explanation of its causes and consequences when the Company proposes a corporate combination, share repurchase, share reorganization or other restructuring;
- (V) If any director, supervisor, manager or other senior management has a material interest in the matter to be discussed, they shall disclose the nature and extent of their interest. If the effect of the matter to be discussed on the director, supervisor, manager or other senior management as shareholders is different from that on other shareholders of the same class, the difference shall be explained;
- (VI) Contain the full text of any special resolutions to be proposed for adoption at the meeting;
- (VII) Explain in plain words that all shareholders shall have the right to attend the shareholders' meeting in person or appoint proxies in writing to attend the meeting and vote on their behalf, and such proxies need not be shareholders of the Company;
- (VIII) State the time and place of service of the power of attorney for voting at the meeting;
- (IX) State the date of record of the shareholders who are entitled to attend the shareholders' meeting;
- (X) State the name and telephone number of permanent contact person of the

shareholders' meeting;

(XI) Voting time and voting procedure online or by other means.

Article 74 Unless it is otherwise provided by laws, administrative regulations, the listing rules of the stock exchange in the place where the Company's shares or GDRs are listed or the Articles of association, the notice of shareholders' meeting shall be sent to shareholders (whether or not they have the right to vote at the shareholders' meeting) by hand or by postage prepaid mail to the address specified in the Register of Shareholders. For A-share holders, the notice of shareholders' meeting may also be sent in the form of announcement.

Once the said announcement in the preceding paragraph is made, all A-share holders shall be deemed to have received the notice of the shareholders' meeting.

Article 75 If the election of a director or supervisor is to be discussed at a shareholders' meeting, the notice of the shareholders' meeting shall adequately disclose the details of the candidate for director or supervisor, whose information shall at least include:

(I) personal particulars, including educational background, work experiences and concurrent positions;

(II) whether he/she has any affiliated relation with the Company or the Company's controlling shareholder and actual controller;

(III) number of shares of the Company he/she holds; and

(IV) whether he/she has been punished by the CSRC or any other relevant department or any stock exchange.

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

Article 76 After the notice of shareholders' meeting is sent, the shareholders' meeting shall not be postponed or cancelled, and the proposals set out in the notice shall not be cancelled without justified reasons. In the case of any postponement or

cancellation of the meeting the proposals, the convener shall make an announcement and explain the reasons therefor at least 2 working days prior to the date on which the meeting is originally scheduled.

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

Article 77 The board of directors or any other convener shall take necessary measures to ensure the proper order of the shareholders' meeting, and shall take measures to stop any act disturbing the shareholders' meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and report such act to relevant authority for investigation and treatment.

Article 78 All the shareholders registered as at the date of record or their proxies shall have the right to attend and exercise their voting rights at the shareholders' meeting pursuant to relevant laws, regulations and the Articles of Association.

Any shareholder entitled to attend and vote at the shareholders' meeting may attend and vote at the meeting in person, or may appoint one or more persons (such person(s) need(s) not to be a shareholder of the Company) to be his/her/it proxy(ies) to attend and vote at the meeting on his/her behalf.

Such proxy(ies) may exercise the following rights as authorized by the shareholder:

- (I) The shareholder's right to speak at the shareholders' meeting;
- (II) The right to call for a ballot on his/her/its own or jointly with others;
- (III) The right to vote by a show of hands or by ballot, provided that when more than one proxy is appointed, such proxies shall exercise the right to vote only by ballot.

Article 79 An individual shareholder attending the shareholders' meeting in person shall present his/her identity card or other effective document or proof of identity and share account card; a proxy attending the shareholders' meeting on behalf of an individual shareholder shall present his/her identity card and the written power of attorney issued by the appointing shareholder.

A corporate shareholder shall attend the shareholders' meeting through its legal representative or a proxy appointed by the legal representative. The legal representative attending the meeting shall present his/her identity card and valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and the written power of attorney issued by the appointing legal representative according to the law.

Article 80 The power of attorney issued by a shareholder to appoint a proxy to attend the shareholders' meeting shall specify:

- (I) the name of the proxy;
- (II) whether or not the proxy has any voting right;
- (III) the shareholder's instruction to vote for or against or abstain from voting on each and every issue included in the agenda of the shareholders' meeting;
- (IV) the date of issue and validity period of the power of attorney; and
- (V) signature (or seal) of the appointing shareholder if it is an individual, or, the corporate seal of the appointing shareholder if it is a corporation.

Article 81 Any format of the power of attorney distributed by the board of directors to shareholders for appointing proxies shall allow the shareholders to freely choose to instruct their proxies to vote for or against, and give separate instructions on the matters to be voted on each topic of the meeting. The power of attorney shall specify whether, in default of instructions, the proxies may vote as they think fit.

Article 82 The power of attorney for proxy voting shall be deposited at the domicile of the Company or at such other place as designated in the notice of the shareholders' meeting at which the power of attorney authorizes to vote at least 24 hours prior to the meeting or 24 hours prior to the designated voting time. Where the power of attorney is signed by a person authorized by the appointing shareholder, the letter of authorization for signing or other authorization documents shall be notarized. The notarized letter of authorization or other authorization documents shall, together with the power of attorney,

be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting.

Where the appointing shareholder is a corporation, its legal representative or a person authorized by the board of directors or other decision-making body shall attend the shareholders' meeting of the Company on its half.

If, prior to the voting, the appointing shareholder is deceased, incapacitated, withdraws the power of attorney, or withdraws the authority to sign the power of attorney, or relevant shares have been transferred, the vote by the proxy made by the appointing shareholder according to the power of attorney shall remain valid, as long as the Company has not received written notice of such matter prior to the commencement of the meeting.

Article 83 The Company is responsible for making a register of the attendees, which shall state the name (or name of its employer), identity card number and address of, the number of voting shares held or represented by each attendee, name of the appointing shareholder (or name of its employer) and so on.

Article 84 The convener and the lawyer engaged by the Company shall jointly verify the shareholders' qualifications based on the Register of Shareholders provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the number of voting shares held by them. The registration of the attendees shall stop before the presider announces the number of shareholders and proxies that attend the meeting and the total number of voting shares held by them.

Article 85 When the shareholders' meeting is held, all directors, supervisors and secretary to the board of directors of the Company shall attend the meeting, and the general manager and other senior management shall be present at the meetings as nonvoting attendees.

Article 86 A shareholders' meeting convened by the board of directors shall be presided over by the chairman of the board of directors. If the chairman is unable to or

does not fulfill his/her duty, more than half of the directors may jointly elect a director to preside over the meeting.

A shareholders' meeting convened by the supervisory committee itself shall be presided over by the chief supervisor. If the chief supervisor is unable to or does not fulfill his/her duty, more than half of the supervisors may elect a supervisor to preside over the meeting.

A shareholders' meeting convened by the shareholder(s) himself/herself/itself/themselves shall be presided over by a representative elected by the conveners. If the conveners are unable to elect a representative to preside over the meeting for any reason, the shareholder(s) (including him/her/its/their proxies) holding the most voting shares among the conveners shall preside over the meeting.

When a shareholders' meeting is held and the presider violates the rules of procedure, which makes it unable to continue the shareholders' meeting, another person may be elected at the shareholders' meeting to act as the presider, subject to the approval of more than half of the attending shareholders having the voting rights.

Article 87 The Company shall formulate the rules of procedure for the shareholders' meeting, which shall specify the procedures for convening of and voting at the shareholders' meeting (including the notification, registration, deliberation of proposals, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement), and the principle of authorization of the shareholders' meeting to the Board of Directors. The content of authorization shall be clear and specific. The shareholders' meeting shall not authorize the board of directors to exercise the functions and powers legally exercised by the shareholders' meeting. The rules of procedure for shareholders' meetings shall be formulated by the board of directors and approved by the shareholders' meeting, and attached hereto as an appendix.

Article 88 The board of directors and the supervisory committee shall report their

work in the preceding year at the annual shareholders' meeting. Every independent director shall also make his/her work reports at the meeting.

Article 89 Directors, supervisors and senior management shall make explanations and statements in relation to the inquiries and suggestions made by shareholders at the shareholders' meeting.

Article 90 The presider shall, prior to voting, announce the number of attending shareholders and proxies as well as the total number of voting shares held by them, which shall be subject to those recorded in the register of attendees.

Article 91 Minutes of the shareholders' meeting shall be kept by the secretary to the board of directors, where the minutes shall record:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, supervisors, general manager and other senior management attending at the meeting or present as nonvoting attendees;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of the shares to the total number of shares of the Company;
- (IV) the process of deliberation in respect of each proposal, highlights of speeches and the voting result;
- (V) details of the inquiries or suggestions of the shareholders, and the corresponding response or explanations;
- (VI) the name of the lawyer, counting officer and monitoring officer;
- (VII) other issues that shall be recorded in the minutes in accordance with the Articles of Association.

Article 92 The convener shall ensure the meeting minutes are true, accurate and complete. The attending directors, supervisors, secretary to the board of directors, the convener or representative thereof, the presider and the recorder shall sign the meeting minutes. The meeting minutes, together with the signed register of attendees and the

powers of attorney for proxy attendance, the valid information relating to the voting online or by other means shall be kept for at least 10 years.

Article 93 The convener shall ensure the shareholders' meeting is held uninterruptedly until a final resolution is arrived at. If the shareholders' meeting is interrupted or a resolution fails to be arrived at due to force majeure or for other special reasons, immediate measures shall be taken to resume the shareholders' meeting as soon as possible or the shareholders' meeting shall be directly terminated with a responsive announcement made. Meanwhile, the convener shall report to the dispatched agency of the CSRC at the location of the Company and the stock exchange.

Article 94 Shareholders may consult copies of the meeting minutes free of charge during office hours. If any shareholder requests copies of the meeting minutes from the Company, the Company shall send such copies within 7 days of receipt of a reasonable fee.

### **Section VI Voting at and Resolution of the Shareholders' Meeting**

Article 95 Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted only when it is voted for by more than 1/2 of the voting rights held by the shareholders (including proxies thereof) present.

A special resolution shall be adopted only when it is voted for by more than 2/3 of voting rights held by the shareholders (including proxies thereof) present.

