

南京熊猫电子股份有限公司
NANJING PANDA ELECTRONICS COMPANY LIMITED
(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00553)

Articles of Association

NOTE: This is a consolidated version of the articles of the association not formally adopted by shareholders in a general meeting. The Chinese version shall prevail in case of inconsistency or discrepancy between the Chinese version and its English translation.

Nanjing Panda Electronics Company Limited

Articles of Association



(Amended in December 2025)

Contents

Chapter 1	General Provisions	4
Chapter 2	Purposes and Scope of Business	7
Chapter 3	Shares and Registered Capital	8
Chapter 4	Reduction of Capital and Repurchase of Shares.	13
Chapter 5	Share Certificates and Register of Shareholders	16
Chapter 6	Rights and Obligations of Shareholders.	18
Chapter 7	Shareholders' Meetings.	28
Chapter 8	Directors and Board of Directors.	49
Chapter 9	Senior Management.	72
Chapter 10	Party Committee	76
Chapter 11	Financial Accounting System, Profit Distribution and Audit . . .	78
Chapter 12	Appointment of Auditors.	87
Chapter 13	Insurance.	87
Chapter 14	Labour Management	88
Chapter 15	Trade Union	88
Chapter 16	Merger, Division, Capital Increase and Capital Reduction. . . .	90
Chapter 17	Dissolution and Liquidation of the Company.	93
Chapter 18	Amendment of the Articles of Association of the Company . . .	96
Chapter 19	Notices and Announcements	97
Chapter 20	Supplementary Provisions	98

Articles of Association of Nanjing Panda Electronics Company Limited

Chapter 1 General Provisions

Article 1 To safeguard the legitimate rights and interests of the company (or the “Company”), shareholders, employees and creditors, regulate the organization and activities of the Company, fully implement the important requirement of “two-consistency (consistently adhere to the Party’s leadership over state-owned enterprises; consistently develop a modern enterprise system as the direction of the reform of state-owned enterprises)”, uphold and strengthen the comprehensive leadership of the Party, improve the corporate governance structure of the Company, and build a modern enterprise system with Chinese characteristics, the Company formulated and amended the Articles of Association of Nanjing Panda Electronics Company Limited (the “Articles of Association” and the “Articles”) in accordance with the relevant provisions of 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 Guidelines for the Articles of Association of Listed Companies, the Administrative Measures for Articles of Association of State-owned Enterprises, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other national laws, regulations, and departmental rules.

Article 2 The Company is a joint stock company with limited liability incorporated under relevant laws, regulations and policies of the People’s Republic of China (“PRC”) and the approval of Nanjing Economic System Reform Committee as evidenced by Ning Ti Gai Zi (1992) document No. 034. The Company was registered with the Nanjing Administration for Market Regulation and obtained its business license on 29 April 1992, and the unified social credit identifier is 91320100134974572K.

The Company was confirmed by Ti Gai Sheng (1996) document No.21 of the State Economic Systems Reform Commission in March 1996, as a joint stock company that issued and listed its shares in Hong Kong.

Article 3 The registered name of the Company: Chinese name: 南京熊猫电子股份有限公司

English name: Nanjing Panda Electronics Company Limited

- Article 4** Company's corporate domicile: No. 7 Jingtian Road, Economic and Technological Development Zone, Nanjing, Jiangsu Province, the PRC
- Postcode: 210033
- Telephone: (8625)84801144
- Facsimile: (8625)84820729
- Article 5** The Company's legal representative shall be the general manager of the Company.
- Where the general manager who serves as the legal representative tenders a resignation, he/she shall be deemed to have resigned as the legal representative at the same time.
- Where the legal representative tenders a resignation, the Company shall appoint a new legal representative within thirty (30) days from the date of the resignation of the legal representative.
- Article 6** The legal consequences of civil activities performed by a legal representative in the name of the Company shall be borne by the Company.
- Any restrictions on the authority of the legal representative as stipulated in the Articles of Association or by the shareholders' meeting shall not be used against a bona fide counterparty.
- Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall assume civil liability for such damage. The Company may, after assuming such civil liability, claim reimbursement from the legal representative at fault in accordance with the laws or the Articles of Association.
- Article 7** The Company shall be a joint stock limited company in perpetual existence.
- Article 8** All assets of the Company shall be divided into shares with the same par value per share. Liability of the shareholders shall be limited to the extent of the shares subscribed by them. The Company shall be liable for its debts to the extent of its entire property.
- Article 9** Upon obtaining approval from the shareholders' meeting, the Articles of Association shall take effect and replace the original articles of association of the Company.

