

# **S.F. Holding Co., Ltd.**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

## **ARTICLES OF ASSOCIATION**

**(Applicable upon issuance and listing of H Shares)**

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# **Articles of Association of**

## **S.F. Holding Co., Ltd.**

### **Chapter 1 General Provisions**

**Article 1** In order to protect the legitimate rights and interests of S.F. Holding Co., Ltd. (the “Company”), shareholders and creditors, and regulate the organization and activities of the Company, 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 Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Administrative Measures”), the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK Listing Rules”) and other relevant regulations.

**Article 2** The Company is a joint stock company with limited liability incorporated in accordance with the Company Law and requirements of other related laws and regulations of the People’s Republic of China (the “PRC”, and for the purpose of the Articles of Association, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region).

**Article 3** The Company was established by way of promotion and registered with the Market Supervision Bureau of Ma’anshan City to obtain its business license. The Company’s unified social credit code is 91340500150660397M. Upon the approval by the China Securities Regulatory Commission (the “CSRC”) on January 11, 2010, the Company initially issued 19,500,000 RMB-denominated ordinary shares (the “A Shares”), which were listed on the Shenzhen Stock Exchange on February 5, 2010.

Under the CSRC Approval [2016] No. 3016, the Company conducted the material asset restructuring by way of issuing 3,950,185,873 A Shares to 7 companies and joint ventures, including Shenzhen Mingde Holding Development Co., Ltd., through which the total share capital of the Company increased from 233,492,340 shares to 4,183,678,213 shares. The non-publicly issued shares hereof were listed on the Shenzhen Stock Exchange (the “SZSE”) on January 23, 2017.

Upon the filing with the CSRC on May 31, 2024 and approval by the Hong Kong Stock Exchange (the “SEHK”, together with the SZSE, the “Stock Exchanges”) on November 26, 2024, the Company conducted the initial public offering of 170,000,000 overseas listed foreign shares (the “H Shares”), which were listed on the Main Board of the SEHK on November 27, 2024.

**Article 4** The Company's registered name is:

Full name in Chinese: 順豐控股股份有限公司

Full name in English: S.F. Holding Co., Ltd.

**Article 5** The Company's domicile is: 3/F, SF Express Southern China Logistic Complex Building, No. 1111 Hangzhan 4<sup>th</sup> Road, Shenzhen Airport, Caowei Community, Hangcheng Street, Bao'an District, Shenzhen. Postal code: 518128.

**Article 6** The registered share capital of the Company is RMB4,985,911,220.

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

**Article 8** The chairman of the board of directors of the Company (the "Board of Directors") is the legal representative of the Company.

**Article 9** The total assets of the Company are divided into shares of equal par value. The shareholders of the Company shall be liable to the Company to the extent of the shares they subscribed, and the Company shall be liable for the debts of the Company to the extent of all its entire assets.

**Article 10** The original Articles of Association and its amendments shall automatically become null and void as of the effective date of the Articles of Association. From the date upon which the Articles of Association take effect, the Articles of Association shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders, and shall constitute a legally binding document upon the Company, shareholders, directors, supervisors, general manager and other senior management members. Pursuant to the Articles of Association, shareholders may institute legal proceedings against other shareholders; shareholders may institute legal proceedings against directors, supervisors, general manager and other senior management members of the Company; shareholders may institute legal proceedings against the Company; and the Company may institute legal proceedings against shareholders, directors, supervisors, general manager and other senior management members.

**Article 11** Other senior management members mentioned in the Articles of Association refer to general manager, deputy general managers, secretary to the Board of Directors, chief financial officer and other senior management members appointed by the Board of Directors.

**Article 12** The Company shall establish an organization of the Communist Party and carry out Party activities in accordance with the requirements of the Constitution of the Communist Party of China. The Company shall provide the necessary conditions for the activities of the Party organization.

## **Chapter 2 Business Objectives and Scope**

**Article 13** The business objective of the Company is to maximize the economic revenue on the investment of shareholders and create a satisfactory economic return for them, all while in compliance with the PRC laws.

**Article 14** Upon registration in accordance with the law, the business scope of the Company is as follows: investment in and starting up new businesses (specific projects to be declared separately), marketing planning, investment consulting and other information consulting (excluding human resources intermediary services, securities and restricted projects), supply chain management, asset management, capital management, investment management (not allowed to engage in businesses such as trust, financial asset management, and securities asset management), ordinary road cargo transportation, automobile leasing, and headquarters management.

## **Chapter 3 Shares**

### **Section 1 Issuance of Shares**

**Article 15** The stocks of the Company shall take the form of registered shares.

**Article 16** Shares of the Company shall be issued on the principles of transparency, fairness and equality, and the shares of the same class shall rank *pari passu* in all respects.

Each share of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each share subscribed for by any entity or individual.

**Article 17** The nominal value of shares issued by the Company is denominated in RMB, with a par value of RMB1.00 each.

**Article 18** The A Shares issued by the Company shall be deposited collectively at the Shenzhen Branch of the China Securities Depository and Clearing Corporation Limited. The H Shares issued by the Company shall be primarily deposited with a custodian company under the Hong Kong Securities Clearing Company Limited in accordance with the laws and practices of securities registration and depository of the places where the shares are listed.

**Article 19** The promoters of the Company are: LIU Jilu, LIU Lingyun, GONG Weiping, HUANG Xuechun, TANG Chengkuan, WU Cuihua, YUAN Fuxiang and ZHAO Ming. The subscription by such promoters are as follows:

No.	Name of promoter	Number of shares subscribed	Percentage of registered capital	Nature of equity interest	Method of capital contribution	Date of capital contribution
1	LIU Jilu	33,365,000	66.73%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
2	LIU Lingyun	7,000,000	14%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
3	GONG Weiping	3,205,000	6.41%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
4	HUANG Xuechun	2,725,000	5.45%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
5	TANG Chengkuan	1,602,500	3.205%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
6	WU Cuihua	801,250	1.6025%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
7	YUAN Fuxiang	801,250	1.6025%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
8	ZHAO Ming	500,000	1%	Shares held by natural persons	Shares converted from net assets	September 30, 2007
<b>Total</b>		<b>50,000,000</b>	<b>100%</b>	—	—	—

Under the CSRC Approval [2016] No. 3016, the Company conducted the material asset restructuring by the way of issuing 3,950,185,873 A Shares to 7 companies and joint ventures, including Shenzhen Mingde Holding Development Co., Ltd.. The name of the Company's shareholders, the number of shares subscribed, and the method of capital contribution are as follows:

<b>No.</b>	<b>Name of shareholders</b>	<b>Shares subscribed (ten thousand shares)</b>	<b>Method of capital contribution</b>
1	Shenzhen Mingde Holding Development Co., Ltd.	270,192.7139	Equity contribution
2	Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)	39,225.3457	Equity contribution
3	Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership)	26,663.7546	Equity contribution
4	Shenzhen Zhaoguang Investment Co., Ltd.	26,663.7546	Equity contribution
5	Suzhou Industrial Park Oriza Shunfeng Equity Investment Enterprise (Limited Partnership)	26,663.7546	Equity contribution
6	Suzhou Jade Capital Qiuchuang Equity Investment Partnership (Limited Partnership)	5,332.7509	Equity contribution
7	Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership)	276.5130	Equity contribution
<b>Total</b>		<b>395,018.5873</b>	—

**Article 20** The total number of shares of the Company is 4,985,911,220, which are all ordinary shares, including 4,815,911,220 A ordinary shares and 170,000,000 H ordinary shares.

**Article 21** The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance in the form of gifts, advances, guarantees, compensation or loans to purchasers or prospective purchasers of the Company's shares.

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

**Article 22** According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the registered capital by the following ways upon approval by way of resolutions at the shareholders' general meeting, respectively:

- (I) public offering of shares;
- (II) non-public offering of shares;

(III) distributing bonus shares to existing shareholders;

(IV) converting capital reserve into share capital;

(V) other means stipulated by laws and administrative regulations or approved by government authorities.

**Article 23** The Company may decrease its registered capital. Such decrease shall be made in accordance with the procedures stipulated in the Company Law, other relevant provisions and the Articles of Association.

**Article 24** The Company may not repurchase its own shares except in any of the following circumstances:

(I) reducing the Company's registered capital;

(II) merging with other companies holding shares of the Company;

(III) issuing shares under employee stock ownership scheme or share incentive scheme;

(IV) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' general meeting upon their request;

(V) use of shares for converting the convertible bonds issued by the Company into shares;

(VI) where it is necessary for the Company to maintain its value and protect the interests of the shareholders.

**Article 25** The Company may repurchase its own shares in one of the following ways:

(I) open centralized trading;

(II) other ways recognized by laws, administrative regulations, the CSRC and other stock exchanges of the place where the Company's shares are listed, in compliance with the provisions of applicable laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.



If the share repurchase is made under the circumstances set out in (III), (V) and (VI) of Article 24 of the Articles of Association, it shall be conducted by way of open centralized trading.

**Article 26** A resolution at the shareholders' general meeting is required when the Company repurchases its own shares under the circumstances set out in (I) and (II) of Article 24 of the Articles of Association. When the Company repurchases its own shares under the circumstances set out in (III), (V) and (VI) of Article 24 of the Articles of Association, a board resolution shall be passed by more than two-thirds of the directors attending the board meeting, provided that it complies with the securities regulatory rules of the place where the Company's shares are listed. After the share repurchase, the Company shall adhere to the information disclosure obligations as stipulated in the Securities Law, the rules of the place where the Company's shares are listed and the provisions of other securities regulatory rules.

After the Company repurchases its own shares in accordance with Article 24, in case of the circumstance set out in (I), the shares shall be cancelled within 10 days from the date of repurchase; in case of the circumstances set out in (II) and (IV), the shares shall be transferred or cancelled within 6 months thereafter; and in case of the circumstances set out in (III), (V) and (VI), the shares held by the Company in aggregate shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

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

**Article 27** Shares of the Company may be transferred pursuant to laws, regulations and the Articles of Association.

All H Shares shall be transferred by way of written transfer instrument in standard form, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed by the SEHK from time to time. The instruments of transfer may only be signed by hand or (where the transferor or transferee is a corporation) by an effective company seal. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its agent, the instruments of transfer may be signed by hand or in a machine-printed format. All instruments of transfer shall be kept at the legal address of the Company or such places as the Board of Directors may designate from time to time.

**Article 28** The Company shall not accept its own shares as the subject of pledge.

**Article 29** Shares of the Company held by promoters shall not be transferred within 1 year from the date of establishment of the Company. Shares issued by the Company prior to the public offering shall not be transferred within 1 year from the date on which the shares of the Company are listed and traded on the Stock Exchanges. The directors, supervisors and senior management members of the Company shall notify the Company of their holdings of shares in the Company and the changes therein, and the shares transferred by them during each year of their term of office shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within 1 year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year after they have terminated their employment with the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer of shares of the Company, such rules shall prevail.

**Article 30** Any gains from sale of Company's shares or other securities with an equity nature by the directors, supervisors and senior management members or shareholders holding more than 5% of the Company's shares within 6 months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within 6 months after sale of the same shall be owned by the Company, and the Board of Directors shall be responsible for recovering such gains from the abovementioned parties. However, securities companies holding 5% or more of the shares after purchasing the remaining shares upon public offering due to underwriting, and other circumstances stipulated by the CSRC are exempt from such requirement. If the listing rules of the place where the Company's shares are listed provide otherwise, such rules shall prevail.

The shares or other securities with an equity nature held by directors, supervisors, senior management members and natural person shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents and children and held under accounts of any other persons.