Article 96 The following matters shall be subject to the approval of the shareholders' meeting by an ordinary resolution:

- (I) working reports of the board of directors or the supervisory committee;
- (II) profit distribution plans or loss recovery plans formulated by the board of directors;
- (III) the appointment or removal of the members of the board of directors or the

supervisory committee, their remunerations and the method of payment thereof;

(IV) the Company's annual budget plan, final settlement plan, balance sheet, income statement or other financial statements;

(V) annual reports of the Company;

(VI) matters other than those that shall be subject to the approval by special resolutions pursuant to relevant laws, administrative regulations or the Articles of Association.

Article 97 The following matters shall be subject to the approval of the shareholders' meeting by a special resolution:

(I) the Company's increase or decrease of its registered capital or issuance of shares, warrants and other similar securities of any kind;

(II) the Company's issuance of corporate bonds;

(III) any division, spin-off, merger, dissolution and liquidation of the Company;

(IV) any amendment to the Articles of Association;

(V) the Company's acquisition or disposal of major assets or provisions of guarantee within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;

(VI) share incentives schemes;

(VII) any adjustment or change of profit distribution policy;

(VIII) the Company's repurchase of its own shares (the circumstances specified in Items (I) and (II), the first paragraph of Article 26 hereof); and

(IX) any other matter specified in the laws, regulations or the Articles of Association and confirmed by an ordinary resolution of the shareholders' meeting that it may have a material impact on the Company and accordingly shall be subject to the approval of the shareholders' meeting by special resolutions.

Article 98 Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent, with each share being entitled to one vote.

When major matters affecting the interests of minority investors are deliberated at the shareholders' meeting, votes from minority investors shall be counted separately. The results of separate vote shall be publicly disclosed in a timely manner.

The shares held by the Company itself shall have no voting right, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the shareholders' meeting.

If any shareholder purchases the voting shares of the Company in violation of the provisions of Paragraph 1 and Paragraph 2 of Article 63 of the Securities Law, the voting rights of the proportion of shares beyond the specified proportion shall not be exercised within 36 months after the purchase, and such proportion of shares shall not be included in the total number of voting shares represented by the shareholders attending the shareholders' meeting.

The board of directors, the independent directors, the shareholders holding more than 1% of the voting shares of the Company, or any investor protection agency established in accordance with laws, administrative regulations or the provisions of the CSRC, may serve as a solicitor and, on its own or by entrusting any securities company or securities service agency, publicly solicit any shareholder of the Company to entrust it to attend the shareholders' meeting on its behalf, and to exercise the right to make proposals, the right to vote and other shareholders' rights on its behalf. If the shareholders rights are solicited in accordance with the said provisions, the solicitor shall disclose the solicitation documents and the Company shall cooperate with respect thereto. It is prohibited to publicly solicit shareholders' rights for compensation or in a disguised form. Except under statutory conditions, the Company shall not impose a minimum shareholding limit on the solicitation of voting rights.

Article 99 When an affiliated transaction is deliberated at a shareholders' meeting,

the affiliated shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of voting shares. The announcement of resolution of the shareholders' meeting shall adequately disclose information relating to the voting of non-affiliated shareholders.

Article 100 Unless the Company is in a crisis or under any special circumstance, the Company shall not enter into any contract with anyone other than a director, general manager or other senior management to entrust the management of all or significant part of the Company's business to such person without prior approval of the shareholders' meeting by a special resolution.

Article 101 List of director or supervisor candidates shall be submitted in the form of proposal to the shareholders' meeting for voting.

(I) The method and procedures for the nomination of directors shall be as follows:

1. Within the number of persons stipulated in the Articles of Association and according to the number of persons to be elected, shareholder(s) who individually or collectively hold more than 3% of the total number of outstanding voting shares of the Company shall put forward non-independent director candidates, and the board of directors, the supervisory committee and the shareholder(s) who individually or collectively hold more than 1% of the outstanding voting shares of the Company may put forward a suggested list of independent director candidates, and submit such list to the Nomination Committee of the board of directors for qualification review.

2. After the list is examined and agreed by the Nomination Committee of the board of directors, an examination report and proposal shall be formed and submitted to the board of directors for deliberation.

3. With the approval of more than two-thirds of all directors, the board of directors shall determine the director candidates by resolution and submit them to the shareholders' meeting for election in the form of proposals.

(II) The method and procedure for the nomination of supervisors:

1. Within the number of persons stipulated in the Articles of Association and according to the number of persons to be elected, shareholder(s) who individually or collectively hold more than 3% of the total number of outstanding voting shares of the Company shall put forward a suggested list of supervisors proposed to be acted by shareholder representatives, and submit such list to the supervisory committee of the Company for deliberation.

2. With the approval of more than two-thirds of all supervisors, the supervisory committee of the Company shall determine the supervisor candidates by resolution and submit them to the shareholders' meeting for election in the form of proposals.

3. A supervisor to be acted by employee representatives shall be elected by the employee representative assembly of the Company.

(III) Cumulative voting

Resolutions on the election of two or more directors or supervisors may be adopted by way of cumulative voting pursuant to the Articles of Association or the resolution of the shareholders' meeting.

Cumulative voting as mentioned in the preceding paragraph means that, when directors or supervisors are elected at a shareholders' meeting, each share shall have as many voting rights as number of the candidates for the directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner. The board of directors shall provide shareholders with the brief biographies and background information of the director or supervisor candidates.

When the cumulative voting system is adopted, the election of independent directors, non-independent directors and supervisors of the Company shall be conducted separately. The specific rules are as follows:

(I) In the election of independent directors, the voting rights of shareholders present shall be equal to the total number of shares held by them multiplied by the number of independent directors to be elected at the shareholders' meeting, and such part of the

voting rights shall be cast only to the candidates of independent directors at the shareholders' meeting;

(II) In the election of non-independent directors, the voting rights of shareholders present shall be equal to the total number of shares held by them multiplied by the number of non-independent directors to be elected at the shareholders' meeting, and such part of the voting rights shall be cast only to the candidates of non-independent directors at the shareholders' meeting;

(III) In the election of supervisors, the voting rights of shareholders present shall be equal to the total number of shares held by them multiplied by the number of supervisors to be elected at the shareholders' meeting, and such part of the votes shall be cast only to the candidates for supervisors at the shareholders' meeting.

Article 102 Save under the cumulative voting, the shareholders' meeting shall resolve on all proposals on an individual basis. In the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the shareholders' meeting is interrupted or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be set aside or refused at the shareholders' meeting.

Article 103 No amendment shall be made to a proposal when it is being deliberated at the shareholders' meeting; otherwise, relevant amendment shall be deemed as a new proposal and shall not be voted on at the current shareholders' meeting.

Article 104 The same voting right can only be exercised on site, or online, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

Article 105 Vote shall be cast at the shareholders' meeting by open ballot, except for the proposals related to the procedures of the shareholders' meeting or administrative matters, which may be decided by the presider of the meeting in good faith and voted by a show of hands in accordance with laws, administrative regulations, the listing rules

of the stock exchange of the place where the Company's shares or GDRs are listed.

If the matter on which a ballot is requested is the election of the presider of the meeting or the suspension of the meeting, the ballot shall be taken immediately. For other matters on which a ballot is requested, the presider of the meeting shall decide when to hold a vote, and the meeting may proceed and other matters may continue being discussed at the meeting and the results of the vote shall still be deemed to be a resolution adopted at the meeting.

At the time of voting, shareholders (including their proxy) with two or more votes need not to vote all their voting rights for or against the matter, unless otherwise provided by laws, administrative regulations, the listing rules of the stock exchange in the place where the Company's shares or GDRs are listed.

Article 106 When proposals are voted on at the shareholders' meeting, two shareholder representatives shall be elected to count, and monitor the counting of votes. Where any shareholder has interests in any matter deliberated, the said shareholder or proxy thereof shall not participate in counting and monitoring the counting of votes.

When proposals are voted on at the shareholders' meeting, the lawyer(s), the shareholder representative(s) and the supervisor representative(s) shall be jointly responsible for the counting and monitoring the counting of the votes and announce the voting results on the spot, which voting results shall be recorded in the meeting minutes.

Shareholders or their proxies voting online or otherwise shall have the right to check their voting results via the corresponding voting system.

Article 107 A shareholders' meeting shall not conclude earlier at the venue than that online or otherwise, and the presider shall announce the voting information and voting result of each proposal and decide whether or not the proposal of the shareholders' meeting is passed. Such decision shall be final and shall be announced at the meeting and recorded in the meeting minutes, and announce whether or not the proposal is passed according to the voting result.

Before the voting result is announced, relevant parties including the Company, the counting officer, the monitoring officer, the major shareholders and network service provider involved at the voting on site, online or otherwise shall be obliged to keep the voting information confidential.

Article 108 A shareholder attending a shareholders' meeting can vote in favor, or vote against, or abstain from voting on the proposals submitted for voting, unless the securities registration and clearing institutions or GDR depository institutions, as the nominal holders of the shares subject to Mainland-Hong Kong Stock connect or the A-share underlying shares corresponding to GDRs, declare according to the intention of the actual holders.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results of the shares held by such voters shall be counted as "abstentions".

Article 109 If the presider has any doubt as to the result of a resolution which has been put to vote at the shareholders' meeting, he/she may have the votes counted. If the presider has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the announcement of the result, demand that the votes be counted and the presider shall have the votes counted immediately.

If the votes are counted at the shareholders' meeting, the result of counting shall be recorded in the meeting minutes.

Article 110 Resolutions of the shareholders' meeting shall be announced in due time. Such announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of the shares to the total number of the voting shares of the Company, the voting method, the voting result for each proposal and the details of each resolution adopted.

Article 111 Where a proposal has not been adopted or a resolution of the preceding

shareholders' meeting has been changed at the current shareholders' meeting, special mention shall be made in the announcement of the resolutions of the current shareholders' meeting.

Article 112 Where a proposal on the election of a director or supervisor is approved at the shareholders' meeting, the new director or supervisor shall take office from the date when the proposal is so deliberated and approved at the shareholders' meeting until the expiration of the term of office of the current board of directors or supervisory committee.