- Article 10** From the date of the coming into effect of the Articles of Association, 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 between the shareholders inter se.
- Article 11** The Articles of Association shall be binding on the Company and its shareholders, members of the Party Committee, directors, general managers and other senior management members, all of whom shall be entitled to claim their rights related to the Company's affairs in accordance with the Articles of Association.
- The Company's shareholder(s) shall be entitled to bring proceedings under the Articles of Association against the Company, shareholders, directors, general managers and other senior management members of the Company; the Company shall be entitled to bring proceedings under the Articles of Association against shareholders, directors, general managers and other senior management members.
- Other senior management members referred to in the Articles of Association means deputy general managers, chief accountant and secretary to the board of directors of the Company.
- Article 12** The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution.
- Article 13** Under the premise of compliance with PRC laws and regulations, the Company has the power to raise and borrow money, which power includes (but is not limited to) the power to issue debentures, charge or pledge part or whole of the Company's assets.
- Article 14** The Company shall set up an organization of the Communist Party of China and carry out relevant activities of the Party pursuant to the Constitution of the Communist Party of China. The Company shall provide the necessary conditions for the activities of the Party organization.
- Article 15** The Company adheres to the rule of law, and strives to build a law-abiding enterprise with sound governance, operational compliance, management discipline, law-abiding and integrity.

Chapter 2 Purposes and Scope of Business

Article 16

The Company's objects and scope of business are to:

adhere to the mission of "serving the nation, contributing to society, and making digital-intelligent living within reach", deeply integrate into urban development strategies, continuously explore and innovate, and consistently optimize services; enhance efficiency and benefits, govern the enterprise in accordance with laws and regulations, and become a core force in building a Digital China that is first-class domestically, with strong capabilities in serving national strategies, creating value, driving technological innovation, and undertaking specialized manufacturing and major systemic engineering projects. Achievements are shared with employees, progress is advanced with partners, and success is realized with clients.

Article 17

The Company's scope of business shall only cover the items approved by the company registration authority.

The business scope includes:

development, production and sale of communication equipments, computers and other electronic equipment; meters and instruments, cultural and office machinery; electrical machinery and equipment; plastic products; general equipments such as fans, scales and packaging equipment; special equipments for the processing of chemical, wood and non-metallic products; electrical transmission/distribution and control equipments; environmental, public safety and other equipment; wireless television broadcasting equipment; financial and tax control equipment; mains supply products; molds; computer services, software services and systems integration; property management; as well as after-sale services and technical services for the aforesaid businesses. (for items subject to approval according to law, business activities shall only be carried out upon approval by the relevant authorities)

general items: technology import and export; goods import and export (except for the items subject to approval under the law, business activities may be carried out independently with the business license according to law)

Article 18

Based on the trends in domestic and international markets, domestic business development needs and its development capability and business requirements, the Company may adjust its investment policy and business scope and establish branches and representative offices, whether wholly-owned or not, at home and abroad as well as in Hong Kong, Macao and Taiwan. The items in the business scope of the Company which are subject to approval under the laws and administrative regulations of the PRC must obtain the approvals according to the laws.

Chapter 3 Shares and Registered Capital

- Article 19** There must, at all times, be ordinary shares in the Company. The ordinary shares issued by the Company include domestic-invested shares and foreign-invested shares. Upon the approval by the competent authorities, the Company may issue other classes of shares according to its needs.
- Article 20** All shares issued by the Company shall have a par value of Renminbi 1 yuan each.
- The Renminbi referred to in the preceding paragraph is the lawful currency of the PRC.
- Article 21** The Company may issue shares to domestic and foreign investors in accordance with the law.
- The foreign investors referred to in the preceding paragraph means those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who have subscribed for shares issued by the Company. Domestic investors mean those investors within the territory of the PRC (other than investors from the regions referred to in the preceding sentence) who have subscribed for shares issued by the Company.
- Article 22** Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic-invested shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign-invested shares. Foreign-invested shares which are listed outside the PRC shall be referred to as overseas-listed foreign-invested shares. Shares issued by the Company in The Stock Exchange of Hong Kong Limited shall be referred to as H shares. Unless otherwise stipulated in the Articles of Association, both the holders of domestic-invested shares and foreign invested shares are the holders of ordinary shares, and have the same rights and obligations.
- The foreign currency referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions recognized by the State department in charge of the foreign exchange and which can be used for payment of the Company's shares.
- Article 23** Domestic-listed domestic shares issued by the Company shall be centrally deposited by a depository that complies with the relevant requirements; overseas-listed foreign shares issued by the Company shall be deposited by a trustee-custodian company in accordance with the rules of the securities regulatory and the requirements of securities registration and depository of the place where the Company is listed, and may also be held by the shareholders in their own names.