If the Board of Directors fails to comply with the requirements under the first paragraph in this Article, the shareholders shall have the right to request the Board of Directors to do so within 30 days. If the Board of Directors fails to do so within the aforesaid period, the shareholders shall have the right to institute a legal proceeding directly with the People's Court in their own names for the benefit of the Company, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Dispute chapter of the Articles of Association shall be applied.

If the Board of Directors fails to comply with the requirements under the first paragraph in this Article, the directors liable shall assume joint liabilities pursuant to the laws.

## **Chapter 4 Shareholders and Shareholders' General Meetings**

### **Section 1 Shareholders**

**Article 31** The Company shall establish a register of shareholders based on the certificates provided by the securities registration authority and the register of shareholders is sufficient evidence to prove that the shareholders hold the shares of the Company.

The original copy of the register of holders of H Shares listed in Hong Kong is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with the applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. In the event that any shareholder whose name is recorded in or any person who requests to have its name entered in the register of holders of H Shares loses his/her share certificate(s), he/she may apply to the Company for replacement of new share certificate(s) in respect thereof. Where a holder of overseas-listed foreign shares loses his/her share certificate(s) and applies for replacement, such application shall be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original copy of the register of shareholders of overseas-listed foreign shares is maintained.

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

**Article 32** When the Company convenes a shareholders' general meeting, distributes dividends, undergoes liquidation or engages in other activities that require the verification of shareholders' identities, the Board of Directors or the convener of the shareholders' general meeting shall determine the shareholding registration date. Shareholders whose names appear on the register of shareholders on the shareholding registration date shall be the shareholders enjoying the relevant rights.

**Article 33** Shareholders of the Company enjoy the following rights:

- (I) to receive dividends and other forms of interest distributions in proportion to their shareholdings;
- (II) to request, convene, hold and attend or appoint proxies to attend shareholders' general meetings and exercise their corresponding voting rights according to laws;
- (III) to supervise, provide recommendations on or make inquiries about the operations of the Company;

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

(V) to inspect the Articles of Association, register of shareholders, counterfoils of the bonds of the Company, minutes of shareholders' general meetings, resolutions of the board meetings, resolutions of the meetings of Board of Supervisors, financial and accounting reports;

(VI) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(VII) to request the Company to acquire their shares for the shareholders who voted against any resolution adopted at the shareholders' general meeting concerning the merger or division of the Company;

(VIII) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Articles of Association or securities regulatory rules of the place where the Company's shares are listed.

**Article 34** Where shareholders request for inspection of the relevant information as mentioned in the preceding Article or request any materials, they shall provide the Company with written documents evidencing the class and number of shares of the Company held by them. Upon verification of the shareholders' identities, the Company shall provide information as requested by such shareholders.

**Article 35** In the event that any resolution of the shareholders' general meetings or resolution of the Board of Directors violates laws or administrative regulations, the shareholders shall be entitled to request the People's Court to invalidate the said resolution, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied.

In the event that the convening procedure or voting method of the shareholders' general meeting or the board meeting violates any of the laws, administrative regulations or the Articles of Association, or the content of any resolution violates the Articles of Association, the shareholders shall be entitled to request the People's Court to revoke the resolution within 60 days upon the date on which the resolution was adopted, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied.

**Article 36** Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors and senior management members in the course of performing their duties, shareholders individually or jointly holding more than 1% of shares of the Company for over 180 consecutive days shall have the right to request the Board of Supervisors in writing to initiate legal proceedings in the People's Court; where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by the Board of Supervisors in the course of performing duties, the aforesaid shareholders shall have the right to request the Board of Directors in writing to initiate legal proceedings in the People's Court, whereas in the case of holders H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied.

In the event that the Board of Supervisors or the Board of Directors refuses to initiate legal proceedings upon receipt of the aforesaid shareholders' written request, or fails to initiate legal proceedings within 30 days upon receipt thereof, or in case of emergency or in the event that the failure to immediately initiate legal proceedings will incur irrecoverable damage to the interests of the Company, the shareholders mentioned in the preceding paragraph shall have rights to, in their own names, directly initiate legal proceedings in the People's Court for the interests of the Company, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied.

In the event that any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders mentioned in the first paragraph of this Article may initiate legal proceedings in the People's Court according to the provisions of the preceding two paragraphs, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied.

**Article 37** In the event of a director or a senior management member violates the laws, administrative regulations or the Articles of Association, which causes damage to the interests of shareholders, the shareholders may initiate legal proceedings in the People's Court, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied.

**Article 38** Shareholders of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay capital contribution according to the number of shares subscribed for and the method of subscription;
- (III) not to withdraw the shares unless required by the laws and administrative regulations;

(IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;

(V) to keep business secrets of the Company confidential;

(VI) other obligations imposed by the laws, administrative regulations and the Articles of Association.

Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws. Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

**Article 39** Where any shareholder holding more than 5% of the voting shares of the Company pledges the shares held by him/her, the shareholder shall submit a written report to the Company on the date of such event.

**Article 40** Neither the controlling shareholder nor the de facto controller of the Company may prejudice the interests of the Company by taking advantage of his/her related relationship. Anyone who violates this Article and causes any loss to the Company shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall act in good faith towards the Company and other shareholders of the Company. The controlling shareholder shall exercise its rights as a capital contributor in strict compliance with the laws. The controlling shareholders shall not jeopardize the legitimate rights and interests of the Company and other shareholders of the Company by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., and shall not jeopardize the interests of the Company and other shareholders of the Company by exploiting their controlling positions.

## **Section 2 General Provisions for the Shareholders' General Meeting**

**Article 41** The shareholders' general meeting is the power of authority of the Company, which shall exercise the following functions and powers in accordance with the law:

(I) to decide on the Company's operational policies and investment plans;

(II) to elect or replace the directors and supervisors (other than the employee representatives) and to decide on matters relating to the remuneration of directors and supervisors;

(III) to examine and approve reports of the Board of Directors;

(IV) to examine and approve reports of the Board of Supervisors;

(V) to examine and approve the Company's proposed annual financial budget and final accounts;

(VI) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

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

(VIII) to decide on the issue of securities or bonds by the Company;

(IX) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(X) to amend the Articles of Association;

(XI) to decide on the purchase of the Company's shares under the circumstances stipulated in Article 24 (I) and (II) of the Company's Articles of Association;

(XII) to resolve on the appointment and dismissal of accounting firms by the Company;

(XIII) to examine and approve the provision of guarantees stipulated in Article 42;

(XIV) to examine matters relating to the purchases and disposals of the Company's material assets within 1 year, which exceed 30% of the Company's latest audited total assets;

(XV) to examine and approve the related transactions which the Company intends to enter into with related parties with a transaction amount of more than RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets of the Company;

(XVI) to examine and approve matters relating to changes in the use of proceeds;

(XVII) to examine and approve the share incentive scheme and employee stock ownership scheme;



(XVIII) to examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, which shall be decided by the shareholders' general meeting.

**Article 42** The following external guarantees of the Company shall be submitted to shareholders' general meeting for consideration and approval.

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

(II) any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries has exceeded 30% of the Company's latest audited total assets;

(III) the cumulative guarantee amount in the last 12 months has exceeded 30% of the Company's latest audited total assets;

(IV) a guarantee provided to a party with a gearing ratio of over 70% as shown in its latest financial statement;

(V) a single guarantee that exceeds 10% of the Company's latest audited net assets;

(VI) the guarantee to be provided to shareholders, de facto controllers and their related parties;

(VII) other guarantees required by the laws, administrative regulations, rules, securities regulatory rules of the place where the Company's shares are listed or other regulatory documents that shall be considered by the shareholders' general meeting.

The guarantee in item (III) of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

Where a director, general manager, other senior management member or other personnel of the Company fails to perform the procedures for reviewing external guarantees as required and signs a guarantee contract without authorization, the parties concerned shall be held accountable.

**Article 43** Shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting is convened once a year and shall be held within 6 months after the end of the previous financial year.



**Article 44** The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(I) where the number of directors falls short of the number required by the Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(II) where the unrecovered losses of the Company reach one-third of the total paid-up share capital;

(III) where it is requested by a shareholder individually or shareholders collectively holding more than 10% of the Company's shares;

(IV) the Board of Directors considers it necessary;

(V) the Board of Supervisors proposes that such a meeting shall be held;

(VI) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the extraordinary general meeting is convened in accordance with the requirements of the security's regulatory rules of the place where the Company's shares are listed, the actual date of convening the extraordinary general meeting is subject to adjustment according to the progress of approval by the stock exchange where the Company's shares are listed.

**Article 45** The Company shall convene a shareholders' general meeting at its domicile or other place as indicated in the notice of the meeting.

A meeting venue shall be set up and the shareholders' general meeting be convened by way of on-site meeting. The Company may also provide online voting method to facilitate the shareholders attending the shareholders' general meeting. Shareholders participating in the shareholders' general meeting in the aforesaid manner shall be deemed as present. All shareholders whose names appear on the register of the Company or their proxies are entitled to attend the shareholders' general meetings, which shall not be refused by the Company or the convener for any reason whatsoever.

**Article 46** When holding a shareholders' general meeting, the Company shall engage lawyers to give legal opinions and make an announcement on the following matters:

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

- (II) whether the eligibility of the attendees and the convener of the meeting are lawful and valid;
- (III) whether the voting procedure and results of the meeting are lawful and valid;
- (IV) legal opinions issued in respect of other related issues upon the request of the Company.

### **Section 3 Convening of Shareholders' General Meetings**

**Article 47** The shareholders' general meeting shall be convened by the Board of Directors in accordance with the law. Independent non-executive directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall issue written feedback on whether or not to convene the extraordinary general meeting within 10 days from the receipt of the proposal from the independent non-executive directors according to the laws, administrative regulations and the Articles of Association.

If the Board of Directors gives consent to convene an extraordinary general meeting, it shall, within 5 days from the passing of the board resolution, issue a notice on convening the meeting. If the Board of Directors does not give consent to convene an extraordinary general meeting, it shall state the reason.

**Article 48** The Board of Supervisors shall have the right to propose the convening of an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. In accordance with the laws, administrative regulations and the Articles of Association, the Board of Directors shall issue written feedback on whether or not to convene the extraordinary general meeting within 10 days from the receipt of the proposal.

Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the meeting within 5 days after the Board of Directors passes the relevant resolution, and changes to the original proposal in the notice shall be subject to the consent of the Board of Supervisors.

Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to issue feedback within 10 days upon receipt of such proposal, the Board of Directors shall be deemed to be unable or fail to perform the duty of convening the shareholders' general meeting, and the Board of Supervisors may convene and preside over the meeting on its own.

**Article 49** Shareholders 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 general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the meeting within 5 days after the board passes the resolution, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Board of Supervisors to hold an extraordinary general meeting, and shall make a written request to the Board of Supervisors.

Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the Board of Supervisors fails to issue a notice of the meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors has not convened and presided over the meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own initiatives.

**Article 50** Where the Board of Supervisors or shareholders decide to convene a shareholders' general meeting on their own initiatives, they shall notify the Board of Directors in writing and file the records with the SZSE at the same time.

Prior to the announcement of the resolution of the shareholders' general meeting, the shareholding of the convening shareholders shall not be less than 10%.

The Board of Supervisors or the convening shareholders shall submit the relevant supporting materials to the SZSE when issuing the notice of the shareholders' general meeting and the announcement of the resolution of the shareholders' general meeting.

**Article 51** For the shareholders' general meetings convened by the Board of Supervisors or shareholders on their own initiatives, the Board of Directors and the secretary to the Board of Directors shall cooperate with the Board of Supervisors or the shareholders. The Board of Directors shall provide the register of shareholders as at the shareholding registration date.