Article 113 Where a proposal on cash dividends, bonus shares or conversion of capital reserves to increase share capital is approved at the shareholders' meeting, the Company shall implement the same within 2 months after conclusion of the shareholders' meeting.

## **Chapter VI Party Committee**

Article 114 The Company set up the Gotion High-tech Co., Ltd. Committee of the Communist Party of China ("Party Committee"). The Party Committee shall have one secretary and several other members. In principle, the chairman and secretary of the Party Committee shall be the same person. Qualified members of the Party Committee may be elected to be members of the board of directors, the supervisory committee or the senior management through legal procedures, and qualified members of the board of directors, the supervisory committee and the senior management may be elected to the Party Committee in accordance with relevant regulations and procedures. In addition, a Commission for Discipline Inspection shall be set up in accordance with regulations.

Article 115 The Party Committee of the Company shall perform its duties in

accordance with the Constitution of the Communist Party of China and other Party regulations:

(I) Ensure and supervise the implementation of the Party's guidelines, principles and policies in the Company, and implement major strategic decisions of the CPC Central Committee and the State Council as well as relevant important work arrangements of the Party organization at the higher level;

(II) Strengthen leadership and control over the selection and appointment of personnel, regulate standards, procedures, inspections, recommendations and supervision, and adhere to the principle of the Party's supervision of cadres, the board of directors' selection of managers and the managers' exercise of the right to employ personnel in accordance with law;

(III) Study and discuss the Company's reform, development and stability, major business management issues and major issues related to the immediate interests of employees, and put forward opinions and suggestions; support the shareholders' meeting, the board of directors, the supervisory committee and the senior management in performing their duties in accordance with law; support the employee representative assembly in their work;

(IV) Assume primary responsibility for comprehensively and strictly governing the Party; lead the ideological and political work, united front work, spiritual civilization construction, enterprise culture construction, labor union, Communist Youth League and other mass work of the Company; lead the construction of Party conduct and clean government, and support the Commission for Discipline Inspection in earnestly fulfilling its supervisory responsibilities;

(V) Strengthen the construction of Party organization and Party members at the grass-roots level of the Company, give full play to the role of the Party branch as a fighting fortress and the vanguard and exemplary role of Party members, unite and lead cadres and staff to actively participate in the reform and development of the Company;

and

(VI) Other relevant major matters within the scope of functions and responsibilities of the Party Committee.

## **Chapter VII Board of Directors**

### **Section I Directors**

Article 116 Directors of the Company shall be natural persons.

None of the following persons shall be eligible for appointment as a director of the Company:

(I) any person who does not have civil capacity or has limited civil capacity;

(II) any person who has been convicted of any criminal offence in the nature of corruption, bribery, disseizing, misappropriation or disrupting the economic order of the socialist market and five years have not elapsed since any penalty imposed has been completed, or any person who has ever been deprived of his/her political rights due to any crime and five years have not elapsed since the penalty imposed was completed;

(III) any former director, factory director or manager of a company or enterprise which has been declared bankrupt and liquidated in circumstances where he/she was personally responsible for the bankruptcy of the company or enterprise, and three years have not elapsed since the bankruptcy and liquidation of the company or enterprise was completed;

(IV) any former legal representative of a company or enterprise which has had its business license revoked and has been ordered to close its business operations due to any violation of law in circumstances where the former legal representative was personally liable for the revocation of the business license and three years have not elapsed since the date of revocation;

(V) any person who has significant unpaid due debts;

(VI) any person who is under a penalty of prohibited access to the securities market imposed by the CSRC, where such penalty is still effective;

(VII) any person who is publicly identified by the stock exchange as unqualified to serve as a director of a listed company, where such identification is still effective; and

(VIII) any other circumstances determined by laws, administrative regulations or department rules.

Where a director is elected or appointed in violation of the provisions of this article, the said election, appointment or engagement shall be invalid. Where any director falls under any of the circumstances mentioned in this Article during his/her term of office, the Company shall remove his/her office as a director.

Article 117 Directors shall be elected or replaced by the shareholders' meeting, and may be removed by the shareholders' meeting before the expiration of their term of office. The term of office of a director shall be three years. Any director may, upon the expiration of his/her term of office, hold the director's post in consecutive terms if re-elected.

The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current board of directors. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as a director pursuant to relevant laws, administrative regulations, department rules and the Articles of Association until a new director is elected.

A director may serve concurrently as a general manager or any other senior management, but the directors serving concurrently as a general manager or any other senior management and the directors assumed by the employee representatives shall not be more than 1/2 of the total number of directors of the Company.

A director need not hold any shares in the Company.

Article 118 Directors shall abide by laws, administrative regulations and the Articles of Association, and shall fulfill the following duties of loyalty to the Company:

(I) not to abuse his/her official powers to accept bribes or other unlawful income, and not to embezzle the Company's assets;

(II) not to embezzle the Company's funds;

(III) not to open any bank account in their own names or in others' names for the purpose of depositing any of the Company's assets or funds;

(IV) not to lend the Company's money to other persons or provide guarantee for other persons against the Company's property in violation of the Articles of Association or without prior consent of the shareholders' meeting or the board of directors;

(V) not to conclude any contract or conduct any transaction with the Company in violation of the Articles of Association or without prior consent of the shareholders' meeting;

(VI) not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct for themselves or for others any businesses similar to those of the Company, without prior consent of the shareholders' meeting;

(VII) not to take as their own any commission for any transaction with the Company;

(VIII) not to disclose any secret of the Company;

(IX) not to use their affiliated relations to damage the interests of the Company; and

(X) to fulfill other duties of loyalty stipulated by laws, administrative regulations, department rules and the Articles of Association;

Any earning obtained by a director in violation of this Article shall belong to the Company and, in case of any loss incurred to the Company, the director shall be liable for compensation accordingly.

Article 119 Directors shall abide by laws, administrative regulations and the Articles of Association, and shall fulfill the following duties of diligence to the Company:

(I) to exercise the rights conferred by the Company with due discretion, care and

diligence to ensure the business conduct of the Company comply with national laws, administrative regulations and various national economic policies, and not go beyond the business scope specified in the business license of the Company;

(II) to treat all shareholders impartially;

(III) to keep informed of the business operations and management of the Company;

(IV) to comment and sign the Company's periodic reports, and ensure the authenticity, accuracy and completeness of the information disclosed by the Company;

(V) to honestly provide the supervisory committee with relevant information and materials, and not prevent the supervisory committee or the supervisors from exercising their functions and powers; and

(VI) to fulfill other duties of diligence stipulated by laws, administrative regulations, department rules and the Articles of Association.

Article 120 Directors shall ensure that they have enough time and energy to perform their duties. Directors shall attend the meeting of the board of directors and express clear opinions on the matters discussed thereat. If a director is really unable to attend the meeting in person, he/she may entrust any other director to vote on his/her behalf according to his/her wishes, and the trustor shall bear legal responsibility independently. Nevertheless, independent directors shall not entrust non-independent directors to vote on their behalf. If any director fails to attend the meeting of board of directors in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the board of directors shall suggest that the shareholders' meeting dismiss the said director.

Article 121 A director may resign before his/her term of office expires. In resigning his/her duties, the director shall tender a resignation report to the board of directors in writing. The board of directors will disclose relevant information within 2 days.

If any director resigns so that the members of the board of directors fall short of the quorum, the said director shall continue fulfilling the duties as a director pursuant to

relevant laws, administrative regulations, department rules and the Articles of Association until a new director is elected.

Save as provided in the preceding paragraph, a director's resignation shall become effective when his/her resignation report is served on the board of directors.

Article 122 When the resignation of a director takes effect or the term of office of a director expires, he/she shall complete all handover procedures required by the board of directors. In this case, his/her duty of loyalty to the Company and shareholders shall not be automatically discharged during the period before his/her resignation report becomes effective or a reasonable period after it becomes effective, or a reasonable period after the end of his/her term of office. His/her obligation to keep the trade secret of the Company shall remain valid after the end of his/her term of office until the secret becomes public available. The duration of other duties of loyalty shall be determined based on the principle of fairness, depending on the length of time between the occurrence of the event and his/her resignation, and the circumstances and conditions under which his/her relationship with the Company terminates.

Article 123 Save as specified in the Articles of Association or properly authorized by the board of directors, no director shall act on behalf of the Company or the board of directors in his/her own name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Company or the board of directors, the said director shall make a prior statement of his/her standpoint and capacity.

Article 124 If any director violates laws, administrative regulations, department rules or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the said director shall be liable for compensation.

Article 125 Independent directors shall perform their duties in accordance with laws, administrative regulations and relevant provisions of the CSRC and stock exchanges.

## **Section II Board of Directors**

Article 126 The Company shall set up a board of directors, which shall be accountable to the shareholders' meeting.

Article 127 The board of directors shall be composed of nine directors and has a chairman.

Article 128 The board of directors shall exercise the following functions and powers:

- (I) to convene the shareholders' meeting and report its work to the meeting;
- (II) to implement the resolutions of the shareholders' meeting;
- (III) to determine the business plans and investment plans of the Company;
- (IV) to prepare the annual financial budgets and final accounts of the Company;
- (V) to prepare the profit distribution plans and loss recovery plans of the Company;
- (VI) to formulate the proposals for increase or reduction of the Company's registered capital, and proposals for issue of bonds, other securities and listing;
- (VII) to formulate the proposals for material acquisitions, or acquisition of the Company's shares under the circumstances specified in Items (I) and (II) of the first paragraph of Article 26 hereof, or merger, division, dissolution or transformation of the Company;
- (VIII) to decide on the investment, purchase and disposal of assets, asset mortgage, external guarantee, consigned wealth management, connected transactions, donation, etc. within the authority granted by the shareholders' meeting;
- (IX) to decide on the setup of the internal management organs of the Company;
- (X) to decide on the appointment or dismissal of the general manager, the secretary to the board of directors and other senior management of the Company, and determine their remunerations, rewards and punishments; to decide on the appointment or dismissal of the deputy general manager and chief financial officer of the Company

based on the nomination of the general manager, and determine their remunerations, rewards and punishments;

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

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

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

(XIV) to propose to the shareholders' meeting to appoint or replace the accounting firm which audits the Company's accounts;

(XV) to listen to work reports given by the general manager of the Company and oversee the general manager's work;

(XVI) to decide on the Company's acquisition of its own shares under the circumstances specified in Items (III), (V) and (VI) of the first paragraph of Article 26 hereof; and

(XVII) other functions and powers stipulated by laws, administrative regulations, department rules and the Articles of Association.