Article 24

On the date of establishment of the Company on 29 April 1992, the total share capital of Company comprised 515,000,000 ordinary shares, among which 480,000,000 shares were held by the promoter Panda Electronics Group Company, representing 93.2% of the total share capital of the Company, and 35,000,000 shares, representing 6.8% of the total share capital of the Company, were held by the promoter and other domestic shareholders respectively. In accordance with the Company Law and its supporting laws and administrative regulations and upon the restructuring of the Company being confirmed and approved by Ti Gai Sheng (1996) document No.21 of the State Economic Systems Reform Commission, the Company's total share capital was changed into 390,015,000 ordinary shares, among which 355,015,000 shares were held by the promoter Panda Electronics Group Company, representing 91.03% of the total share capital of the Company, and 35,000,000 shares, representing 8.97% of the total share capital of the Company, were held by the promoter and other domestic shareholders respectively.

Article 25

As approved by Ti Gai Sheng (1996) document No.23 of the State Economic Systems Reform Commission and Zheng Wei Fa (1996) document No.6 of the Securities Committee of the State Council, the Company was transformed into a joint stock company with public offering, issuing 265,000,000 additional ordinary shares comprising 242,000,000 overseas-listed foreign-invested shares and 23,000,000 domestic-invested shares issued to domestic public investors.

The share capital structure of the Company comprises 655,015,000 ordinary shares, of which 355,015,000 shares are held by the promoter Panda Electronics Group Company, 58,000,000 shares are held by holders of other domestic shares and 242,000,000 shares are held by holders of overseas-listed foreign-invested shares.

Article 26

The Equity Division Reform Proposal of the Company was approved at the relevant shareholders' meeting held on 28 July 2006. As approved and endorsed by the Ministry of Commerce of the State Council, the shareholding of the Company is as follows:

There are a total of 655,015,000 ordinary shares, of which 334,715,000 legal person shares with liquidity, representing 51.10% of the total share capital, were held by Panda Electronics Group Company Limited; 78,300,000 shares, representing 11.95% of the total share capital, were held by public shareholders; 242,000,000 shares, representing 36.95% of the total share capital, were held by overseas listed foreign shareholders.

Article 27 Pursuant to the Approval for Non-public Issue of Shares by Nanjing Panda Electronics Company Limited (Zheng Jian Xu Ke [2013] No. 332) (《關於核准南京熊貓電子股份有限公司非公開發行股票的批覆》(證監許可[2013]332 號)) given by the China Securities Regulatory Commission (the “CSRC”), the Company issued 258,823,529 ordinary shares by way of non-public issuance in June 2013. Upon completion of such issue, the Company’s equity structure comprises:

913,838,529 ordinary shares, with 671,838,529 domestic shares, accounting for 73.52 % of the total share capital, and 242,000,000 overseas-listed foreign shares, accounting for 26.48% of the total share capital.

Article 28 The Company’s registered capital is RMB913,838,529.

Article 29 The shares of the Company shall be transferred in accordance with the law. If the shares are pledged within the period of restriction on transfer prescribed by the laws or administrative regulations, the pledgee may not exercise the pledge right within the period of restriction on transfer.

The Company does not accept the shares of the Company as the subject matter of a pledge.

Article 30 The shares issued by the Company prior to the public offering of the Company’s shares shall not be transferred within one (1) year from the date when the Company’s shares are listed and traded on the stock exchange(s).

During their tenure as determined, the directors and senior management member of the Company shall report to the Company their shareholdings and changes therein and shall not transfer more than 25% of the total number of shares of the same class held by them per year. The shares held by them shall not be transferred within one (1) year from the date the shares of the Company were listed. The aforesaid person(s) shall not transfer the shares of the Company held by them within six (6) months commencing from the termination of their service.