**Article 52** The expenses necessary for the shareholders' general meeting convened by the Board of Supervisors or the shareholders on their own initiatives shall be borne by the Company.

#### **Section 4 Proposals and Notices of Shareholders' General Meetings**

**Article 53** The contents of the proposals shall fall within the terms of reference of the shareholders' general meeting, have clear subjects and specific matters to be resolved, and comply with the relevant provisions of laws, administrative regulations and the Articles of Association.

**Article 54** When the Company convenes a shareholders' general meeting, the Board of Directors, the Board of Supervisors and shareholders who individually or collectively hold more than 3% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 3% of the shares of the Company may submit a provisional proposal in writing to the convener 10 days prior to the convening of the shareholders' general meeting. The convener shall issue a supplemental notice of the shareholders' general meeting within 2 days after receiving the proposal and announce the contents of the provisional proposal. Where the shareholders' general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplemental notice of the shareholders' general meeting, the convening of the shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the shareholders' general meeting or add new proposals after issuing the notice of the shareholders' general meeting.

Proposals not set out in the notice of the shareholders' general meeting or not in compliance with Article 53 shall not be voted on or resolved at the shareholders' general meeting.

**Article 55** The convener shall notify all shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting. The date of the meeting shall not be included in the calculation of the commencement period.

**Article 56** The notice of a shareholders' general meeting shall include the following:

(I) the time, venue and duration of the meeting;

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

(III) the notice shall state clearly that all shareholders are entitled to attend the shareholders' general meeting or appoint proxies in writing to attend and vote at such meeting on their behalf and that such proxies need not be a shareholder of the Company;

(IV) the shareholding registration date for the shareholders who are entitled to attend the shareholders' general meeting;

(V) the names and telephone numbers of the contact person for the meeting affairs;

(VI) voting time of and procedures via online or other methods.

The notice and supplemental notice of the shareholders' general meeting shall fully and completely disclose all the specific contents of all proposals. Where the opinions of an independent non-executive director are required on matters to be discussed, the opinions and reasons thereof shall be disclosed at the same time when the notice of shareholders' general meeting and the supplemental notice are issued.

**Article 57** Where the shareholders' general meeting proposes to discuss the election of directors and supervisors, the notice of the shareholders' general meeting shall fully disclose the detailed information of the candidates for directors and supervisors, which shall at least include the following:

(I) personal particulars such as educational background, work experience and part – time job;

(II) whether there is any related relationship with the Company or its controlling shareholders and de facto controller;

(III) disclosure of the number of shares held in the Company;

(IV) whether they have been penalized by the CSRC and other relevant authorities or reprimanded by SZSE.

Other than the directors and supervisors elected through the cumulative voting system, each candidate for director or supervisor shall be proposed in a separate proposal.

**Article 58** After issuance of the notice for shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of postponement or cancellation, the convener shall notify all shareholders and make an announcement stating the reasons at least 2 working days before the original meeting date. If there are special provisions under the securities regulatory rules of the place where the Company's shares are listed regarding the procedures for postponing or canceling shareholders' general meetings, the provisions shall prevail provided that they do not violate the domestic regulatory requirements.

## **Section 5 Conducting the Shareholders' General Meetings**

**Article 59** The Board of Directors and other conveners of the Company shall take necessary measures to ensure the normal order of the shareholders' general meeting. Measures shall be taken to stop acts that interfere with the shareholders' general meeting, provoke troubles and infringe the legitimate rights and interests of shareholders, and report to relevant authorities for investigation and penalty in a timely manner.

**Article 60** All shareholders in the register of shareholders as at the shareholding registration date or their proxies are entitled to attend the shareholders' general meeting, and exercise voting rights in accordance with the relevant laws, regulations and the Articles of Association.

Shareholders may attend a shareholders' general meeting in person, or may appoint other persons as his/her proxies to attend and vote on his/her behalf.

**Article 61** Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their valid personal identity cards and the proxy forms from the shareholders.

Where a shareholder is a legal entity, its legal representative or proxies authorized by the legal representative shall attend the meeting. Legal representatives attending the meeting shall present their personal identity cards and valid documents that can prove their identities as legal representatives. Proxies authorized to attend the meeting shall present their personal identity cards and the proxy forms in writing provided by the legal representative of the legal entity shareholder in accordance with the law, except for shareholder who is a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (the "Recognized Clearing House").

If the shareholder is a Recognized Clearing House, the Recognized Clearing House may authorize one or more persons it deems fit to act as its representative at any shareholders' general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may act on behalf of the Recognized Clearing House (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence to the duly authorization is required) as if such person is an individual shareholder of the Company.

**Article 62** The proxy form provided by a shareholder to appoint another person to attend a shareholders' general meeting shall contain the following particulars:

(I) name of the proxy;

(II) indication of whether voting power is granted;

(III) instruction of voting for, against or abstain for each resolution proposed at any shareholders' general meeting;

(IV) date of signing the proxy form and the effective period for such appointment;

(V) signature (or seal) of the appointing shareholder. If the appointing shareholder is a legal entity, the seal of the legal entity shall be affixed.

**Article 63** The proxy form shall state whether the proxy may vote as he/she thinks fit in the absence of instructions from the shareholder. If no such instruction is given, it is deemed that the proxy of the shareholder may vote as he/she thinks fit.

**Article 64** If the proxy form for appointing a voting proxy is signed by another person authorized by the appointing shareholder, the authorization letter or other authorization document shall be notarized. The notarized authorization letter or other authorization document, together with the proxy form, shall be kept at the domicile of the Company or at such other place as specified in the notice of the meeting.

If the appointing shareholder is a legal entity, its legal representative or the person authorized by a resolution of the Board of Directors or other decision-making body shall attend the shareholders' general meeting of the Company as the representative of such legal entity shareholder.



**Article 65** A register for attendees at the meeting shall be compiled by the Company, which shall contain, among others, the name of the attendee (or the name of the organization), identity card number, residential address, the number of shares with voting rights held or represented by the attendee and the name of the person (or the name of the organization) who attends the meeting by proxy.

**Article 66** The convener and the lawyers engaged by the Company shall verify the legitimacy of the eligibility of the shareholders based on the register of shareholders provided by the securities registration and clearing institution, and shall register the names of the shareholders as well as the number of shares with voting rights that are held by them. The registration for the meeting shall be completed before the chairman of the meeting announces the number of shareholders and proxies attending the on-site meeting and the total number of shares with voting rights that they represent.

**Article 67** When a shareholders' general meeting is convened, all the directors, supervisors and the secretary to the Board of Directors shall attend the meeting, and the general manager and other senior management members shall be present at such meeting. Subject to the securities regulatory rules of the place where the Company's shares are listed, the above-mentioned persons may attend or present at the meeting via internet, video, telephone or other means with equivalent effect.

**Article 68** A shareholders' general meeting shall be presided over by the chairman of the Board of Directors. If the chairman is unable to or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

The chairman of the Board of Supervisors shall preside over the shareholders' general meeting that is convened by the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

A shareholders' general meeting convened by the shareholders shall be presided over by a representative elected by the conveners.

Where the chairman of the shareholders' general meeting violates the rules of procedure when holding the meeting and as a result, the shareholders' general meeting is unable to continue, subject to the consent of the shareholders with more than half of voting rights of all the shareholders attending the shareholders' general meeting, a person may be nominated in the shareholders' general meeting to act as the chairman of the meeting and such meeting may continue.



**Article 69** The Company shall formulate the rules of procedure for the shareholders' general meeting which shall specify in detail the convening and voting procedures of a shareholders' general meeting, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, meeting minutes and their signing, announcements and other contents, and the principles of authorization to the Board of Directors at the shareholders' general meeting. The authorization shall be clear and specific. The rules of procedure for the shareholders' general meeting shall be prepared by the Board of Directors and approved by the shareholders' general meeting, and shall be appended to the Articles of Association.

**Article 70** At the annual general meeting, the Board of Directors and the Board of Supervisors shall report to the shareholders' general meeting their works done in the past year. Each independent non-executive director shall also present a work report.

**Article 71** Directors, supervisors and senior management members shall provide explanations in relation to the inquiries and recommendations from the shareholders at the shareholders' general meeting.

**Article 72** The chairman of the meeting shall, prior to voting, declare the number of shareholders and proxies attending the meeting as well as the total number of their voting shares, which shall conform to the meeting's registration.

**Article 73** Minutes of the shareholders' general meetings shall be recorded by the secretary to the Board of Directors, which shall include the following information:

- (I) time, venue and agenda of the meeting and name of the convener;
- (II) the name of the chairman of the meeting and the names of the directors, supervisors, general manager and other senior management members attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them, and its proportion in the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) the shareholders' questions, opinions or recommendations and the corresponding answers or explanations;
- (VI) names of the lawyer, vote counters and scrutinizer;
- (VII) other contents to be recorded in the minutes as specified in the Articles of Association.

**Article 74** The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretary to the Board of Directors, conveners or their representatives and the chairman of the meeting shall sign on the minutes. The minutes of the meeting shall be kept together with the attendance record of the attending shareholders, letters of authorization of proxies, valid information of online voting and voting by other means, for a period of not less than 10 years.

**Article 75** The convener shall ensure that the shareholders' general meeting is conducted continuously until final resolutions are made. In the event that the shareholders' general meeting is adjourned or resolutions failed to be reached due to an event of force majeure or other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or terminate that meeting, and an announcement shall be timely made accordingly. At the same time, the convener shall report to the CSRC branch at the location of the Company and the SZSE.

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

**Article 76** Resolutions at the shareholders' general meeting are classified into ordinary resolutions and special resolutions.

An ordinary resolution put forward at a shareholders' general meeting shall be passed by votes representing more than half of the voting rights held by the shareholders (including their proxies) attending the shareholders' general meeting.

Special resolutions put forward at a shareholders' general meeting shall be passed by votes representing more than two-thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

**Article 77** The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and dismissal of the members of the Board of Directors and the Board of Supervisors who are not employee representative, their remunerations and the method of payment thereof;
- (IV) annual budgets and final accounts report of the Company;
- (V) annual report of the Company;

(VI) matters other than those prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association that shall be approved by special resolutions.

**Article 78** The following matters shall be approved by special resolutions at the shareholders' general meeting:

(I) increase or reduction of the registered capital of the Company;

(II) division, spin-off, merger, dissolution and liquidation of the Company or change of corporate form of the Company;

(III) amendments to the Articles of Association;

(IV) purchase or sale of material assets or guarantees by the Company in excess of 30% of the Company's latest audited total assets within a period of 1 year;

(V) share incentive schemes;

(VI) adjustment of profit distribution policy;

(VII) other matters prescribed by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and those matters determined by ordinary resolutions at a shareholders' general meeting to have a material impact on the Company and required to be approved by special resolutions.

**Article 79** Shareholders (including proxies) shall exercise their voting rights based on the number of the shares with voting rights they represent, each share shall carry one vote. On a poll, shareholders (including proxies) with two or more votes need not use all their voting rights in the same way.

When the shareholders' general meeting considers material matters affecting the interests of small and medium-sized investors, votes of small and medium-sized investors shall be counted separately. The separate voting results shall be disclosed publicly in a timely manner.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights present at shareholders' general meetings.

Where any shareholder is required to abstain from voting on any particular resolution or is restricted to voting only for (or only against) any resolution in accordance with applicable laws and regulations and the SEHK Listing Rules, any vote cast by a shareholder (or his proxy) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.

If a shareholder's purchase of shares with voting rights of the Company violates the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' general meeting within 36 months after the purchase.