For the matters mentioned in Items (VI), (VII) and (XII) above, no resolution of the board of directors shall be made unless they are voted for by more than two-thirds of the directors present. For other matters mentioned above, no resolution of the board of directors shall be made unless they are voted for by more than half of the directors present.

The board of directors of the Company shall set up an Audit Committee and, if necessary, may set up a Strategy Committee, a Nomination Committee, a Remuneration and Appraisal Committee and other special committees. Such special committees shall be accountable to the board of directors and perform their duties in accordance with the Articles of Association and the authority conferred by the board of directors. All members of the special committees shall be directors. For the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, the majority members shall be independent directors who shall serve as a convener. The convener of

the Audit Committee shall be an accounting professional. The board of directors shall be responsible for formulating the working rules and standardizing the operation of the special committees.

For matters beyond the authority conferred by the shareholders' meeting, the board of directors shall submit them to the shareholders' meeting for deliberation.

Article 129 Where the board of directors proposes to dispose some fixed assets, and the sum of the expected value of the fixed assets to be disposed and the value of fixed assets already disposed within 4 months prior to such proposed disposal exceeds 33% of the fixed assets value presented in the balance sheet as recently deliberated by the shareholders' meeting, the board of directors shall not dispose or agree to dispose the said fixed assets without the prior approval of shareholders' meeting.

The disposal of fixed assets as mentioned in this Article includes the act of transferring certain assets and equities but does not include the act of providing guarantee against fixed assets.

The effectiveness of the Company's disposal of fixed assets shall not be affected due to the violation of the first paragraph of this Article.

Article 130 The board of directors shall make explanations to the shareholders' meeting in relation to the modified audit opinions issued by a certified public accountant on the financial reports of the Company.

Article 131 The board of directors shall formulate rules of procedure for the meeting of board of directors to ensure the implementation of resolutions of the shareholders' meeting, enhance the work efficiency, and ensure scientific decision making of the board of directors.

Article 132 The board of directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted wealth management, connected transactions and donations, and formulate strict examination and decision-making procedures. Major investment projects shall be

reviewed by relevant experts and professionals and reported to the shareholders' meeting for approval.

Article 133 The board of directors shall have one chairman, who shall be elected and removed by more than half of all directors. The term of office of the chairman shall be 3 years, but the chairman may, upon the expiration of his/her term of office, hold the chairman's post in consecutive terms if re-elected.

Article 134 The chairman shall perform the following functions and duties:

(I) to preside over the shareholders' meeting and to convene and preside over the meeting of board of directors;

(II) to supervise and inspect the implementation of resolutions of the board of directors;

(III) to sign the share certificates, corporate bonds and other securities issued by the Company. If otherwise provided by laws and regulations, the securities regulatory authority or the stock exchange in the place where the Company's shares or GDRs are listed, such provisions shall prevail; and

(IV) other functions and duties conferred by the board of directors.

Article 135 If the chairman is unable or fails to perform his/her duties, another director jointly elected by more than half of the directors shall perform his/her duties.

Article 136 The board of directors shall hold at least two meetings each year, which shall be convened by the chairman and a written notice shall be given to all directors and supervisors 10 days prior to the meeting.

Article 137 Shareholders representing more than 1/10 of the voting rights and more than 1/3 of the directors or the supervisory committee may propose to hold an interim meeting of the board of directors. The chairman shall, within ten days after receiving the proposal, convene and preside over the interim meeting of the board of directors.

Article 138 To convene an interim meeting of the board of directors, the board of directors shall notify all directors of the time and place of the meeting by cable, telex,

email or personal delivery at least 3 days in advance.

In case of any emergency which requires an interim meeting of the board of directors as soon as possible, a notice of the meeting may be given at any time by telephone or other oral means, provided that the convener shall make an explanation at the meeting.

Article 139 A notice of the meeting of board of directors shall contain the following contents:

- (I) date and place of the meeting;
  - (II) duration of the meeting;
  - (III) reason for convening the meeting and issues to be discussed at the meeting;
- and
- (IV) date of the notice.

Article 140 The meeting of board of directors shall be held only when a majority of directors are present. A resolution of the board of directors shall be adopted only when it is voted for by a majority of all the directors.

One person shall have one vote for the resolutions of the board of directors.

Article 141 Any director who is affiliated with an enterprise involving in matters to be resolved at the meeting of board of directors, shall not exercise the right to vote on such resolution, nor shall he/she exercise the right to vote on behalf of other directors. The meeting of the board of directors may be held only when more than half of the unaffiliated directors are present, and no resolution of the board of directors shall be adopted unless it is voted for by more than half of the unaffiliated directors. If the number of unaffiliated directors present is less than 3, the matter shall be submitted to the shareholders' meeting for deliberation.

Article 142 The resolutions of the board of directors shall be made by voting, and each director shall have one vote.

Any interim meeting of the board of directors may be held by other means (such as

fax) as long as the directors can fully express their opinions, and a resolution shall be made and signed by the voting directors.

Article 143 The meeting of board of directors shall be attended by the directors themselves. If any director is unable to attend the meeting for some reason, he/she may appoint another director in writing to attend the meeting on his/her behalf. The power of attorney shall state the name of the proxy, the matters of proxy, the scope of authorization and the validity period of the proxy, and shall be signed or sealed by the appointing director. A director attending the meeting as proxy shall exercise the rights within the scope of authorization. In case a director fails to attend a meeting of board of directors and does not appoint a proxy to act on his/her behalf, such director shall be deemed as having waived his/her right to vote at the meeting.

Article 144 The decisions on the matters discussed at the meeting of board of directors shall be recorded in the minutes, which shall bear the signatures of the directors present, the secretary of the board of director, and the recorder.

Directors shall be liable for the resolutions of the board of directors. If any resolution of the board of directors is in violation of laws, administrative regulations, the Articles of Association, resulting in serious losses to the Company, the directors participating in the resolution shall be held liable to the Company, except for those who raise objections to the resolution with meeting minutes proving the same.

Minutes of the meeting of board of director shall be saved for at least 10 years as the Company's files.

Article 145 The minutes of the meeting of board of director shall contain the following contents:

- (I) the date, venue and the convener of the meeting;
- (II) the names of the attending directors and the directors (proxies) attending the meeting on behalf of others;
- (III) the agenda of the meeting;

- (IV) key points of directors' speech; and
- (V) the voting method and result for each resolution (the voting result shall set out the numbers of pros, cons or abstentions).

### **Chapter VIII General Manager and Other Senior Management**

Article 146 The Company shall have one general manager, who shall be appointed or dismissed by the board of directors.

The Company shall have several deputy general managers, who shall be appointed or dismissed by the board of directors.

The general manager, the deputy general managers, the financial chief and the secretary to the board of directors are senior management of the Company.

Article 147 Persons who shall not be eligible for appointment as a director of the Company as mentioned in Article 116 shall also not be eligible for appointment as senior management of the Company.

The provisions of Article 118 on directors' duties of loyalty and the provisions of Items (IV), (V) and (VI) of Article 119 on directors' duties of diligence shall also apply to senior management.

Article 148 Any person who takes administrative posts other than a director or supervisor in the Company's controlling shareholder shall not act as senior management of the Company.

The Company's senior management are only paid by the Company and are not paid by the controlling shareholder of the Company.

Article 149 The term of office of the general manager is three years, but the general manager may, upon the expiration of his/her term of office, hold the general manager's post in consecutive terms if re-elected.

Article 150 The general manager shall be accountable to the board of directors, and shall exercise the following functions and powers:

(I) to be responsible for the Company's production and operation management, organize the implementation of the meeting of board of directors, and report his/her work to the board of directors;

(II) to organize the implementation of the annual operating plans and investment plans of the Company;

(III) to formulate the plans for the setup of the Company's internal management organs;

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

(V) to formulate specific rules and regulations of the Company;

(VI) to propose to appoint or dismiss the deputy managers and financial chief of the Company;

(VII) to decide to appoint or dismiss the senior management other than those shall be appointed or dismissed by the board of directors; and

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

The general manager shall present at the meeting of the board of directors as non-voting delegates, and the non-director general manager shall have no right to vote at the meeting of the board of directors.

Article 151 The general manager shall formulate detailed work rules of the general manager, which shall be implemented after the approval of the board of directors.

Article 152 The work rules of the general manager shall contain the following contents:

(I) conditions for holding meetings of the general manager, procedures thereof and attendees;

(II) respective duties and functions of the general manager and other senior management;

(III) the Company's funds and asset utilization, authority to sign major contracts

and the rules on reporting to the board of directors and the supervisory committee; and  
(IV) other matters deemed necessary by the board of directors.

Article 153 The general manager may resign before the expiration of his/her term of office. The specific procedures and measures about the general manager's resignation shall be subject to the labor contract signed by and between the general manager and the Company.

Article 154 Deputy general managers shall be nominated by the general manager and appointed by the board of directors. Deputy general managers shall assist the general manager in carrying out his/her work.

Article 155 The Company shall have a secretary to the board of directors, who shall be a natural person with necessary professional knowledge and experience and be appointed by the board of directors. The main responsibilities of the secretary are as follows:

(I) to ensure that the Company has complete organizational documents and records;  
(II) to ensure that the Company prepares and submits reports and documents required by competent authorities in accordance with law; and

(III) to ensure that the Register of Shareholders of the Company is properly kept, and that those entitled to relevant records and documents of the Company are provided with such records and documents in a timely manner, unless it is otherwise provided by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares or GDRs are listed. As senior management of the Company, the secretary to the board of directors shall have the right to attend relevant meetings, consult relevant documents, and learn about the Company's financial and operational conditions in order to perform his/her duties. The board of directors and other senior management shall support the work of the secretary to the board of directors. No organization or individual shall interfere with the secretary's normal performance of his/her duties.

The secretary to the board of directors shall abide by laws, administrative regulations, department rules and relevant provisions of the Articles of Association.