Article 31

Any gains from sale of shares or other securities of an equity nature in the Company by any director, senior management member or shareholder (other than a holder of overseas-listed foreign-invested shares) holding 5% or more of the shares in the Company within six (6) months after their purchase of the same, and any gains from purchase of shares or other securities of an equity nature in the Company by any of the aforesaid parties within six (6) months after sale of the same shall belong to the Company and the board of directors of the Company shall recover such gains from the abovementioned parties, except for a securities company holding more than 5% of the shares as a result of purchase and underwriting of the remaining shares after the sale and other circumstances specified by CSRC.

The shares or other securities of an equity nature held by directors, senior management members and natural person shareholders referred to in the preceding paragraph include the shares or other securities of an equity nature held by their spouses, parents and children, as well as shares or other securities of an equity nature held through the account of others.

Should the board of directors of the Company not observe the first paragraph of this article, shareholders shall be entitled to request the board of directors to execute the same within thirty (30) days. If the board of directors fails to do so within the aforesaid time limit, the shareholders may initiate court proceedings directly in their own name for the interests of the Company.

Should the board of directors of the Company fails to comply with the requirements set out in the first paragraph of this article, the responsible director(s) shall assume joint and several liabilities under laws.

Article 32

The Company or its subsidiaries (including affiliates of the Company) shall not by way of gift, advance, guarantee or lending provide financial assistance for others to acquire shares of the Company or its parent company, except when the Company implements the employee share ownership scheme.

For the interests of the Company, by resolution of the shareholders' meeting, or by resolution of the board of directors in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance for others to acquire shares of the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Such resolution made by the board of directors shall be passed by two-thirds or more of all directors.

Financial assistance matters falling in to one of the following circumstances shall also be submitted to the shareholders' meeting for deliberation after approval by the board of directors:

- (1) the amount of the single financial assistance exceeding 10% of the listed company's latest audited net assets;
- (2) the assisted party's latest financial statements showing an asset-liability ratio that exceeds 70%;
- (3) cumulative amount of financial assistance within the twelve months exceeding 10% of the Company's latest audited net assets;
- (4) other circumstances stipulated by the stock exchange or the Articles of Association.

Target of the assistance who is a holding subsidiary within the scope of the consolidated financial statements of the Company and where the other shareholders of the holding subsidiary do not include the controlling shareholder or the de facto controller of the Company and their affiliates, may be exempted from the provisions of the preceding two paragraphs.

In the event of any loss caused to the Company due to their violation of the above provisions, the responsible directors and senior management shall be liable for compensation.

Chapter 4 Reduction of Capital and Repurchase of Shares

Article 33 The Company may increase its capital in the following manners based on the needs of its operation and development in accordance with the provisions of laws and regulations and by resolutions of the general meeting:

- (1) offering of shares to unspecified parties;
- (2) offering of shares to specific parties;
- (3) issue of bonus shares to existing shareholders;
- (4) conversion of reserve to share capital;
- (5) other methods permitted by laws and administrative regulations and approved by the CSRC.

The Company's increase in capital by issuing new shares shall, after being approved pursuant to the Articles of Association, follow the procedures specified in relevant laws and administrative regulations of the State.

Article 34 As stipulated in the Articles of Association, the Company may reduce its registered capital according to the law.

Article 35 The Company shall not buy back its shares, except under one of the following circumstances:

- (1) reducing the registered capital of the Company;
- (2) merger with another company that holds shares in the Company;
- (3) utilising its shares for the employee share ownership scheme or as equity incentives;
- (4) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' meeting on the merger or division of the Company;
- (5) utilising the shares for the conversion of corporate bonds that are convertible into the shares issued by the Company;

- (6) where it is necessary for the Company to safeguard the value of the Company and the interests of its shareholders.

Article 36

The Company may purchase its shares through public centralized trading or other methods recognized by laws, administrative regulations and the CSRC.

The Company shall fulfill the information disclosure obligation in accordance with the Security Law if repurchase its own shares. Where the Company repurchases its shares under the circumstances described in subparagraph (3), (5), (6) of Article 35, the repurchase shall be carried out through public centralized trading.