The Board of Directors, independent non-executive directors and shareholders holding more than 1% of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the regulations of the CSRC may solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information such as specific voting intentions to the shareholders from whom voting rights are being solicited. The solicitation of shareholders' voting rights by way of compensation or disguised compensation is prohibited. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

**Article 80** When related transactions are considered at the shareholders' general meeting, the related shareholders shall abstain from voting, and the voting shares represented by them shall not be included in the total number of valid votes. The announcement on the resolutions of the shareholders' general meeting shall fully disclose the details of voting by non-related shareholders.

Before a related transaction is considered at the shareholders' general meeting, the Company shall determine the scope of the related shareholders in accordance with the relevant national laws and regulations. When a related transaction is considered at the shareholders' general meeting, the related shareholders or their proxies may attend the meeting and clarify their views to the shareholders present in accordance with the meeting procedures, but shall abstain from voting. When the matters related to related transactions is resolved at the shareholders' general meeting, the related shareholders shall abstain from voting. If the related shareholders do not abstain from voting, other shareholders attending the meeting shall have the right to request the related shareholders to abstain from voting. After the related shareholders abstains from voting, the other shareholders shall vote according to their voting rights and approve the corresponding resolutions in accordance with the provisions of the Articles of Association. The related shareholders' abstention and voting procedures shall be notified by the chairman of the shareholders' general meeting and recorded in the minutes of the meeting.

The related shareholders' abstention and voting procedures in considering the related transactions are as follows:

(I) where any matter considered at the general meeting is related to a shareholder, such shareholder shall disclose the related relationship to the Board of Directors of the Company before the date of the general meeting;

(II) when considering the related transactions at the shareholders' general meeting, the chairman of the meeting shall announce and explain the related relationship between the related shareholders and the related transactions;

(III) the chairman of the meeting shall announce that the related shareholders shall abstain from voting, and the related transactions shall be voted by the non-related shareholders;

(IV) the resolution on a related transaction must be passed by a majority of the voting shares of the non-related shareholders present at the meeting; if the transaction falls within the scope of a special resolution, it should be passed by more than two-thirds of the voting shares of the non-related shareholders present at the meeting.

**Article 81** Unless the Company is in a crisis or under any special circumstances, the Company will not enter into a contract with a person other than a director, general manager and other senior management member pursuant to which the management of the Company's entire or important business will be given to that person, unless otherwise approved by a special resolution at the shareholders' general meeting.

**Article 82** The list of candidates for directors and supervisors shall be proposed by the Board of Directors or the Board of Supervisors to the shareholders' general meeting for voting by way of proposal. If the list of candidates for directors is proposed by shareholders by way of provisional proposal in accordance with Article 54 of the Articles of Association, the list shall be submitted to the Nomination Committee of the Board of Directors for approval and screening in terms of qualifications, resumes and other documents 10 working days before the convening of the shareholders' general meeting.

The cumulative voting system shall be adopted at the shareholders' general meeting for the election of directors and supervisors under any of the following circumstances:

(I) the Company elects two or more independent non-executive directors;

(II) the Company elects two or more directors or supervisors during the period when a single shareholder and the persons acting in concert with him/her are interested in 30% or more of the shares in the Company.

Where directors are elected through the cumulative voting system at the shareholders' general meeting, independent non-executive directors and non-independent directors shall vote separately, and the elected directors and supervisors shall be determined in accordance with the number of directors and supervisors to be elected and in the descending order of the number of votes obtained.

Where the cumulative voting system is not adopted for the election of directors and supervisors, each candidate for director or supervisor shall be nominated by way of a separate proposal.

The cumulative voting system as mentioned in the preceding paragraph means that when directors or supervisors are elected at the shareholders' general meeting, each share shall have the same number of voting rights as the number of directors or supervisors to be elected, and the voting rights held by shareholders may be used collectively. The Board of Directors shall announce the resumes and basic information of the candidates for directors and supervisors to the shareholders.

The Board shall formulate the implementation rules for cumulative voting and submit them to the shareholders' general meeting for approval.

The nomination methods and procedures for directors are as follows:

(I) The list of candidates for the members of the first session of the Board of Directors shall be proposed by the promoters of the Company and elected at the founding meeting of the Company; where the term of office of the Board of Directors is expired, the list of candidates for members of the next session of the Board of Directors shall be proposed by the Nomination Committee of the previous session of the Board of Directors and submitted to the shareholders' general meeting in the form of proposal for voting.

(II) Shareholders holding or collectively holding 3% or more of the total issued shares with voting rights in the Company have the right to put forward proposals on new director candidates in accordance with the Company Law and the Articles of Association of the Company.

The nomination methods and procedures for supervisors are as follows:

(I) where supervisors are shareholder representatives, the list of candidates for the members of the first session of the Board of Supervisors shall be proposed by the promoters of the Company and elected at the founding meeting of the Company; when the term of office of the Board of Supervisors is expired, the list of candidates for the members of the next session of the Board of Supervisors shall be proposed by the previous session of the Board of Supervisors and submitted to the shareholders' general meeting in the form of proposal for voting. Shareholders holding or jointly holding 3% or more of the total issued shares with voting rights in the Company shall have the right to put forward proposals on new supervisor candidates.

(II) where supervisors are employee representatives, the appointment and replacement shall be conducted through election at the Company's employee representative meeting or by other democratic electoral methods, and they directly take seats in the Board of Supervisors.

The Board of Directors and the Board of Supervisors shall seek opinions from shareholders as much as possible when nominating directors and supervisors.

**Article 83** Except for the cumulative voting system, all proposals will be voted separately at the shareholders' general meeting. If there are different proposals on the same matter, they will be voted in the order in which the proposals were submitted. Unless the general meeting is adjourned or no resolution is passed due to special reasons such as force majeure, the shareholders' general meeting will not set aside or refrain from voting on the proposals.

**Article 84** When a proposal is considered at a shareholders' general meeting, no amendments shall be made thereto, otherwise, the relevant amendments thereto shall be regarded as a new proposal and cannot be voted at that shareholders' general meeting.

**Article 85** The same voting right may only be exercised once at a shareholders' general meeting, either by on-site voting, online voting or other voting methods. In the event of repeated voting with the same voting right, the result of the first voting shall prevail.

**Article 86** Voting at the shareholders' general meeting shall be carried out with open ballot.

**Article 87** Before voting on a proposal at the shareholders' general meeting, two shareholder representatives shall be nominated to count and scrutinize the votes. Where the matters to be considered are related to shareholders, the relevant shareholders and their proxies are not allowed to participate in the counting or scrutinizing votes.



When voting on a proposal at a shareholders' general meeting, lawyers, shareholder representatives and supervisor representatives shall be jointly responsible for counting and scrutinizing the votes, and the voting results of the resolutions shall be announced on the spot and recorded in the minutes of the meeting.

Shareholders of the Company or their proxies who vote through online or other means have the right to check their voting results through the corresponding voting system.

**Article 88** The on-site shareholders' general meeting shall not be concluded earlier than the online meeting or meeting held by other means. The chairman of the meeting shall announce the voting results of each proposal, and whether a proposal is passed according to the voting results.

Before the official announcement of the voting results, the Company, the persons responsible for counting and scrutinizing the votes, substantial shareholders, online services provider and other relevant parties involved in the on-site meeting, online meeting or that held by other means shall be under an obligation to keep the voting results strictly confidential.

**Article 89** Shareholders attending the shareholders' general meeting shall express one of the following opinions on the proposals put forward for voting: for, against or abstain. Except where the securities registration and clearing institution, as the nominal holder of the shares under the Stock Connect mechanism between the mainland and Hong Kong stock markets, makes the declaration according to the intention of the actual holders.

Unfilled, incorrectly filled, illegible or uncast votes will be regarded as the voters having given up their voting rights and the voting results of the shares held by them shall be counted as "abstention".

**Article 90** If the chairman of the meeting has any doubt as to the voting result of the resolution, the chairman may demand votes to be recounted. If the chairman of the meeting does not have the votes recounted, the shareholders attending the meeting or their proxies who have any objection to the voting result announced by the chairman of the meeting shall have the right to demand the votes to be recounted immediately after the announcement of the voting results, and the chairman of the meeting shall arrange for the votes to be recounted immediately.

**Article 91** The resolutions passed at the shareholders' general meeting shall be announced in a timely manner, and the announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the proportion to the total number of shares with voting rights in the Company, the voting method, the voting result of each proposal and the details of the respective resolutions passed.



**Article 92** If the proposal is not passed, or the shareholders' general meeting alters a resolution passed at the previous shareholders' general meeting, a special note shall be made in the announcement of the resolutions of the shareholders' general meeting.

**Article 93** If the proposal on election of directors and supervisors is passed at the shareholders' general meeting, the newly appointed directors and supervisors shall take office from the date when the relevant resolution is passed at the shareholders' general meeting.

**Article 94** If the proposal in relation to the payment of cash dividends, the issue of bonus shares or capitalization of capital reserves is passed at the shareholders' general meeting, the Company will implement the specific plan within 2 months after the conclusion of the shareholders' general meeting. If the specific plan cannot be implemented within 2 months due to the requirements of the laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific plan may be adjusted accordingly in accordance with such regulations and the actual situation.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 95** Directors of the Company may include executive directors, non-executive directors and independent non-executive directors. Non-executive director refers to the director who does not hold any operational management position in the Company, and independent non-executive director refers to the person who complies with the requirements of Article 104 of the Articles of Association. Directors shall possess the qualifications required by laws, administrative regulations and rules. A director of the Company who is a natural person may not act as a director of the Company under any of the following circumstances:

(I) having no capacity for civil conducts or limited capacity for civil conducts;

(II) having been sentenced to imprisonment for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economy, where less than 5 years have lapsed since the date of completion of such sentence, or who have been deprived of political rights as a result of any criminal offenses, where less than 5 years have lapsed since the expiration of the execution period;

(III) where he/she is a director, factory manager, or president of a company or enterprise that were declared insolvent and liquidated and was personally liable for the insolvency of the company or enterprise, and less than 3 years have lapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(IV) where he/she is the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to violation of the law and was personally liable for the company or enterprise, less than 3 years have lapsed since the date when the company or enterprise's business license was revoked;

(V) having a substantial amount of personal debts that are due and unsettled;

(VI) having been subject to a securities market ban imposed by the CSRC, which are prohibited from serving as a director, supervisor or senior management members of listed companies, with the term yet to be expired;

(VII) having been publicly determined by the stock exchange as unfit to serve as a director, supervisor or senior management member of listed companies, with the term yet to be expired;

(VIII) other circumstances stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or departmental rules.

If any of the circumstances described in (I) to (VI) of the first paragraph in this Article occurs to a director of the Company during his/her term of office or an independent non-executive director fails to meet the requirements of independence during his/her term of office, the relevant director shall immediately cease to perform his/her duties and be removed from his/her position by the Company in accordance with the corresponding regulations. If any of the circumstances described in (VII) and (VIII) of the first paragraph in this Article occurs to a director of the Company during his/her term of office, the Company shall remove him/her from his/her position within 30 days from the date of the occurrence of such circumstance. Unless otherwise provided by the Stock Exchanges.

If the relevant Director shall be removed from office but is not removed, and he/she attends and votes at the meetings of the Board of Directors and its special committees, or the special meeting of independent non-executive directors, his/her vote shall be void.

**Article 96** Directors shall be elected or replaced at the shareholders' general meeting and may be removed from office by the shareholders' general meeting before the expiration of their terms of office. The term of office of a director is 3 years. Upon expiry of the term of office he or she may be re-elected and re-appointed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

The term of office of a director commenced from the date of taking office, until the current term of office of the Board of Directors ends. If a director is not re-elected in a timely manner upon the expiration of the term of office, the original director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected director takes office.