Article 156 The senior management shall be liable for compensation for the losses caused to the Company in case they are in violation of laws, administrative regulations, department rules or the provisions of the Articles of Association in performing their duties.

Article 157 The senior management shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. In case any senior management fails to faithfully perform his/her duties or violates his/her duty of good faith and causes damage to the interests of the Company and public shareholders, he/she shall be liable for compensation in accordance with law.

## **Chapter IX Supervisory committee**

### **Section I Supervisors**

Article 158 The persons who shall not be eligible for appointment as a director of the Company as mentioned in Article 116 shall also not be eligible for appointment as a supervisor of the Company.

Directors, the general manager and other senior management may not take the post of supervisors.

Article 159 Supervisors shall abide by laws, administrative regulations and the Articles of Association, fulfill the duty of loyalty and the duty of diligence to the Company, and may neither accept bribes or receive other illegal income by abusing their authorities nor misappropriate the Company's assets.

Article 160 The term of office of a supervisor shall be three years. Any supervisor may, upon the expiration of his/her term of office, hold the supervisor's post in consecutive terms if re-elected.

Article 161 If the term of office of a supervisor expires but re-election is not made in time, or the number of members of the supervisory committee is less than the quorum due to the resignation of a supervisor during his/her term of office, the said supervisor shall continue fulfilling the duties as a supervisor pursuant to relevant laws, administrative regulations and the Articles of Association until a new supervisor is elected.

Article 162 Supervisors shall ensure the authenticity, accuracy and completeness of the information disclosed by the Company, and sign confirmation in writing to the periodic reports.

Article 163 Supervisors may present at the meetings of board of directors, and raise questions or suggestions for the matter to be resolved at the meeting of board of directors. Supervisors shall have the right to know the operation status of the Company. The Company shall take measures to protect the supervisors' right to know and provide necessary assistance for the supervisors to perform their duties normally. No one shall interfere or obstruct supervisors' normal performance of their duties. Relevant expenses required by supervisors to perform their duties shall be borne by the Company.

Article 164 Supervisors shall not damage the interests of the Company by using their affiliated relation, and shall be liable for compensation in case of any losses caused to the Company.

Article 165 If any supervisor violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties, thereby incurring any loss to the Company, the said supervisor shall be liable for compensation.

## **Section II Supervisory committee**

Article 166 The Company shall set up a supervisory committee, which shall be composed of 3 supervisors and 1 chief supervisor. The chief supervisor shall be elected by more than half of all supervisors. Meetings of the supervisory committee shall be convened and presided over by the chief supervisor. Where the chief supervisor is unable or fails to perform his/her duties, the meeting shall be convened and presided over by a supervisor jointly elected by more than half of the supervisors.

The supervisory committee shall contain shareholder representatives and an appropriate ratio of employee representatives, which ratio may not be less than one third. Members of the supervisory committee who are employee representatives shall be elected or removed by the Company's employees through the employee representative assembly, trades union congress or other forms of democratic method of election.

Article 167 Supervisors may exercise the following functions and powers.

(I) to review regular reports of the Company prepared by the board of directors and express their opinions in writing;

(II) to check the financial affairs of the Company;

(III) to supervise the acts of the directors and senior management in performing their duties and propose the removal of the directors or senior management who are in violation of the laws, administrative regulations, the Articles of Association or resolutions of the shareholders' meeting;

(IV) to require any director or senior management who acts in any manner that damages the interests of the Company to make corrections;

(V) to propose for an interim shareholders' meeting, and convene and preside over the shareholders' meeting when the board of directors fails to do the same according to the Company Law;

(VI) to put forward proposals to the shareholders' meeting;

(VII) to file a lawsuit against the directors or senior management in accordance

with Article 151 of the Company Law;

(VIII) to investigate if they find that the Company is in abnormal operation, and if necessary, engage an accounting firm, a law firm and other professional organization to assist in their work at the cost of the Company; and

(IX) to check the financial materials to be submitted by the board of directors to the shareholders' meeting, including financial reports, operating report and profit disposition plans, in case of any doubt, to entrust certified public accountant(s) and independent auditor(s) in the name of the Company to assist with the review.

The supervisory committee may require directors, senior management, internal and external auditors to attend meetings of the supervisory committee and answer relevant questions.

Article 168 The supervisory committee shall convene meeting at least once every six months. The supervisors may propose for a temporary meeting of the supervisory committee.

A resolution of the supervisory committee shall be approved only when it is voted for by more than half of supervisors.

Article 169 The supervisory committee shall formulate rules of procedures of the supervisory committee and make clear the discussion methods and voting procedures thereof to ensure the work efficiency and scientific decision-making of the supervisory committee.

Article 170 The decisions on the matters discussed at the meeting of supervisory committee shall be recorded in the minutes, which shall bear the signatures of the supervisors present and the recorder.

Supervisors shall have the right to demand for some kind of descriptive records on the minutes for their speeches at the meeting. Meeting minutes of the supervisory committee shall be kept for at least 10 years as the Company's files.

Article 171 Notice of the meeting of supervisory committee shall contain the

following contents:

- (I) date, venue and duration of the meeting;
- (II) reason for convening the meeting and issues to be discussed at the meeting;
- (III) date of the notice.

## **Chapter X Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management**

Article 172 None of the following persons shall be eligible for appointment as a director, supervisor or senior manager of the Company:

- (I) any person who does not have civil capacity or has limited civil capacity;
- (II) any person who has been convicted of any criminal offence in the nature of corruption, bribery, disseizing, misappropriation or disrupting the economic order of the socialist market and five years have not elapsed since any penalty imposed has been completed, or any person who has ever been deprived of his/her political rights due to any crime and five years have not elapsed since the penalty imposed was completed;
- (III) any former director, factory director or manager of a company or enterprise which has been declared bankrupt and liquidated as a result of mismanagement in circumstances where he/she was personally responsible for the bankruptcy of the company or enterprise, and three years have not elapsed since the bankruptcy and liquidation of the company or enterprise was completed;
- (IV) any former legal representative of a company or enterprise which has had its business license revoked and has been ordered to close its business operations due to any violation of law in circumstances where the former legal representative was personally liable therefor and three years have not elapsed since the date of revocation;
- (V) any person who has significant unpaid due debts;
- (VI) any person who is under a penalty of prohibited access to the securities market

imposed by the CSRC, which penalty is still effective;

(VII) any other person determined by the laws, administrative regulations or departmental rules as unqualified to serve as a director, supervisor or senior manager of a listed company.

Where a director is elected or appointed in violation of the provisions of this article, the said election, appointment or engagement shall be invalid. Where any director falls under any of the circumstances mentioned in this Article during his/her term of office, the Company shall remove his/her office as a director.

Article 173 The validity of the act of the Company's directors or other senior management on behalf of the Company to any bona fide third party shall not be affected by any act of the same in violation of any requirements for office holding, selection or qualification.

Article 174 In addition to the obligation specified by any laws, administrative regulations, or listing rules of the stock exchange in the place where the Company's shares or GDRs are listed, the directors, supervisors and other senior management of the Company shall also have the following obligations to each shareholder when exercising the functions and powers conferred by the Company:

(I) not to cause the Company to engage in any business beyond the business scope as specified in its business license;

(II) to act in good faith in the best interest of the Company;

(III) not to deprive the Company's property in any form, including but not limited to any opportunity favorable to the Company;

(IV) not to deprive personal interests of any shareholders, including but not limited to any distribution right and voting right and excluding the proposal on restructuring of the Company submitted according to the Articles of Association and adopted at the shareholders meeting.

Article 175 Directors, supervisors, general manager and other senior management

of the Company shall have the prudence, diligence, skill and conduct in exercise of their powers or performance of their obligations as reasonably prudent persons should have under similar circumstances.

Article 176 Directors, supervisors, general manager and other senior management of the Company shall perform their duties in good faith, and not cause their interests to be probably in conflict with their obligations, including but not limited to:

(I) to act in good faith in the best interest of the Company;

(II) to exercise their powers within the scope of their authorities, and not act beyond authorities;

(III) to exercise the discretionary power conferred in person, rather than under the manipulation of anyone else; not transfer the discretionary power to anyone else if it is not permitted to do so by law or administrative regulation or without the consent of the shareholders meeting;

(IV) to give equal treatment to holders of the same class of shares;

(V) not to enter into any contract, transaction or arrangement with the Company, unless it is otherwise provided in the Articles of Association or the shareholders obtain the informed consent at general meeting;

(VI) not to use the Company's properties to seek personal gains in any form without prior consent of the shareholders meeting;

(VII) not to take advantage of their powers to accept bribery or other illegal income, or embezzle the Company's properties, including but not limited to any opportunity favorable to the Company;

(VIII) not to accept any commission related to the Company's transactions without prior consent of the shareholders meeting;

(IX) to abide by the Articles of Association, faithfully perform their duties, safeguard the interests of the Company, and not use their position and authority in the Company to seek personal gains for themselves ;

(X) not to compete with the Company in any form without prior consent of the shareholders meeting;

(XI) not to misappropriate any fund of the Company or lend any fund of the Company to anyone else, or deposit any fund of the Company in the accounts opened in their own names or in others' name, or provide any guarantee for the debt of any shareholder of the Company or any other person against with the Company's assets;

(XII) not to disclose any confidential information relating to the Company they obtain during their terms of office without prior consent of the shareholders meeting, and not use such information for any purpose other than the benefit of the Company; provided that, such information can be disclosed to the court or other competent government authority where:

1. it is so required by the law;
2. it is so required in the public interest;
3. it is so required in the interests of such directors, supervisors, general manager or other senior management.

Article 177 No director, supervisor, general manager or other senior management of the Company shall instigate any of the following persons or institutions ("Related Persons") to do anything such directors, supervisors or other senior management can not do:

(I) spouse or minor child of any director, supervisor, general manager or other senior management of the Company;

(II) trustee of any director, supervisor, general manager or other senior management of the Company, or trustee of any person specified in Item (I) of this paragraph;

(III) partner of any director, supervisor, general manager or other senior management of the Company, or partner of any person specified in Item (I) and (II) of this paragraph;

(IV) any company in which that director, supervisor, general manager or other

senior management of the Company, severally or jointly with the persons referred to in paragraphs (I), (II) and (III) or other directors, supervisors, general managers and other senior management of the Company, has de facto control;

(V) any director, supervisor, general manager or other senior management of the Company being controlled as specified in Item (IV) of this paragraph.