Article 37

Where the Company repurchases its own shares under the circumstances as described in subparagraphs (1) and (2) of Article 35, such repurchase shall be approved by shareholders at shareholders' meeting. Where the Company repurchases its own shares under the circumstances described in subparagraphs (3), (5), (6) of Article 35, such repurchase shall be approved by more than two-thirds of directors attending the board meeting. In the event that there are other provisions of the laws and regulations and the listing rules in the place where the shares of the Company are listed, the provisions shall prevail.

Shares repurchased by the Company under the circumstance described in subparagraph (1) of Article 35 of the Articles of Association shall be cancelled within ten (10) days from the date of acquisition; for those repurchased under the circumstances described in subparagraphs (2) and (4), the shares shall be transferred or cancelled within six (6) months; for those repurchased under the circumstances described in subparagraphs (3), (5) and (6), the shares held by the Company in aggregate shall not exceed 10% of the total shares issued by the Company, and shall be transferred or cancelled in three (3) years.

Article 38

Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of purchase of its issued shares:

- (1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;

- (2) where the Company repurchases its shares at a premium to its par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
 - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of distributable profits of the Company;
 - (ii) if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the current amount of the Company's share premium account (including the premiums on the fresh issue).
- (3) payment by the Company in consideration of the followings shall be made out of the Company's distributable profits:
 - (i) acquisition of rights to repurchase shares of the Company;
 - (ii) variation of any contract to repurchase shares of the Company;
 - (iii) release of the Company's obligation under any contract to repurchase its shares.
- (4) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account.

Chapter 5 Share Certificates and Register of Shareholders

Article 39 Share certificates of the Company shall be in registered form.

The share certificates of the Company are in paper form shall contain the following major particulars:

- (1) name of the Company;
- (2) date of incorporation of the Company or the date of issuance of the share certificate;
- (3) class of shares, nominal value and number of shares represented;
- (4) serial number of the certificate;
- (5) other items to be contained as required by the Company Law and the stock exchange on which the shares of the Company are listed.

Article 40 The Company has a securities seal in Hong Kong for use for sealing certificates of its H Shares.

Article 41 The share certificates shall be signed by the chairman of the board of directors. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall be valid after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the board of directors. The signatures of the Chairman of the Company or other relevant senior management members on the share certificates may also be in printed form.

Article 42 The Company shall maintain a register of shareholders in accordance with certificates from the share registrar. The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company.

Article 43

The Company shall maintain a register of shareholders and keep it at the Company. The register of shareholders shall contain the following particulars:

- (1) the name and address (residence) of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the serial number of the share certificates if the same are issued in paper form.

Article 44

The Company may, in accordance with the mutual understanding and agreement between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas-listed foreign-invested shares overseas and appoint overseas agent(s) to manage such share register. The original register of holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign-invested shares at the Company's corporate domicile; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate register of holders of overseas-listed foreign-invested shares at all times.

If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign-invested shares, the original version shall prevail.

Article 45

No changes in the register of members may be made within 20 days before the date of a shareholder's meeting or within 5 days before the record date for the Company's distribution of dividends. However, where the laws, the administrative regulations, the securities regulatory authority of the State Council or the Listing Rules of the stock exchange which the Company listed have any other provisions for the change in the register of members, such provisions prevail.

Article 46 When the Company intends to convene a shareholders' meeting, distribute dividends, liquidate and engage in other activities that involve determination of the shareholders' identities, the board of directors or the convener of the shareholders' meeting shall designate a day to be record day of shareholdings. Shareholders whose names appear in the register of shareholders at closing on the record date of shareholdings are shareholders of the Company.

Chapter 6 Rights and Obligations of Shareholders

Article 47 A shareholder is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and number of the shares held by him or her; and shareholders holding the same class of shares shall enjoy same rights and undertake same obligations.

Article 48 Holders of ordinary shares of the Company shall have the rights:

- (1) to claim dividends and distribution of profits in any other form in proportion to the number of shares held;
- (2) to petition according to laws, to convene, hold and attend or to appoint proxy to attend general meetings and to vote thereat;
- (3) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) to transfer, donate or pledge the shares held by them in accordance with laws, administrative regulations and the Articles of Association;
- (5) to review and copy the Articles of Association, the register of members, minutes of shareholders' meeting, resolutions of the meetings of the board of directors and financial and accounting reports, and to review the Company's accounting books and accounting documents (for shareholders who meet the requirements);
- (6) to participate in the distribution of the residual assets of the Company in proportion to the number of shares held in the event of termination or liquidation of the Company;

- (7) to request the Company to repurchase their shares by shareholders when they cast votes against the proposal for merger or division of the Company at the shareholders' meeting of the Company;
- (8) to remove any director (including a managing or other executive director) by ordinary resolution at the shareholders' meeting before the expiration of his/her term of office;
- (9) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 49

Where a shareholder requests to refer to and duplicate the above-mentioned relevant information or demands information, the written documents stating the class and number of the shares of the Company in his possession shall be submitted to the Company. Upon the verification of the identity of the shareholder, the Company will provide to the shareholder as required.