A director may be concurrently held by the general manager or other senior management member, but the number of directors concurrently serving as general manager or other senior management member shall not exceed 1/2 of the total number of directors of the Company.

There is no employee representative director in the Board of Directors. The Nomination Committee of the Board of Directors shall be responsible for the selection and appointment of directors.

**Article 97** Directors shall abide by laws, administrative regulations and the Articles of Association, and shall owe the following fiduciary obligations to the Company:

(I) shall not accept bribery or other illegal income by taking advantage of his/her power, or embezzle the assets of the Company;

(II) shall not misappropriate the Company's funds;

(III) shall not deposit the Company's assets or funds in accounts under his/her own name or the names of other individuals;

(IV) shall not, in violation of the provisions of the Articles of Association and without the consent of the shareholders' general meeting or the Board of Directors, lend the Company's funds to others or use the Company's properties to provide guarantee for others;

(V) shall not enter into contracts or conduct transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the shareholders' general meeting;

(VI) shall not, without the consent of the shareholders' general meeting, take advantage of his position to seek business opportunities that should otherwise belong to the Company for himself/herself or others, or to engage in the same kind of business as the Company for his/her own account or for the benefits of others;

(VII) shall not accept the commissions from transactions with the Company for his/her own account;

(VIII) shall not disclose the Company's secrets without authorization;

(IX) shall not take advantage of his/her related relationship to compromise the interests of the Company;

(X) shall fulfill other fiduciary obligations as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company; and if any loss is caused to the Company, he/she shall be liable for compensation.

**Article 98** Directors shall abide by laws, administrative regulations and the Articles of Association, and owe the following duty of diligence to the Company:

(I) shall exercise the rights conferred by the Company in a prudent, conscientious and diligent manner, so as to ensure that the business activities of the Company comply with the requirements of national laws, administrative regulations and various national economic policies, and that the commercial activities do not go beyond the scope stipulated in the business license;

(II) shall treat all shareholders fairly;

(III) shall maintain a timely awareness of the operation and management of the Company;

(IV) shall sign written confirmations on the regular reports of the Company and ensure the information disclosed by the Company is true, accurate and complete;

(V) shall truthfully provide relevant information and materials to the Board of Supervisors, and shall not obstruct the Board of Supervisors or the supervisors from performing their functions and powers;

(VI) shall discharge other duty of diligence as required by laws, administrative regulations, rules of departments, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 99** If a director fails to attend the board meetings in person or does not authorize other directors to attend the board meetings for two consecutive times, he/she shall be deemed to be unable to perform his/her duties and the Board of Directors shall propose to the shareholders' general meeting to remove such director. Subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, a director shall be deemed to have attended a board meeting in person if he/she attends the meeting by means of internet, video, telephone or other means with equivalent effect.

**Article 100** A director may tender his/her resignation before the expiration of his/her term of office. A director who resigns shall submit a written resignation report to the Board of Directors. The Board of Directors will disclose the relevant information within 2 days.

If the number of the Board of Directors of the Company falls below the statutory minimum requirement due to the resignation of a director, or if there is no accounting professional among the independent non-executive directors due to the resignation of an independent non-executive director, the original director shall still fulfill his/her duties as director in accordance with laws, administrative regulations, departmental rules and the Articles of Association before a re-elected director takes office. A director's resignation shall not take effect until the vacancy arising from his/her resignation is filled by the re-elected director.

Except for the circumstances set out in the preceding paragraph, the resignation of a director shall take effect when the resignation letter is served on the Board of Directors.

**Article 101** If a director's resignation takes effect or his/her term of office expires, he/she shall complete all handover procedures with the Board of Directors. His/her fiduciary obligations to the Company and its shareholders shall not be automatically relieved upon the termination of his/her employment, or upon the expiration of his/her term of office or the effective date of his/her resignation. His/her obligation to keep the Company's business secrets confidential shall remain in effect after the termination of his/her employment until such secrets become public information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the event concerned and the departure, as well as the circumstances and conditions under which the relationship with the Company is discharged.

**Article 102** Unless provided for under the Articles of Association or legally authorized by the Board of Directors, no director shall act in his/her name on behalf of the Company or the Board of Directors. When a director acts in his/her own name and the third party would reasonably believe that such director is acting on behalf of the Company or the Board of Directors, such director shall declare his/her position and capacity in advance.

**Article 103** Any director who violates laws, administrative regulations, departmental rules or the Articles of Association in the performance of his/her duties and causes losses to the Company shall be liable for compensation.

**Article 104** The terms of office, nomination and election procedures, duties and powers in relation to the independent non-executive directors shall be implemented in accordance with the relevant provisions of the law, the CSRC and the stock exchange where the Company's shares are listed.

## **Section 2 Board of Directors**

**Article 105** The Company shall establish a Board of Directors, which shall be accountable to the shareholders' general meetings.

The Company may establish the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, Strategy Committee and Risk Management Committee under the Board of Directors based on its actual situation and needs.

The special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Director, and their proposals shall be submitted to the Board of Directors for consideration and determination. All members of the special committees shall be directors, among which, a majority members of the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee shall be independent non-executive directors, who also serve as conveners. The conveners of the Audit Committee are accounting professionals. The Board of Directors is responsible for formulating the working procedures of the special committees and standardizing the operation of the special committees.

**Article 106** The Board of Directors consists of 7 Directors. There is one chairman of the Board.

**Article 107** The Board of Directors shall exercise the following powers:

(I) to convene the general meeting and report its work to the shareholders' general meeting;

(II) to implement the resolutions of the shareholders' general meeting;

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

(IV) to formulate the annual financial budgets and final accounts of the Company;

(V) to formulate the profit distribution plan and loss recovery plan of the Company;

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

(VII) to formulate plans for material acquisition of the Company, the Company's acquisition of the Company's shares pursuant to items (I) and (II) of Article 24 of the Articles of Association, or the plans for merger, division, dissolution and change of corporate form;

(VIII) subject to the condition of complying with the provisions of the securities regulatory rules of the place where the Company's shares are listed, to make decisions on the Company's acquisition of the Company's shares due to the circumstances specified in (III), (V) and (VI) of Article 24 of the Articles of Association;

(IX) to make decisions on the Company's external investments, acquisition and disposal of assets, asset mortgage, external guarantees, entrusted wealth management, related transactions, external donations and other matters within the scope authorized by the shareholders' general meeting;

(X) to make decisions on the establishment of the Company's internal management institutions and branches;

(XI) to make decisions on the appointment or dismissal of the Company's general manager, the secretary to the Board of Directors and other senior management member, and to decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's senior management members such as the vice general manager and the chief financial officer based on the nomination of the general manager, and to decide on their remuneration, rewards and punishments;

(XII) to formulate and revise the basic management policies of the Company;

(XIII) to formulate the amendment proposal to the Articles of Association;

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

(XV) to propose the appointment or change of the accounting firm to audit the Company to the shareholders' general meeting;

(XVI) to hear the work report of the general manager of the Company and review the work of the general manager;

(XVII) other functions and powers conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 108** The Board of Directors shall make an explanation to the shareholders' general meeting on the non-standard auditing opinions issued by certified public accountants on the financial statements of the Company.



**Article 109** The Board of Directors shall formulate the rules of procedure for the board meetings to ensure that the Board of Directors can implement the resolutions of the shareholders' general meeting, improve work efficiency and ensure scientific decision-making.

The rules of procedure of the board meetings shall be formulated by the Board of Directors as annexed to the Articles and approved by the shareholders' general meeting.

**Article 110** The Board of Directors shall determine the scope of authority of external investments, acquisition and sales of assets, asset mortgages, external guarantees, entrusted wealth management, related party transactions and external donations, and establish strict review and decision-making procedures; arrange relevant experts and professionals to review major investment projects and submit them to the shareholders' general meeting for approval.

The Board of Directors has the power to consider and approve the following matters:

(I) external guarantees other than those provided for in Article 42;

(II) unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, the Company's proposed related transaction with related natural persons with the transaction amount exceeding RMB300,000; however, related transaction with the transaction amount exceeding RMB30 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets shall also be submitted to the shareholders' general meeting for consideration;

(III) unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, the Company's proposed related transaction with related legal persons with the transaction amount exceeding RMB3 million and accounting for more than 0.5% of the absolute value of the Company's latest audited net assets; however, related transaction with the transaction amount exceeding RMB30 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets shall also be submitted to the shareholders' general meeting for consideration;



(IV) unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, the following transactions shall be considered by the Board of Directors:

(1) if the total assets involved in the transaction account for more than 10% of the Company's latest audited total assets; however, if the total assets involved in the transaction account for more than 50% of the Company's latest audited total assets or the Company's material assets purchased or sold within 1 year account for more than 30% of the Company's latest audited total assets, the transaction shall also be submitted to the shareholders' general meeting for consideration; if the total assets involved in the transaction have both book value and appraised value, the higher one shall prevail;

(2) if the net assets involved in the subject matter of the transaction (e.g. equity) account for more than 10% of the Company's latest audited net assets, and the absolute amount exceeds RMB10 million; however, if the net assets involved in the subject matter of the transaction (e.g. equity) account for more than 50% of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million, the transaction shall also be submitted to the shareholders' general meeting for consideration; if the net assets involved in the transaction have both book value and appraised value, the higher one shall prevail;

(3) if the relevant operating income of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 10% of the audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB10 million; however, if the relevant operating income of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 50% of the audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB50 million, the transaction shall also be submitted to the shareholders' general meeting for consideration;

(4) if the relevant net profit of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million; however, if the relevant net profit of the subject matter of the transaction (e.g. equity) in the latest accounting year accounts for more than 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million, the transaction shall also be submitted to the shareholders' general meeting for consideration;

(5) if the transaction amount (including assumed debts and expenses) of the transaction accounts for more than 10% of the Company's latest audited net assets, and the absolute amount exceeds RMB10 million; however, if the transaction amount (including assumed debts and expenses) of the transaction accounts for more than 50% of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million, the transaction shall also be submitted to the shareholders' general meeting for consideration;

(6) if the profits arising from the transaction account for more than 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB10 million; however, if the profits arising from the transaction account for more than 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB50 million, the transaction shall also be submitted to the shareholders' general meeting for consideration.

Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, if a number involved in the above indicators is negative, its absolute value shall be taken for the purpose of calculation.

For the purpose of this item, transactions include, but are not limited to, the purchase or sale of assets; external investment (including entrusted wealth management, investment in subsidiaries, etc.); provision of financial assistance (including entrusted loan, etc.); provision of guarantees (including guarantees for controlled subsidiaries, etc.); rent or lease assets; entrusted or entrusted management of assets and business; gifts or donated assets; creditor's rights or debt restructuring; transferring or acquiring research and development projects; signing license agreements; waiver of rights (including waiver of pre-emptive right and pre-emptive right to subscribe capital contribution, etc.); other transactions recognized by the Stock Exchanges.

(V) other external investment, acquisition and disposal of assets, securities investment, entrusted wealth management, asset mortgage, external guarantee, related transactions and external donations that are required to be approved by the Board of Directors or authorized by the shareholders' general meeting to be considered by the Board of Directors in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed.

**Article 111** The Board of Directors shall have one chairman. The chairman shall be elected by a majority of all members of the Board.

**Article 112** The chairman of the Board of Directors shall exercise the following functions and powers:

(I) to preside over shareholders' general meeting and to convene and preside over board meetings;

(II) to supervise and examine the implementation of the resolutions of the Board;

(III) to sign the board documents and other documents to be signed by the legal representative of the Company;

(IV) to exercise the functions and powers of the legal representative;

(V) to exercise special discretionary power on company affairs in accordance with laws and in the Company's interests in case of emergency such as the occurrence of extreme natural disasters and other force majeure events, and to provide reports to the Board of Directors and shareholders' general meeting afterwards;

(VI) other functions and powers as authorized by the Board.