Article 178 The directors, supervisors, general manager and other senior management of the Company shall fulfill their duty of good faith and keep confidential the business secret of the Company after the expiry of their term. The duration of other duties shall be determined based on the principle of fairness, by taking into consideration the length of time between the occurrence of the event and their departure, and the circumstances and conditions under which their relationship with the Company terminates.

Article 179 The liability of directors, general managers and other senior management for violating a specific obligation may be relieved by the shareholders' meeting with knowledge, except for the circumstances specified in Article 57 hereof.

Article 180 Any director, supervisor, general manager or other senior management, who is in any way, directly or indirectly, materially interested in any concluded or intended contract, transaction or arrangement to which the Company is a party (other than the employment contract between the Company and its director, supervisor, general manager or other senior management), shall disclose the nature and extent of such interest to the board of directors as soon as possible, no matter whether or not the matter concerned is subject to the approval of the board of directors under normal circumstances.

Unless such interested director, supervisor, general manager or other senior management of the Company makes the disclosure as mentioned in the preceding paragraph and the matter was approved by the board of directors at the meeting where such interested director, supervisor, general manager or other senior management was

not counted in the quorum and did not participate in the voting, the Company shall have the right to revoke the contract, transaction or arrangement, except in the case of the counterparty to the contract, transaction or arrangement who are bona fides parties and do not know the breach of duty by such director, supervisor, general manager or other senior management.

Any director, supervisor, general manager or other senior management of the Company, whose Related Persons have interests in any contract, transaction or arrangement, shall also be deemed to have interests in the same.

Article 181 If any director, supervisor, general manager or other senior management of the Company notify the board of directors in writing before the Company considers reaching a contract, transaction or arrangement for the first time, stating that he/she will have an interest in the contract, transaction or arrangement to be reached by the Company due to the contents listed in the notice, the director, supervisor, general manager and other senior management shall be deemed to have made the disclosure as required under the preceding Article to the extent of those specified in the notice.

Article 182 The Company shall not pay taxes for its directors, supervisors, general manager and other senior management in any way.

Article 183 The Company shall not provide, directly or indirectly, any loan to or loan guarantee for any director, supervisor, general manager or other senior management of the Company or of its parent company, or any Related Person of any of the aforementioned persons.

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

- (I) where the Company provides loan to any of its subsidiaries or provided loan guarantee for any of its subsidiaries;
- (II) where, according to the employment contracts approved at the shareholders'

meeting, the Company provides loan to, loan guarantee for, or any other funds to any director, supervisor, general manager or other senior management, to enable such director, supervisor, general manager or other senior management to pay the pay the expenses incurred for the purpose of the company or for the performance of his/her duties;

(III) if the normal business scope of the Company includes the provision of loans and loan guarantees, the Company may provide loans to or loan guarantees for relevant directors, supervisors, general managers and other senior management and their Related Persons, provided that the conditions of such loans and loan guarantees shall be normal commercial conditions.

Article 184 For any loan provided by the Company in violation of the provisions of the preceding Article, the borrower shall repay the loan immediately, regardless of the conditions of the loan.

Article 185 Any loan guarantee provided by the Company in violation of the provisions of Item (I), Article 183 shall not be enforced against the Company, unless:

(I) the lender does not know when the loan is provided to the Related Person of director, supervisor, general manager and other senior management of the Company or of its parent company;

(II) the collateral provided by the Company is legally sold by the lender to a bona fides purchaser.

Article 186 The guarantee as mentioned in the preceding Articles of this Chapter shall include the guarantors' assumption of liability or provision of properties to guarantee the obligors' performance of their obligations.

Article 187 In the event that any director, supervisor, general manager and other senior management of the Company is in breach of his/her duty to the Company, the Company, in addition to the rights and remedies specified by the laws and administrative regulations, shall also be entitled to:

(I) require such director, supervisor, general manager and other senior management to compensate the Company for any loss arising from his/her breach of duty;

(II) revoke any contract or transaction entered into between the Company and such director, supervisor, general manager and other senior management, and any contract or transaction entered into between the Company and a third party who knows or should know that such director, supervisor, general manager and senior management is in violation of the duty that should be fulfilled to the Company;

(III) require such director, supervisor, general manager and other senior management to turn in the gains from his/her breach of duty;

(IV) recover the proceeds from such director, supervisor, general manager and other senior management that would have been received by the Company, including but not limited to commission.

(V) require such director, supervisor, general manager and other senior management to return the interests he/she earns or probably earns on the proceeds that should be turned in to the Company;

Article 188 The Company shall enter into a written contract on remuneration related matters with its directors and supervisors upon prior approval of the shareholders' meeting. The said remuneration related matters include:

(I) the remuneration paid to directors, supervisors or senior management of the Company;

(II) the remuneration paid to the director, supervisor or senior management of any subsidiary of the Company;

(III) the remuneration paid for other services related to the management of the Company or its subsidiaries;

(IV) the payment by way of compensation for loss of post or retirement of such director or supervisor.

No director or supervisor shall file a lawsuit against the Company for the benefit

he/she should have obtained as a result of any of the said matters, except for those filed according to the aforementioned contracts.

Article 189 The contracts concluded between the Company and any of its directors or supervisors on remuneration related matters shall specify that, in case of an acquisition of the Company, the director or supervisor shall be entitled to the compensation or other money paid for loss of post or retirement upon the prior approval of the shareholders at general meeting. The “acquisition of the Company” as mentioned in the preceding sentence refers to any of the following circumstances:

(I) anyone makes an offer for acquisition to all shareholders;

(II) anyone makes an offer for acquisition, aiming at making the offeror the controlling shareholder. See the first paragraph of Article 242 for the definition of “controlling shareholder”.

(III) If any director or supervisor does not comply the provisions of this Article, the proceeds he/she receives shall belong to the persons who sell the shares under the said offer, and such director or supervisor shall bear the expenses incurred due to proportioned distribution of such proceeds, and such expenses shall not be deducted from the said proceeds.

## **Chapter XI Financial and Accounting System, Profits Distribution and Auditing**

### **Section I Financial and Accounting System**

Article 190 The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations and the regulation of relevant state departments.

Article 191 The Company shall submit and disclose its annual reports to the CSRC

and the stock exchange within 4 months after the end of each fiscal year, and submit and disclose its interim reports to the dispatched offices of the CSRC and the stock exchange within 2 months after the end of the first 6 months of each fiscal year.

The said annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, and the regulations of the CSRC and the stock exchange.

Article 192 The board of directors shall, at each annual shareholders' meeting, submit to the shareholders the financial reports prepared by the Company as required by relevant laws, administrative regulations, normative documents issued by local governments and competent authorities.

Article 193 The Company shall not set up any other accounting books other than the statutory accounting books required by the law. No asset of the Company may be deposited and kept in any personal accounts.

Article 194 In distributing the after-tax profits of the Company for the current year, the Company shall allocate an amount equal to 10% of the after-tax profits to the statutory reserve fund of the Company. Where the cumulative amount of the statutory reserve fund of the Company exceeds 50% of the registered capital of the Company, the Company may cease to make further such allocation.

If the amount of the statutory reserve fund is not sufficient for making up losses in the previous year(s), prior to allocating amounts to the statutory reserve fund in accordance with the foregoing paragraph, the profits of the current year shall firstly be applied to make up such losses.

After the Company allocates statutory reserve fund from after-tax profits, it can also allocate discretionary reserve fund from the after-tax profits with the resolution of the shareholders' meeting.

The after-tax profits after the Company makes up losses or allocates the reserve funds shall be distributed to shareholders according to their respective shareholding ratio,

unless the Articles of Association do not provide to make distribution according to shareholding ratio.

In the event that the shareholders' meeting distributes profits to shareholders before making up losses and the allocation of statutory reserve fund in violation of the preceding paragraph, the shareholders shall return the profits so distributed to the Company.

The shares held by the Company enjoy no right to the distribution of profits.

Article 195 The reserved funds of the Company will be used to make up its losses, expand its production and business operation or to increase its capital. However, the capital reserve will not be used to make up the losses of the Company. Such capital reserve shall include:

(I) premium from issue of shares at a price above the nominal amount;

(II) other income included in the capital reserve as required by the financial administration department under the State Council.

When the statutory reserve fund is converted into capital, the amount remaining in the statutory reserve fund shall be not less than 25% of the registered capital of the Company prior to the conversion.

Article 196 After the shareholders' meeting makes a resolution on the profit distribution plan, the board of directors of the Company shall complete the distribution of dividends (or shares) within 2 months after the shareholders' meeting.

Article 197 Procedures for deliberating the profit distribution policy, profit distribution plan and changes to the profit distribution policy of the Company:

1. Basic principles of profit distribution policy of the Company

(1) The Company shall fully consider the return to investors and implement a positive and stable profit distribution policy;

(2) The Company's profit distribution policy should be of a continuous and stable nature, and consider the long-term interests of the Company, the overall interests of all

shareholders and the sustainable development of the Company;

(3) The Company gives priority to the profit disposition in cash.

## 2. Specific policies on profit distribution of the Company

(1) The form of profit distribution: The Company may distribute dividends in cash, shares or a combination of cash and shares. The Company may make interim distribution of profits if condition permits.

(2) Specific conditions and proportion of cash dividend:

The following conditions shall be satisfied when the Company implements cash dividends:

① The distributable profit realized by the Company in the current year (i.e., the after-tax profit after the Company makes up the loss and allocate the reserve fund) is positive and relatively abundant in cash, and the implementation of cash dividend will not affect the Company's subsequent continuous operation;

② The Company has no major investment plan or major cash disbursement (except for fundraising projects). It shall be deemed as a major investment plan or major cash disbursement when the accumulative expenditure of the planned overseas investment, asset acquisition or equipment purchase of the Company in the next 12 months reaches or exceeds 30% of the latest audited net assets of the Company.