**Article 113** If the chairman is unable or fails to perform his/her duties, a director shall be jointly elected by more than half of all directors to perform such duties.

**Article 114** Meetings of the Board of Directors are classified into regular meetings and extraordinary meetings. The Board of Directors shall convene meetings at least four times each year, and the meetings shall be convened by the chairman of the Board. All directors and supervisors shall be notified in writing of the Board's regular meeting 14 days before the date of the meeting.

**Article 115** Shareholders representing more than 1/10 of voting rights of the Company, more than one-third of all directors or the Board of Supervisors may propose to convene an extraordinary meeting of the Board. The chairman shall convene and preside over a board meeting within 10 days from the receipt of such proposal.

**Article 116** The notice on convening any extraordinary meeting of the Board of Directors shall be delivered by telephone or in writing (including delivery by courier, post, facsimile and email). The notice shall be served to all directors 3 days before the date of the meeting. In case of urgency, with the unanimous consent of all directors, the extraordinary meeting of the Board of Directors may be convened without the above-mentioned time limit for notification, but such a record shall be recorded in the board minutes and signed by all directors attending the meeting.

The first meeting after the change of session of the Board of Directors may be convened on the date of the change of session, and the time of convening the meeting is not subject to the restrictions on the method and time of notice in the first paragraph.

**Article 117** The notice of the meeting of the Board of Directors shall include the following:

- (I) time and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons and issues of discussion;
- (IV) date of issuance of notice.

**Article 118** The meeting of the Board of Directors may be held when more than half of all directors attend the meeting. Resolutions made by the Board of Directors shall be passed by votes of more than half of all directors.

Resolutions of the Board of Directors are voted by way of poll with each director having one vote.

**Article 119** A director with related relationship with the companies involved with any matters in the resolution of the Board of Directors shall neither exercise the voting right for the resolution, nor exercise the voting right on behalf of any other directors. The meeting of the Board of Directors may be held when more than half of non-related directors attend the meeting. The resolutions of the board meeting shall be passed by votes of more than half of non-related directors. If the number of non-related directors attending the meetings is less than 3, the matter shall be submitted to the shareholders' general meeting for consideration. Where the laws, regulations and securities regulatory rules of the place where the Company's shares are listed impose any additional restrictions on directors' participation in and voting at board meetings, such restrictions shall prevail.

Where a director, supervisor, general manager and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (except the employment contracts between the Company and its directors, supervisors, general manager and other senior management members), he/she shall declare the nature and extent of his/her interests to the Board of Directors at the earliest opportunity, whether or not such matter is otherwise subject to the approval of the Board.

**Article 120** The voting at the board meetings shall be conducted in writing.

Subject to the thorough expression of opinions by all directors, the extraordinary meeting of the Board of Directors may be convened and passed by means of communication (including but not limited to telephone, video, facsimile, etc.), and all directors attending the meeting shall sign on such resolutions.

**Article 121** A director shall attend the board meeting in person. Where the director is unable to attend the board meeting for any reasons, he/she may authorize another director to attend on his/her behalf in writing. The authorization letter shall specify the name of the authorized person, the matters to be authorized, the scope of authorization and valid period, and shall be signed or sealed with the chop by the director who authorizes. A director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of the authorization. A director who does not attend a board meeting in person or by authorized person shall be deemed to have waived his/her voting rights at such meeting.

**Article 122** The Board of Directors shall keep the minutes of the decisions on the matters discussed at the meeting, and all directors attending the meeting shall sign on the minutes.

The minutes of the board meetings shall be kept as company files for a period of not less than 10 years.

**Article 123** The minutes of the board meeting shall include the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the directors attending the meeting, and the names of directors (authorized person) authorized by other directors to attend the meeting;
- (III) the agenda of the meeting;
- (IV) key points of directors' speeches;
- (V) the voting methods and results for each resolution (the voting results shall indicate the number of votes for and against the proposal or abstention).

## **Chapter 6 General Manager and Other Senior Management Members**

**Article 124** The Company shall have one general manager, who shall be appointed or dismissed by the Board.

The Company shall have several deputy general managers, one chief financial officer and several other senior management members as determined by the Board of Directors, who shall be appointed or dismissed by the Board of Directors upon the proposal of the general manager.

The general manager, deputy general managers, chief financial officer, secretary to the Board of Directors and other senior management members as determined by the Board of Directors are senior management members of the Company. A director may be appointed as the general manager, deputy general manager, chief financial officer or other senior management member concurrently.

**Article 125** The circumstances specified in Article 95 of the Articles of Association under which a director may not serve as a director shall also apply to a senior management member.

The provisions concerning the fiduciary obligation and duty of diligence of directors specified in Article 97 and paragraph (IV) – (VI) of Article 98 of the Articles of Association shall also apply to senior management members.

**Article 126** A person serving other administrative duties other than director and supervisor in any entity of the controlling shareholders and de facto controller of the Company shall not serve as senior management member of the Company. The senior management members of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

**Article 127** The term of office of the general manager and other senior management member is 3 years and may be renewed upon reappointment.

**Article 128** The general manager shall report to the Board, and shall exercise the following functions and powers:

(I) to manage the production business operation and management of the Company, to organize and implement the board resolutions and to report his/her work to the Board of Directors;

(II) to organize and implement of the annual operation plans and investment proposals of the Company;

(III) to prepare the plan for establishing the internal management body of the Company;

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

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

(VI) to recommend the Board of Directors on the appointment or dismissal of any deputy general manager and the chief financial officer;

(VII) to appoint or dismiss management personnel other than those appointed or dismissed by the Board of Directors;

(VIII) to approve the transactions and related transactions other than those transactions that must be considered and approved by the shareholders' general meeting or the Board of Directors, but if there are relevant provisions of laws, regulations and regulatory authorities, such provisions shall prevail;

(IX) to exercise other functions and powers specified by the general manager's work rules;

(X) to exercise other functions and powers authorized by the Articles of Association or the Board of Directors.

The general manager shall be present at the board meetings.

**Article 129** The general manager shall draft the general manager's work rules and submit them to the Board of Directors for approval before implementation.

**Article 130** The general manager's work rules shall include the following:

(I) the conditions and procedures for convening and participants of the general manager meetings;

(II) the respective duties and division of labor among the general manager and other senior management members;

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

(IV) other matters that the Board of Directors deems necessary.

**Article 131** The general manager may resign before the expiration of his/her term of office. The specific procedures and methods for the resignation of the general manager shall be specified in the employment contract between the general manager and the Company.

**Article 132** The deputy general manager and the chief financial officer of the Company shall be appointed or dismissed by the Board of Directors upon the nomination of the general manager, and the deputy general manager shall assist the general manager in his/her work.

**Article 133** The Company shall have secretary to the Board of Directors, who are responsible for the preparation of shareholders' general meetings and board meetings of the Company, matters such as keeping of documents and management of shareholders' information of the Company and handling information disclosure matters.

The secretary to the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.



**Article 134** If a senior management member violates the provisions of laws, administrative regulations, departmental rules or the Articles of Association while performing his/her duties and causes losses to the Company, he/she shall be liable for compensation.

**Article 135** The senior management members shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management members fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and shareholders of public shares, they shall be liable for compensation in accordance with the laws.

## **Chapter 7 Board of Supervisors**

### **Section 1 Supervisors**

**Article 136** The circumstances regarding the disqualification for the position of the director specified in Article 95 of the Articles of Association shall also apply to supervisors.

No director, general manager and other senior management member shall serve as a supervisor.

**Article 137** Supervisors shall comply with laws, administrative regulations and the Articles of Association and assume the fiduciary obligation and duty of diligence to the Company. Supervisors shall not take advantage of their powers to receive any bribes or other illegal income and shall not embezzle any assets of the Company.

**Article 138** The term of office of a supervisor shall be 3 years. Upon the expiration of the term of office, the supervisors may serve another term of office if re-elected.

**Article 139** Where a new supervisor has not yet been elected upon the expiration of the term of office, or the number of supervisors in the Board of Supervisors falls below the statutory requirements due to the resignation of a supervisor during his/her term of office, the original supervisor shall continue to perform his/her duties according to the laws, administrative regulations and the provisions of the Articles of Associations until a newly-elected supervisor takes office.

**Article 140** Supervisors shall ensure the authenticity, accuracy and completeness of information disclosed by the Company, and shall sign written confirmation of opinions for regular reports of the Company.

**Article 141** Supervisors shall attend the board meetings and make inquiries or recommendations regarding the resolutions of the Board of Directors.



**Article 142** Supervisors shall not take advantage of their related relationships to damage the interests of the Company and shall be liable for compensation where any loss is incurred as a result of any such violation to the Company.

**Article 143** Where supervisors violate laws, administrative regulations, departmental rules or the provisions of Articles of Association when performing their duties in the Company, and causes the Company to suffer losses, the supervisors shall be liable for compensation.

## **Section 2 Board of Supervisors**

**Article 144** The Company shall establish a Board of Supervisors. The Board of Supervisors shall consist of five supervisors, including one chairman, who shall be elected by more than half of all supervisors of the Company. The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors. If the chairman is incapable of performing his/her duties or does not perform such duties, a supervisor shall be nominated by more than half of all supervisors of the Company to convene and preside over the meeting of the Board of Supervisors.

The Board of Supervisors shall include shareholder representatives and employee representatives. Among them, the proportion of employee representatives shall be no less than one-third of all supervisors in the Board of Supervisors. The employee representatives shall be elected by employees of the Company in the employee representative meeting, employee meeting or by way of other democratic ways.

**Article 145** The Board of Supervisors shall exercise the following functions and powers:

(I) to review the regular report of the Company prepared by the Board of Directors and to provide comments in writing;

(II) to inspect the financial position of the Company;

(III) to supervise the performance of the directors and senior management members and to advise on the dismissal of any directors and senior management members who violate the laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meetings;

(IV) to demand rectifications to be made by directors and senior management where their acts impair the interest of the Company;

(V) to propose to convene an extraordinary general meeting and to convene and preside over the shareholders' general meetings if the Board of Directors fails to do so as required by the Company Law;

(VI) to submit proposals at a shareholders' general meeting;

(VII) to institute proceedings against directors and senior management members according to Article 151 of the Company Law;

(VIII) to investigate if there are any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company;

(IX) to exercise other functions and powers specified in the Articles of Association or authorized by the shareholders' general meetings.

**Article 146** The Board of Supervisors shall convene a meeting at least once every 6 months. Supervisors may propose to convene extraordinary meetings of the Board of Supervisors.

The resolutions of the Board of Supervisors shall be passed by more than half of the supervisors.

**Article 147** The Board of Supervisors shall formulate rules of procedure of the Board of Supervisors to define the method for discussion and voting procedure of the Board of Supervisors to ensure the work efficiency and that the decision-making process is conducted in a scientific manner.

The rules of procedure of the Board of Supervisors shall be formulated by the Board of Supervisors and approved by the shareholders' general meeting, which shall be annexed to the Articles of Association.

**Article 148** The Board of Supervisors shall keep the minutes of its decisions on the matters discussed at the meeting, and all supervisors attending the meeting shall sign on the minutes.

Supervisors shall have the right to make certain explanatory notes regarding their speeches at the meeting in the minutes. The minutes of the meeting of the Board of Supervisors shall be kept as company files for at least 10 years.