The profits distributed by cash shall not be less than 10% of the distributable profits realized in the current year, and the accumulated profits distributed by cash in the recent three years shall not be less than 30% of the average annual distributable profits realized in the recent three years. If the Company has not distributed its profits in cash in the recent three years, it may not issue additional new shares to the public or issue convertible corporate bonds, or allocate shares to original shareholders.

(3) The board of directors shall, considering the Company's situation such as the industry characteristics, the stage of development, its business model, profitability, and whether there are significant factors such as capital expenditures arrangements, adopt

differentiated cash dividend policies in accordance with the procedures specified in the Articles of Association for different circumstances below:

① where the Company is in mature development stage and has no major capital expenditures arrangements, the cash dividends shall account for at least 80% in the current profit distribution;

② where the Company is in mature development stage and has major capital expenditures arrangements, the cash dividends shall account for at least 40% in the current profit distribution;

③ where the Company is in growth development stage and has major capital expenditures arrangements, the cash dividends shall account for at least 20% in the current profit distribution;

If it is not easy to distinguish the development stage of the Company but there is major capital expenditure arrangement, it may be handled in accordance with the provisions of the preceding paragraph.

The board of directors of the Company may propose and implement (subject to the approval of the shareholders' meeting) interim profit distribution based on its earnings and capital requirements.

(4) Specific conditions for the Company to pay share dividends: When the Company is in good operation condition and the board of directors considers that the share price of the Company does not match the size of its share capital, and the issuance of share dividends is beneficial to the overall interests of all shareholders of the Company, it may put forward a share dividend distribution plan as long as the said conditions for cash dividend are satisfied.

### 3. Procedures for deliberating the profit distribution plan of the Company:

(1) The profit distribution plan of the Company shall be formulated by the management of the Company and submitted to the board of directors and the supervisory committee for deliberation. The board of directors shall fully discuss the reasonableness

of the profit distribution plan and submit a special resolution to the shareholders' meeting for deliberation. The Company shall effectively protect the right of public shareholders to participate in the shareholders' meeting, and the board of directors, independent directors and qualified shareholders may solicit from shareholders their voting rights at the shareholders' meeting. When the shareholders' meeting deliberates the specific cash distribution plan, the Company shall, through various channels, actively communicate with shareholders especially minority shareholders, and fully listen to the opinions and demands of the minority shareholders and timely answer the questions concerned by minority shareholders;

(2) The board of directors shall earnestly study and argue the time, conditions and the lowest proportion, conditions for adjustment, decision-making process and other matters of/related to cash dividend, and the independent directors shall give clear opinions with respect thereto. The independent directors can collect the opinions of the minority shareholders, put forward a proposal for cash dividends and directly submit it to the board of directors for deliberation;

(3) Where the Company fails to distribute cash dividends due to unsatisfaction of the conditions specified in this paragraph, the board of directors shall make a special statement on the reasons for not distributing cash dividends, the exact use of retained earnings of the Company and the expected investment income, etc., which shall be submitted to the shareholders' meeting for deliberation after the comments of the independent directors, and shall be disclosed on the media designated by the Company.

#### 4. Change of profit distribution policy of the Company

In the event of any force majeure such as war or natural disaster which has material impact on the production and business operation of the Company, or any great changes in the operating conditions of the Company, the Company may adjust the profit distribution policy.

Any adjustment of the profit distribution plan shall be discussed by the board of

directors with detailed argumentation and reasons, and the written argumentation report shall be submitted to the shareholders' meeting for special resolution after being approved by the independent directors. Online voting shall be available when the shareholders' meeting is deliberating any change of the profit distribution policy.

Article 198 The Company shall appoint a collecting agent for GDR holders. The collecting agent shall, on behalf of the GDR holders, collect the dividends and other dues distributed and payable by the Company to the GDR holders. The collecting agent appointed by the Company shall meet the requirements of the laws or the securities exchange in the place where the Company's shares or GDRs are listed.

## **Section II Internal Audit**

Article 199 The Company adopts an internal audit system and has full-time auditors to conduct internal audit on the Company's financial revenues and expenditures and economic activities.

Article 200 The internal audit system and the duties and responsibilities of the auditors shall be subject to the approval of the board of directors. The person in charge of the auditing affairs shall be accountable to and report to the board of directors.

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

Article 201 The Company shall appoint an accounting firm in compliance with the provisions of the Securities Law to audit accounting statements, verify net assets and provide other relevant consulting services for a period of one year, which may be renewed from the end of the current annual shareholders' meeting to the end of the next annual shareholders' meeting.

Article 202 The appointment of an accounting firm by the Company shall be subject to the decision of the shareholders' meeting, and the board of directors shall not appoint the accounting firm before the shareholders' meeting makes such decision.

Article 203 The Company guarantees to provide true and complete accounting vouchers, account books, financial and accounting reports and other accounting documents to the accounting firm so appointed and will not refuse, hide or give false information.

Article 204 The auditing expenses of the accounting firm shall be determined by the shareholders' meeting.

Article 205 When the Company dismisses or discontinues the appointment of the accounting firm, it shall notify the said accounting firm 15 days in advance and when the Company's shareholders' meeting votes on the dismissal of the accounting firm, the accounting firm shall be offered an opportunity to make statement.

If an accounting firm quits, it shall state to the shareholders' meeting whether or not the Company has any misconducts.

Article 206 The accounting firm appointed by the Company shall have the right to:

(I) access the Company's financial statements, records and vouchers, and request the Company's directors and senior management to provide relevant materials and explanations;

(II) require the Company to take reasonable measures to get the materials and explanations from the Company's subsidiaries, for fulfillment of duties by the accounting firm;

(III) attend the shareholders' meeting, receive the notice of the shareholders' meeting or other information related to the shareholders' meeting, and make speech at the shareholders' meeting on matters related to its role as the accounting firm of the Company.

Article 207 If there is a vacancy in the position of the accounting firm, the board of directors may appoint an accounting firm to fill the vacancy prior to the shareholders' meeting, but it shall be subject to the confirmation at the next shareholders' meeting. However, during the duration of the vacancy, if the Company has other accounting firms

in office, such accounting firms can still provide service to the Company.

Article 208 Regardless of any provisions of the contract concluded between the accounting firm and the Company, the shareholders' meeting may decide to dismiss any accounting firm by ordinary resolution before the expiration of its term of office. If the accounting firm has the right to claim compensation from the Company due to dismissal, such right shall not be affected.

## **Chapter XII Notice and Public Announcement**

### **Section I Notice**

Article 209 The Company may serve a notice:

- (I) in person;
- (II) by mail;
- (III) by fax;
- (IV) by public announcement;
- (V) other forms prescribed by the Articles of Association.

Article 210 If the Company serves a notice by public announcement, once announced, it shall be deemed that all related persons have received the notice.

Article 211 The Company shall send the notice of the shareholders' meeting by public announcement.

Article 212 The Company shall send the notice of the meeting of board of directors in person, by fax or mail.

Article 213 The Company shall send the notice of the meeting of supervisory committee in person, by fax or mail.

Article 214 A notice delivered in person shall be deemed to be served on the date when the addressee sign (or seal) on the receipt. A notice delivered by mail shall be deemed to be served on the seventh business day from the date of delivery to the post

office. A notice sent by public announcement shall be deemed to be served on the date of the first public announcement. A notice sent by fax shall be deemed to be served at the time recorded by the fax machine.

Article 215 Failure by accidental omission to give notice of a meeting to any person entitled to notice or failure of such person to receive notice of a meeting shall not invalidate the meeting and its resolutions.

## **Section II Public Announcement**

Article 216 The Company designates the China Securities Journal, the Securities Times, the Shanghai Securities News, the Securities Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) as the media to publish its announcement and other information required to be disclosed.

## **Chapter XIII Corporate Combination, Division, Increase or Reduction of Capital, Dissolution and Liquidation**

### **Section I Corporate Combination, Division, Increase or Reduction of Capital**

Article 217 The plan for any corporate combination or division of the Company shall be made by the board of directors, after it is approved in accordance with the procedures specified in the Articles of Association, relevant examination and approval procedures shall be gone through according to law. Any shareholder who disagrees on corporate combination or division of the Company shall have the right to require the Company or the shareholders who agree thereon to purchase his/her shares at fair price. The contents of the resolution on corporate combination or division shall be documented for access by the shareholders.

Article 218 A corporate combination may be effected by merger or consolidation.

In the case of a merger, one company absorbs another company and the company

that has been absorbed is dissolved; in case of a consolidation, two or more companies combine to establish a new company, and parties to the combination are dissolved.

Article 219 In case of a corporate combination of the Company, parties to the combination shall conclude an agreement with each other and formulate balance sheets and a list of properties. The Company shall, within 10 days of making the resolution on combination, notify its creditors and, within 30 days, make a public announcement on China Securities Journal or the Securities Times. Any creditor may, within 30 days of receiving the said notice or, in the event that the creditor does not receive such a notice, within 45 days as of the issuance of the said public announcement, require the Company to repay its debts in full or to provide a corresponding guaranty.

Article 220 In case of a corporate combination of the Company, the claims and debts of the parties to the combination shall be succeeded by the company that survives the combination, or by the newly-established company in case of a consolidation.

Article 221 In case of a division of the Company, the assets of the Company shall be divided accordingly.

To enable a division to proceed, balance sheets and schedules of assets shall be formulated. The Company shall inform its creditors within ten days of the date on which the resolution on division is made, and shall make a public announcement about the division on China Securities Journal or the Securities Times within 30 days of the date on which the resolution on division is made.

Article 222 Unless otherwise agreed by the Company and its creditors in any written agreement regarding the repayment of Company's debts concluded prior to any division, the companies that result from the division shall be jointly and severally liable for the existing debts of the Company.

Article 223 Where the Company finds it necessary to reduce its registered capital, it shall prepare its balance sheet and a list of properties.

The Company shall, within 10 days of the date on which it resolves to reduce its

registered capital, notify its creditors and make a public announcement on the proposed reduction of registered capital on China Securities Journal or the Securities Times within 30 days of the date on which it resolves to reduce its registered capital. Any creditor shall, within 30 days of receipt of such a notice or, where it does not receive a notice, within 45 days of the date of the public announcement, be entitled to require the Company to repay its debt in full or to provide a corresponding guaranty. The registered capital of the Company after the reduction shall not be less than the statutory minimum amount.