**Article 149** The notice of the meeting of the Board of Supervisors shall include the following:

- (I) the date, venue and duration of the meeting;
- (II) reasons and matters for discussion;
- (III) the date of issuance of notice.

## **Chapter 8 Financial and Accounting System, Profit Distribution and Audit**

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

**Article 150** The Company shall establish its financial and accounting system according to the laws, administrative regulations and the requirements of the relevant governmental authorities.

The accounting year of the Company follows the Gregorian calendar, which an accounting year shall commence on January 1 and ends on December 31 of each year.

**Article 151** Within 4 months from the closing date of an accounting year, the Company shall submit to the CSRC and the stock exchange in the place where the Company's shares are listed the annual report and make disclosure, and within 2 months from the closing date of the first half of an accounting year submit to the CSRC branch and the stock exchange in the place where the Company's shares are listed the interim report and make disclosure.

The aforesaid annual report and interim report shall be prepared in accordance with the relevant laws, administrative regulations, the rules of the CSRC and the stock exchange in the place where the Company's shares are listed.

**Article 152** The Company shall not establish accounts books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 153** The Company shall allocate 10% of the annual after-tax profits as the statutory reserve fund of the Company. When the accumulated amount of the statutory reserve fund of the Company has reached more than 50% of the registered capital of the Company, no further allocations is required.

If the statutory reserve fund of the Company is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up the said losses before any statutory reserve fund is withdrawn according to the provision of the preceding paragraph.

After withdrawing the statutory reserve fund out of its after-tax profits, the Company may also allocate some of its after-tax profits into its discretionary reserve if so resolved by the shareholders' general meeting.

After making up the losses and making contributions to the common reserve fund, any remaining profits after tax shall be distributed to the shareholders in proportion to their respective shareholdings, except it is stipulated in the Articles of Association of the Company that profit distributions shall not be made in accordance with the shareholding proportion.

If the shareholders' general meeting, in violation of the provisions of the preceding paragraphs, distributes profits to the shareholders before the Company makes up for its losses and makes allocations to the statutory reserve fund, the shareholders must return the profits distributed in violation of the provision to the Company.

No profits shall be distributed in respect of the shares held by the Company.

The Company shall appoint one or more payment receiving agents in Hong Kong for holders of H Shares. The payment receiving agents shall receive and hold on behalf of such holders of H Shares any dividends allocated to H Shares and other amounts payable by the Company, for future payments to such holders of H Shares. The payment receiving agents appointed by the Company shall comply with laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

#### I. The Company's profit distribution policy

##### (I) The principles for profit distribution

The Company's profit distribution shall emphasize a reasonable return to public shareholders, with the purpose of sustainable development and safeguarding shareholders' rights and interests, maintain the continuity and stability of profit distribution policies, and comply with the relevant provisions of laws and regulations.

##### (II) The way of profit distribution

Dividends can be distributed in the form of cash, shares or a combination of both, and distribution of profits by way of cash dividends should be given priority.

##### (III) Conditions for cash dividends

1. The distributable profit (i.e. the after-tax profit remaining after making up for the losses and making contributions to the common reserve fund) realized by the Company in a year is positive;

2. The auditor issues a standard unqualified audit report on the annual financial report of the Company;

3. The Company has no material investment plans or significant cash expenditures (except for fundraising investment projects) within the next 12 months.

Material investment plans or significant cash expenditures refer to the total accumulative expenditures for external investment, acquisition of assets or purchase of equipment by the Company within the next 12 months reaching or exceeding 20% of the latest audited net assets of the Company, and exceeding RMB50 million.

#### (IV) Cash dividend payout ratio and time

Subject to the compliance of the profit distribution principles, the maintenance of the normal operation and the long-term development of the Company, where cash distribution conditions are met, the Company, in principle, makes the cash dividend payment once a year. The profits distributed by cash every year shall not be less than 10% of the distributable profit realized for that current year, and the Company's accumulative profit distributed in cash in any 3 consecutive years shall not be less than 30% of the distributable profits realized during such 3 years. Under certain conditions, the Company may distribute interim dividends according to its actual operating conditions.

#### (V) Conditions for distributing share dividends

Based on the status of accumulated distributable profits, common reserve fund and cash flow, the Company may distribute profits in the form of shares, provided that a sufficient amount of cash dividends and a reasonable size of share capital are guaranteed. The specific dividend payout ratio shall be submitted to the shareholders' general meeting for consideration after being reviewed and approved by the Board of Directors.

If the Company proposes to distribute profits by a combination of cash and shares, the Board of Directors shall abide by the following principles:

1. Where the Company is in a mature stage of development and has no major capital expenditure arrangement, cash dividends shall account for at least 80% of all profits to be distributed by the Company in this round of profit distribution;

2. Where the Company is in a mature stage of development but has major capital expenditure arrangements, cash dividends shall account for at least 40% of all profits to be distributed by the Company in this round of profit distribution;

3. Where the Company is in the growing stage of development and has major capital expenditure arrangements, cash dividends shall account for at least 20% of all profits to be distributed by the Company in this round of profit distribution;

4. Where the Company has major capital expenditure arrangements, but its development stage is difficult to be distinguished, cash dividends shall account for at least 20% of all profits to be distributed by the Company in this round of profit distribution.

The proportion of cash dividends in this profit distribution is cash dividends divided by the sum of cash dividends and share dividends.

(VI) The ratios for cash dividend distribution and conversion of capital reserve into share capital shall be expressed in every 10 shares. The base number of share capital shall be the actual share capital prior to the implementation of the proposal.

(VII) Upon the occurrence of any illegal appropriation of the Company's funds by shareholders, the Company shall deduct the cash dividends allocated to such shareholders to make up for the funds appropriated by such shareholders.

(VIII) If the Company repurchases its shares in cash by way of an offer or centralized bidding method, it shall be regarded as cash dividends of the Company and shall be included in the calculation of the relevant percentage of cash dividends.

## II. The profit distribution decision-making procedure and mechanism

(I) The management of the Company and the Board of Directors shall reasonably propose profit distribution recommendation and proposals according to the Company's profitability and capital requirement. In the course of the discussion of profit distribution proposal, the Board of Directors shall have sufficient discussion with independent non-executive directors and supervisors, listen to the opinions of minority shareholders through multiple channels and formulate the profit distribution proposal by taking into consideration the continuous, stable and scientific returns to all shareholders. Independent non-executive directors may collect opinions from minority shareholders, propose dividend proposals, and submit them directly to the Board of Directors for consideration.

When a profit distribution proposal is being considered by the Board of Director, it shall be approved by the majority of all directors and approved by more than one half of the independent non-executive directors who are also required to express their clear independent opinions. When it is being considered by the Board of Supervisors, it shall be approved by the majority of all supervisors. After being reviewed and approved by the Board of Directors and the Board of Supervisors, it can be submitted to the shareholders' general meeting of

the Company for review and shall be approved by more than half of the voting rights held by shareholders attending the general meeting. When the Board of Directors is making the decision and formulating the dividend distribution proposal, it shall keep in details the recommendations of the management, the key points of speeches made by directors present in the meeting, the opinions of independent non-executive directors and voting results of the Board of Directors, etc., and form written records for proper documentation as the Company's files.

When the Company convenes an annual general meeting to consider the annual profit distribution proposal, it may consider and approve the conditions, maximum proportion and maximum amount of cash dividends for the interim period of the next year. The maximum amount of interim dividend for the next year considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the listed company for the corresponding period. The Board of Directors shall formulate a specific interim dividend proposal in accordance with the resolutions of the shareholders' general meeting, subject to the conditions of profit distribution.

(II) The Company shall effectively protect the public shareholders' rights to attend the shareholders' general meeting. When considering the cash dividend distribution proposal at the shareholders' general meeting, the Company shall proactively communicate and discuss with the shareholders, in particular, minority shareholders, through various channels, in order to fully receive opinions and requests of those minority shareholders and respond to their concerns in a timely manner.

(III) The Company shall strictly implement the cash dividend policy stipulated in the Articles of Association and the specific cash dividend proposal considered and approved at the shareholders' general meetings. If the profit distribution policy should be adjusted due to the production and operation conditions, investment plans and long-term development, or the changes in the external operation environment, the Company shall focus on the protection of shareholders' rights and interests and the adjusted profit distribution policy should not violate the relevant laws and regulations and provisions of regulatory documents and the Articles of Association. The adjustment proposal to dividend policy shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the board meeting, and approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting, thus facilitating the participation of minority shareholders at the shareholders' general meeting. Independent non-executive directors shall clearly express their independent opinions on the adjustments of or changes to the profit distribution policy, and the Board of Supervisors shall express their review opinions.



(IV) Where the Company profitable in a given year but the Board of Directors fails to propose to distribute profit in cash for such year, the Board of Directors shall explain the reasons and the purposes and usage plan of the funds not distributed by way of cash dividend in details in the annual report. The independent non-executive directors shall provide their independent views on the profit distribution plan and make disclosure.

**Article 154** Reserves of the Company are used for offsetting losses of the Company, expanding the Company's production and operation or converting into and increasing the capital of the Company. However, capital reserve shall not be used to offset losses of the Company.

Upon conversion of the statutory reserve fund into capital, the balance of such reserve fund shall not fall below 25% of the registered capital of the Company before the conversion.

**Article 155** After a resolution on the profit distribution plan is made at the shareholders' general meeting of the Company, or after a specific plan is formulated by the Board of Directors of the Company based on the conditions and cap for interim dividends for the next year considered and approved by the annual general meeting, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within 2 months after the shareholders' general meeting is convened.

**Article 156** The Company may distribute its profits in cash, shares or a combination of cash and shares or in other manners permitted by laws, and the distribution of profits shall not exceed the range of accumulated distributable profits and shall not impair the Company's ability to continue as a going concern. The profits distributed by the Company in cash in a single accounting year shall not be less than 10% of the distributable profits realized in that year.

## **Section 2 Internal Audit**

**Article 157** The Company shall implement an internal audit system, and establish an internal audit department with full-time auditors to conduct internal audit and supervision on the Company's financial revenues and expenditures and economic activities.

**Article 158** The internal audit system of the Company and the duties of auditors shall be implemented upon approval by the Board of Directors. The person in charge of auditing shall be accountable to the Board of Directors and report on his/her work.



### **Section 3 Appointment of Accounting Firm**

**Article 159** The Company shall engage an accounting firm that complies with the requirements of the Securities Law to perform audits of financial statements, verify net assets, and other related consulting services for a term of 1 year, which is renewable.

**Article 160** The appointment of an accounting firm by the Company shall be determined by the shareholders' general meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made by the shareholders' general meeting.

**Article 161** The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse, conceal or misrepresent them.

**Article 162** The audit fee of an accounting firm shall be determined by the shareholders' general meeting.

**Article 163** The Company shall give 15 days' prior notice to the accounting firm of the termination or non-renewal of its engagement, and the accounting firm shall be permitted to present its opinion when its termination is voted in the shareholders' general meeting of the Company.

In the event that an accounting firm offers to resign, it shall explain to the shareholders' general meeting whether there are any impropriety existing in the Company.

### **Chapter 9 Notices**

**Article 164** Notices of the Company shall be made by the following means:

(I) by hand;

(II) by email or facsimile;

(III) by way of announcements;

(IV) other means approved by the relevant regulatory authorities in the place where the Company's shares are listed or as provided in the Articles of Association.

**Article 165** Where a notice is made by the Company by way of announcement, it shall be deemed to have been received by all relevant persons upon the publication of such announcement.

The term “announcement” mentioned in the Articles of Association, unless the context otherwise requires, in relation to an announcement made to holders of A Shares or made within the PRC as required by relevant regulations and the Articles of Association, refers to those published on the website of the SZSE and in the media that meets the conditions stipulated by the CSRC; for an announcement to holders of H shares or made in Hong Kong in accordance with relevant requirements and the Articles of Association, such announcement must be published on the websites of the Company and the SEHK and such other websites as may be prescribed in the Listing Rules of the SEHK from time to time in accordance with the requirements of the relevant Listing Rules of Hong Kong Stock Exchange.

With respect to the manner in which the Company provides and/or distributes corporate communications to holders of H Shares as required by the listing rules of the place where the Company’s shares are listed, subject to the relevant listing rules of the place where the Company’s shares are listed, the Company may also provide or distribute corporate communications to holders of H Shares by electronic means or by publishing the information on the websites of the Company or the stock exchange where the shares are listed, in lieu of delivery by hand or by prepaid mail to holders of H Shares.

**Article 166** The notice of the Company to convene a shareholders’ general meeting shall be notified to shareholders by way of an announcement.

**Article 167** The notice of the Company to convene a board meeting shall be delivered by hand or by express mail, or by email, facsimile, telephone, text message or other effective means.

**Article 168** The notice of the Company to convene a meeting of the Board of Supervisors shall be delivered in person or by express mail, or by email, facsimile, telephone, text message or other effective means.

**Article 169** If the notice of the Company is delivered by hand, the recipient shall sign (or seal) on the receipt of the delivery, and the date of receipt shall be the date of service; if the notice of the Company is delivered by express mail, the date of service shall be the third working day from the date of delivery to the sender; if the notice of the Company is sent by e-mail, the date of service shall be deemed to be the second business day from the date the email reaches the information system of the person served; if the notice of the Company is sent by facsimile, the date of service shall be the second business day from the date the facsimile reaches the information system of the person served.

**Article 170** The meeting and the resolutions made at the meeting shall not be null and void if the notice of the meeting fails to be delivered to any person entitled to the notice due to accidental omission or fails to be received by such person.

**Article 171** The media designated by the Company for the publication of announcements and other information required to be disclosed are Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Juchao Information Website (<http://www.cninfo.com.cn>) and HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)).

## **Chapter 10 Merger, Division, Capital Increase and Reduction, Dissolution and Liquidation**

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

**Article 172** A merger may take the form of merger by absorption or by establishment of a new company.

Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment of a new company refers to the establishment of a new company by merging two or more companies, whereby the merger parties shall be dissolved.

**Article 173** In the event of any merger, the Company shall enter into a merger agreement with other parties involved and prepare a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days after the adoption of the relevant resolution and publish announcements in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Juchao Information Website (<http://www.cninfo.com.cn>) and HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) as designated by the Company within 30 days. Creditors may require the Company to repay its debt or provide a corresponding guarantee within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

**Article 174** Upon merger, the surviving company or the newly established company shall assume all creditor's rights and debts of the merger parties.

**Article 175** In the event of division, its assets shall be divided accordingly.

In the event of division, the Company shall prepare a balance sheet and a an inventory list for its assets, and notify its creditors within 10 days after the adoption of the relevant resolution and publish announcements in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Juchao Information Website (<http://www.cninfo.com.cn>) and HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) as designated by the Company within 30 days.

**Article 176** Unless otherwise agreed by the Company and its creditors in writing prior to the division with respect to the repayment of debts, the succeeding company after the division shall jointly assume the debts of the company which has incurred before such division.

**Article 177** The Company shall prepare a balance sheet and an inventory list for its assets in the event it is required to reduce its registered capital.

The Company shall notify its creditors within 10 days after the adoption of the relevant resolution on the reduction of the registered capital and publish announcements in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Juchao Information Website (<http://www.cninfo.com.cn>) and HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) as designated by the Company within 30 days. The creditors may require the Company to repay its debt or provide corresponding guarantees within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

The Company's registered capital after such reduction shall not be lower than the minimum amount of the registered capital required by laws.

**Article 178** Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to laws. Where the Company is dissolved, it shall cancel its registration according to laws. Where a new company is established, its establishment shall be registered according to laws.

Any increase or reduction of the registered capital of the Company shall be registered with the company registry according to laws.

## **Section 2 Dissolution and Liquidation**

**Article 179** The Company shall be dissolved in any of the following circumstances:

(I) the term of business of the Company stipulated in the Articles of Association has expired or any other causes for dissolution stipulated in the Articles of Association has occurred;

(II) the shareholders' general meeting has resolved to dissolve the Company;

(III) the merger or division of the Company requires a dissolution;

(IV) the business license is revoked in accordance with laws, or the Company is ordered to be closed or is cancelled;

(V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding more than 10% of all shareholders' voting rights may petition to a people's court to dissolve the Company.

**Article 180** Under the circumstance specified in (I) of Article 179 of the Articles of Association, the Company may subsist through amendment of the Articles of Association.

Any amendment to the Articles of Association pursuant to the preceding paragraph shall be subject to approval of two thirds or more of the votes held by the shareholders attending the shareholders' meeting.

**Article 181** Where the Company is dissolved under the circumstances set out in items (I), (II), (IV) and (V) of Article 179 of the Article of Association, the Company shall establish a liquidation team to carry out liquidation within 15 days from the date when the cause of dissolution occurs. The composition of the liquidation team shall be determined by the directors or the shareholders' general meeting. If the liquidation team is not established within the stipulated period, the creditors may apply to the people's court to designate relevant persons to form a liquidation team to carry out liquidation.

**Article 182** The liquidation team shall perform the following powers and duties during the period of liquidation:

- (I) to examine the assets of the Company and prepare the balance sheet and inventory sheet;
- (II) to inform creditors by notice or announcement;
- (III) to deal with outstanding businesses of the Company relating to liquidation;
- (IV) to settle the taxes in arrears and taxes incurred in the course of liquidation;
- (V) to liquidate creditor's rights and debts;
- (VI) to allocate the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

**Article 183** The liquidation team shall notify all creditors within 10 days after its establishment and shall publish announcements in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Juchao Information Website (<http://www.cninfo.com.cn>) and HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) as designated by the Company within 60 days. The creditors shall file their claims with the liquidation team within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

In filing its claims, a creditor shall provide the particulars of such claims and the supporting documents. The liquidation team shall register the claims filed by the creditors.

During the period for declaration of creditor's right, the liquidation team shall not repay any debt to any creditor.

**Article 184** After the liquidation team has examined the assets of the Company and prepared a balance sheet and an inventory list for assets, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or the people's court for confirmation.

The remaining assets of the Company after paying the liquidation expenses, employees' salaries, social insurance contributions and statutory compensation, taxes and debts of the Company shall be distributed to the shareholders in proportion to their respective shareholding.

During the period of liquidation, the Company shall subsist but shall not engage in any business activity except for those relating to liquidation. The assets of the Company shall not be distributed to shareholders prior to making payment pursuant to the provisions of the preceding paragraphs.

**Article 185** After the liquidation team has examined the assets of the Company and prepared a balance sheet and an inventory list for assets, if it is aware that the Company's assets are insufficient to repay its debts in full, it shall apply to the people's court for a declaration of insolvency in accordance with laws.

Upon declaration of the Company's insolvency pursuant to the ruling of the People's Court, the liquidation team shall hand over liquidation matters to the people's court.

**Article 186** After completion of liquidation of the Company, the liquidation team shall prepare a liquidation report and submit the same to the shareholders' general meeting or the people's court for confirmation, then deliver the same to the Company's registration authority to apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

**Article 187** Members of the liquidation team shall fulfill liquidation responsibilities with a duty of loyalty and diligence.

Any member of the liquidation team shall not take advantage of his/her powers to accept bribes or other illegal payments or embezzle the assets of the Company.

If losses are caused to the Company or any creditor due to intentional misconducts or gross negligence, such member shall be liable for compensation.

**Article 188** If the Company is declared insolvent according to laws, the Company shall perform insolvency liquidation procedures according to the laws relating to insolvency of companies.

## **Chapter 11 Amendments to the Articles of Association**

**Article 189** The Company shall amend the Articles of Association under any of the following circumstances:

(I) following the amendment in the Company Law or the relevant laws, administrative regulations and securities regulatory rules of the place where the Company's shares are listed, the matters stipulated in the Articles of Association contradict provisions of the amended laws, administrative regulations and securities regulatory rules of the place where the Company's shares are listed;

(II) change in the condition of the Company which makes it inconsistent with the content sets out in the Articles of Association;

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

**Article 190** Where approval from the competent authority is required for the amendments to the Articles of Association resolved by the shareholders' general meeting, such amendments shall be submitted to the competent authority for approval. If amendments to the Articles of Association involves particulars of the Company's registration, changes shall be made to the registration in accordance with the laws.

**Article 191** The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the shareholders' general meeting and the opinion of the relevant competent authorities on any amendment hereto.

**Article 192** If any amendment to the Articles of Association involves matters required to be disclosed by laws and regulations, an announcement shall be made pursuant to the regulations.

## **Chapter 12 Settlement of Disputes**

**Article 193** The Company shall comply with the following rules in the settlement of disputes:

(I) whenever any disputes or claims arise from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws or administrative regulations concerning the affairs of the Company between holders of H Shares and the Company, or between holders of H Shares and directors, or supervisors, or the general managers, or other senior management members of the Company, the parties concerned shall resolve such disputes or claims through arbitration.

When any dispute or claim as described above herein is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all person who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, general managers or other officers of the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the same register do not have to be resolved through arbitration.

(II) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

(III) If any disputes or claims referred to in item (I) herein are settled by way of arbitration, the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) shall apply, save as otherwise provided in laws and administrative regulations.

(IV) The award of the arbitral body is final and shall be binding on the parties thereto.



## Chapter 13 Supplementary Provisions

### Article 194 Definitions:

(I) Controlling shareholder refers to the definition as provided in the applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

(II) De facto controller refers to a natural person, legal person or other organization that can effectively control the Company through investment, agreement or other arrangements.

(III) Related relationship refers to the relationship between any controlling shareholder, de facto controller, director, supervisor or senior management member of the Company and any entity controlled by it or him/her directly or indirectly, or other relationship that may cause any transfer of the interests of the Company. However, the entities controlled by the state shall not be deemed to be related to each other solely because they are under common control by the state.

**Article 195** The Articles of Association is prepared in Chinese. In case of any discrepancy between different languages or versions of the Articles of Association and the Chinese version of the Articles of Association, the Chinese version of the Articles of Association most recently filed with the Market Supervision and Regulation Bureau of Shenzhen Municipality shall prevail.

**Article 196** For purpose of the Articles of Association, the terms “not less than”, “within” and “not more than” shall include the given figure, and the terms “less than”, “beyond”, “lower than”, “more than” and “exceeding” shall not include the given figure. For purpose of the Articles of Association, save as otherwise specified, “yuan” and “0'000 yuan” referred to herein is RMB.

**Article 197** If the Articles of Association are in conflict with the laws, administrative regulations, provisions of other regulatory documents or regulatory provisions in the place where the Company's shares are listed promulgated from time to time, such laws, administrative regulations and provisions of other regulatory documents or regulatory provisions in the place where the Company's shares are listed shall prevail.

**Article 198** The Board of Directors shall be responsible for the interpretation of the Articles of Association.

**Article 199** Appendixes to the Articles of Association include the rules of procedure for the shareholders' general meeting, the rules of procedure for the Board of Directors and the rules of procedure for the Board of Supervisors.

**Article 200** The Articles of Association, upon consideration and approval at the shareholders' general meeting, shall become effective and come into effect on the date on which the issuance of H Shares by the Company is filed with the CSRC and date of listing for trading on the SEHK.

**S.F. Holding Co., Ltd.**

March 2025