Article 224 Where, as a result of any corporate combination or division to which a Company is a party, any of the Company's registered information change, the Company shall amend its registered information with the company registration authority. In the event that the Company that is a party to a combination or division is dissolved, it shall be deregistered in accordance with the law. In the event that any new company results from any combination or division, it shall comply with the procedures for establishment of a company as provided by law.

Where the Company increases or reduces its registered capital, the Company shall handle the procedures for registration of change with the company registration authority in accordance with the law.

## **Section II Dissolution and Liquidation**

Article 225 The Company shall be dissolved under any of the following circumstances:

(I) The business term set forth in the Articles of Association expires or any other dissolution event as stipulated in the Articles of Association occurs;

(II) The shareholders' meeting has resolved to do so;

(III) The Company should be dissolved for the corporate combination or division purpose;

(IV) The Company is declared bankrupt according to law since it cannot pay off its due debts;

(V) The Company' business license is revoked, or the Company is ordered to be closed down or be revoked in accordance with laws.

(VI) The Company encounters serious difficulties in its business management, and a heavy loss to the interests of shareholders may result from its continued existence and there are no other solutions, the people's court may dissolve the Company at the request of shareholders who hold more than 10% of the voting rights of all the shareholders of the Company.

Article 226 The Company may nevertheless continue in existence by amending the Articles of Association where any of the circumstances prescribed in Item 1 of Article 225 hereof.

Any amendment to the Articles of Association in accordance with the provisions of the preceding paragraph shall be subject to the consent of at least two thirds of the voting rights of shareholders present at the shareholders' meeting.

Article 227 Where the Company is dissolved in accordance with the provisions of Item (I), (II), (V) or (VI) of Article 225 hereof, a liquidation group shall be formed within 15 days of the date on which the dissolution event occurs in order to effect the liquidation. The liquidation group shall be comprised of its directors or any other individuals appointed by the shareholders' meeting. Where a liquidation group is not formed within the time limit, the Company's creditors may petition the people's court to appoint appropriate individuals to form a liquidation group.

Where the Company is dissolved in accordance with the provisions of Item (IV) of Article 225, the people's court shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation group to effect the liquidation in accordance with relevant laws.

Where the Company is dissolved in accordance with the provisions of Item (V) of

Article 225, relevant competent authority shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation group to effect the liquidation.

Article 228 If the board of directors decides to liquidate the Company (except for the liquidation due to the declared bankruptcy of the Company), an statement shall be made in the notice of the shareholders' meeting convened for the liquidation purpose that the board of directors has made a comprehensive investigation into the situation of the Company and believes that the Company can fully pay off its debts within 12 months after the liquidation.

After the resolution on liquidation is adopted at the shareholders' meeting, the functions and powers of the board of directors shall immediately terminate.

The liquidation group shall follow the instructions of the shareholders' meeting, report to the shareholders' meeting at least once a year its income and expenditure, the progress of the Company's business and liquidation, and make the final report at the shareholders' meeting upon the end of liquidation.

Article 229 The liquidation group shall exercise the following functions and powers during the period of liquidation:

(I) to liquidate the Company's property and prepare the balance sheet and list of properties respectively;

(II) to notify and announce the creditors;

(III) to handle the outstanding business of the Company related to liquidation;

(IV) to pay the taxes owed and the tax arising from the liquidation process;

(V) to settle claims and debts;

(VI) to deal with the remaining properties of the Company after paying off its debts.

(VII) to participate in the civil litigations on behalf of the Company.

Article 230 The liquidation group shall, after the date of its formation, notify the creditors within 10 days and make announcements on the China Securities Journal or the Securities Times within 60 days. The creditors shall make a claim to the liquidation

group on the debt owed to them to the liquidation group within 30 days after receipt of the notice, or within 45 days after the date of the announcement if they fail to receive the notice.

In making a claim for any debt outstanding, a creditor shall describe the relevant details and provide supporting evidence. The liquidation group shall record all debts claimed.

The liquidation group may not repay any creditor during the debt claim period.

Article 231 The liquidation group shall, after liquidating the assets of the Company and preparing a balance sheet and list of properties, draft a liquidation plan and present it to the shareholders' meeting or the people's court for confirmation.

Any remaining assets of the Company after payment of liquidation expenses, employee wages, social insurance premiums and statutory indemnity premiums, outstanding taxes and outstanding debts may be distributed to shareholders according to the class and proportion of shares held by them.

The Company in liquidation shall continue in existence during the course of the liquidation but may not conduct any new business unconnected with the liquidation.

No assets of the Company may be distributed to any shareholder before being applied as described in the previous paragraph.

Article 232 Where, after liquidating the assets of the Company and formulating a balance sheet and list of properties, the liquidation group finds that the Company's assets are insufficient to repay its obligations in full, it shall file a bankruptcy petition with the people's court.

Where the people's court declares the Company bankrupt, the liquidation group shall hand over administration of the liquidation to the people's court.

Article 233 On completion of the Company's liquidation, the liquidation group shall prepare a liquidation report, an income and expenditure statement and financial account books during the liquidation period, which shall be verified by a Chinese

certified public accountant and submitted to the shareholders' meeting or the people's court for confirmation. The liquidation group shall, within 30 days from the date of confirmation by the shareholders' meeting or the people's court, submit the above-mentioned documents to the company registration authority, apply for cancellation of the Company and announce the termination of the Company.

Article 234 The members of the liquidation group shall, during the course of liquidation, carry out their duties and perform their obligations in accordance with the law.

No member of the liquidation group may take advantage of his/her position to take any bribe or any other unlawful payment, nor may he misappropriate any asset of the Company.

Any member of the liquidation group who causes any loss to the Company or to any of its creditors either intentionally or due to his gross negligence shall be liable to compensate the affected party.

Article 235 The Company, if adjudicated bankrupt in accordance with the law, shall be liquidated in bankruptcy in accordance with the relevant laws on bankruptcy.

#### **Chapter XIV Amendment to the Articles of Association**

Article 236 The Company may amend its Articles of Association in accordance with laws, administrative regulations and the provisions hereof.

Article 237 The Company shall amend its Articles of Association under any of the following circumstances:

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

(II) There is change in the situation of the Company which are inconsistent with those recorded in the Articles of Association;

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

Article 238 If the amendment to the Articles of Association adopted by the resolution of the shareholders' meeting is subject to the examination and approval of the competent authority, they shall be reported to the competent authority for approval. Where the registered matters of the Company are involved, the procedures for registration of change shall be handled in accordance with law. Any amendment to the Articles of Association that involves the contents of the Mandatory Provisions shall be subject to the approval of the company approval authority authorized by the State Council and the securities regulatory authority under the State Council.

Article 239 The board of directors shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting and the examination and approval opinions of relevant competent authority.

Article 240 The amendment to the Articles of Association shall be publicly announced if it is required to be disclosed by laws and regulations.

### **Chapter XV Dispute Resolution**

Article 241 In case of any disputes or claims arising between shareholders and the Company, between shareholders and directors, supervisors, general manager or other senior management of the Company, between a shareholder and another shareholder, based on the rights and obligations stipulated in the Articles of Association and relevant laws and administrative regulations and related to other affairs of the Company, relevant parties may settle the disputes in accordance with the provisions of laws and administrative rules and regulations or by means of mutual agreement if the competent securities authority under the State Council does not reach an understanding or agreement with the relevant overseas securities regulatory authority on the method of dispute settlement. The resolution of the disputes mentioned in the preceding paragraph shall be governed by the laws of the People's Republic of China.

## Chapter XVI Supplementary Provisions

### Article 242 Interpretation

(I) A “controlling shareholder” refers to:

1. a person who can select more than half of the directors when he/she acts alone or in concert with others;

2. any shareholder whose shares account for more than 50% of the total share capital of the Company;

3. any shareholder who holds less than 50% of the shares but has enough voting rights to have a significant impact on the resolutions of the shareholders’ meeting, including but not limited to:

(1) when acting alone or in concert with others, the person may exercise more than 30% (inclusive) of the voting rights of the Company or control the exercise of more than 30% (inclusive) of the voting rights of the company;

(2) when acting alone or in concert with others, the person holds more than 30% (inclusive) of the outstanding shares of the Company;

(3) when acting alone or in concert with others, the person controls the Company in other manner.

(II) An "actual controller" refers to any person who is not a shareholder but is in a position to exercise actual control over the acts of the company by means of investment relationships, agreements or any other arrangements.

(III) An "affiliated relation" refers to any relation between the controlling shareholder, actual controller, director, supervisor, or senior management of the Company and the enterprise directly or indirectly controlled thereby and any other relation that may enable the transfer of any interest in the Company. Enterprises controlled by the state do not have an affiliated relation as between themselves simply because their shares are controlled by the state.

Article 243 The board of directors may formulate the detailed rules in accordance with the provisions of the Articles of Association, provided that such detailed rules shall not conflict with the provisions of the Articles of Association.

Article 244 The Articles of Association are written in Chinese. In case of any discrepancy between the articles of association in any other language or different version and the Articles of Association, the Chinese version of the Articles of Association after the latest approval and registration by the company registration authority shall prevail.

Article 245 The terms "above", "within" and "below" in the Articles of Association include the number itself; "no more than", "other than", "less than" and "more than" do not include the number itself.

Article 246 The board of directors shall be responsible for the interpretation of the Articles of Association. If the Articles of Association are inconsistent with laws and regulations, the rules and regulations of the security regulatory authority or stock exchange in the place where the Company's shares or GDRs is listed, the laws and regulations, the rules and regulations of the security regulatory authority or stock exchange in the place where the Company's shares or GDRs is listed shall apply.

Article 247 The appendixes to the Articles of Association include the rules of procedure of the shareholders' meeting, the rules of procedure of the board of directors and the rules of procedure of the supervisory committee.

Article 248 The Articles of Association shall take effect from the date when they are approved by the shareholders' meeting and the GDRs issued by the Company is listed and traded on the SIX Swiss Exchange. The original Articles of Association of the Company shall automatically become invalid as of the effective date of the Articles of Association.

Gotion High-tech Co., Ltd.

July 28, 2022