Shareholders individually or collectively holding more than 3% of the company's shares for more than 180 consecutive days may request to inspect the account books and accounting documents of the Company. In such case, such request shall be made to the Company in writing and state its purposes. If the Company, on reasonable grounds, considers that the above-mentioned shareholders are inspecting the account books and accounting documents for improper purposes and may result in damage to the Company's legitimate interests, the Company may refuse the inspection and make written response to the above-mentioned shareholders stating its reasons within 15 days upon delivery of the written request by the above-mentioned shareholders. If the Company refuses the inspection, the above-mentioned shareholders may initiate proceedings in the People's Court. The above-mentioned shareholders may appoint an intermediary agency, such as an accounting firm or a law firm, to inspect the materials provided for in the preceding paragraph.

The above-mentioned shareholders and the accounting firms, law firms and other intermediary agencies they appointed shall comply with the requirements of laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy and personal information when inspecting and making copies of relevant information.

If a shareholder requests for a review or reproduction of the relevant materials of the Company's wholly-owned subsidiaries, the provisions of Paragraph 5 of Article 47 of the Articles of Association and this article shall apply.

If a shareholder of the Company requests for a review or reproduction of the relevant materials, the shareholder shall comply with the Company Law, the Securities Law and other laws and administrative regulations.

Article 50

If any resolution of a shareholder' meeting or board meeting of the Company runs against the laws and administrative regulations, shareholder(s) shall have the right to request the People's Court to invalidate the said resolution.

If the convening procedure and voting method of a shareholder' meeting or board meeting runs against the laws and administrative regulations or the Articles of Association or if the content of any resolution runs against the Articles of Association, the shareholder(s) shall have the right to request the People's Court to revoke the said procedure, method or resolution within sixty (60) days from the date of the resolution being passed, unless there is only a minor defect in the procedures for convening a shareholders' meeting or the Board meeting or in the manner of voting thereat, which does not materially affect the resolution.

Where the board of directors, shareholders and other relevant parties dispute the validity of a resolution passed at the shareholders' meeting, they shall promptly file a lawsuit with the People's Court. Before the People's Court makes a judgment or ruling to rescind the resolution, the relevant parties shall execute the resolution of the shareholders' meeting. The Company, the directors and senior management members shall duly perform their duties to ensure the normal operation of the Company.

If the People's Court makes a judgement or ruling on the relevant matters, the Company shall perform its information disclosure obligations in accordance with the laws and administrative regulations, the provisions of the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they shall be handled in a timely manner and the corresponding information disclosure obligations shall be fulfilled.

Article 51

Resolutions of a shareholders' meeting or a board meeting of the Company shall be invalid in any of the following circumstances:

- (1) the resolution was not made by a shareholders' meeting or a board meeting;
- (2) the resolution was not voted on at a shareholders' meeting or a board meeting;
- (3) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and the Articles of Association;
- (4) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and the Articles of Association.

Article 52

Where any director or senior management member other than the members of the audit and risk management committee violates laws and administrative regulations or the Articles of Association in performing their duties to the Company, thereby causing losses to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for a period of 180 consecutive days or more may request the audit and risk management committee in writing to initiate a lawsuit in the People's Court. Where the audit and risk management committee violates laws and administrative regulations or the Articles of Association in performing its duties to the Company, thereby causing losses to the Company, the above-mentioned shareholder(s) may request the board of directors in writing to initiate a lawsuit in the People's Court.

If the audit and risk management committee or the board of directors refuses to lodge a lawsuit after receipt of the aforesaid written request, or if it fails to initiate a lawsuit within thirty (30) days after receipt of the said request, or if, an emergency occurs which would cause irretrievable damage to the interests of the Company a lawsuit is not lodged immediately, the aforementioned shareholder(s) prescribed in the preceding paragraph may lodge a lawsuit in the People's Court directly in their own name for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing losses to the Company, the shareholders prescribed in paragraph 1 of this Article may initiate a lawsuit in the People's Court pursuant to the preceding two paragraphs.

Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors, supervisors and senior management of a wholly-owned subsidiary of the Company in the course of performing their duties, or if any third parties infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, shareholders individually or jointly holding 1% or more of the shares of the Company for one hundred and eighty (180) consecutive days or more shall have the rights to request in writing the supervisory committee or board of directors of the wholly-owned subsidiary to initiate legal proceedings in the People's Court or directly initiate legal proceedings in the People's Court in its own name in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law. If the Company's wholly-owned subsidiary has not established supervisory committee or any supervisor, but established an audit committee, the matter shall be dealt with in accordance with paragraphs 1 and 2 of this article.

Article 53

If any director or senior management member damages shareholders' interests by violating laws, administrative regulations or the Articles of Association, the shareholders may lodge a lawsuit in the People's Court.

Article 54

Holders of ordinary shares of the Company shall assume the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw their share capital other than as provided by laws or regulations;

- (4) not to abuse their rights as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liabilities of shareholders to prejudice the interests of creditors of the Company;
- (5) other obligations as imposed by laws, administrative regulations and the Articles of Association.

In the event of damages caused to the Company or other shareholders due to the abuse of shareholders' rights by the shareholders of the Company, compensation shall be made in accordance with the laws. In the event of any abuse of the independent status of the Company as a legal person and the limited liabilities of shareholders by the Company's shareholders, thereby evading indebtedness and causing serious damages to the interests of the Company's creditors, such shareholders shall assume joint liabilities towards the Company's indebtedness.

Article 55

The controlling shareholder and the de facto controller of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations, the provisions of the CSRC and the stock exchange, and safeguard the interests of the Company.

Article 56

The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (1) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (2) to strictly fulfil the public statements and undertakings made, without unilateral alteration or waiver;
- (3) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (4) not to appropriate the Company's funds in any way;

- (5) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations; (6) not to make use of the Company's undisclosed material information for personal gain, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (7) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (8) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;
- (9) other provisions of laws, administrative regulations, provisions of the CSRC, business rules of stock exchanges and the Articles of Association.

Where a controlling shareholder or de facto controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or de facto controller of the Company instructs a director or a member of the senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or member of the senior management.

Article 57

Where a controlling shareholder pledges the shares of the Company that he/she holds or effectively controls, he/she shall maintain the stability of the Company's control and that of its production and operation.

Article 58

Where a controlling shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in laws, administrative regulations, the regulations of the CSRC and stock exchanges, as well as his/her undertakings in respect of restrictions on the transfer of shares.

Article 59

The Company shall strictly comply with the decision making policy regarding connected transactions and follow the consideration and approval procedures of the board meetings and shareholders' meetings in respect of capital, products, services or other assets transactions between the Company and its controlling shareholder or de facto controller and related parties, so as to avoid misappropriation of assets of the Company by the controlling shareholder or de facto controller of the Company and related parties.

A system of "moratorium upon misappropriation" on shares held by substantial shareholders shall be set up, pursuant to which the Company shall apply for freezing the controlling shareholder's stake in the Company by judicial order immediately upon discovery of any misappropriation by the controlling shareholder. If the controlling shareholder is unable to make full compensation in cash in respect of such misappropriation, the misappropriated asset shall be settled by realisation of shares held such substantial shareholders.

Directors and senior management members of the Company are obligated to safeguard the capital of the Company. The Chairman of the Company is in charge of "moratorium upon misappropriation" system with assistance from the secretary to the board of directors. Upon discovery of misappropriation of assets of the Company by controlling shareholder, de facto controller or their subsidiaries, the following procedures shall be initiated immediately:

- (1) When misappropriation of assets is discovered, head of the financial department shall report in writing to the person in charge of finance and send a copy of the report to the secretary to the board of directors. The report shall include, but not limited to, the name of the shareholder(s) and asset being misappropriated, location, duration, amount and repayment time limit of such assets. The person in charge of finance shall report to the Chairman immediately upon receipt of such report.

If any directors or senior management members of the Company are found to have assisted or connived with the controlling shareholder and its subsidiaries in misappropriating the Company's assets, the report shall include names of such directors and senior management members, and the details of how they assist or connive with the controlling shareholder and its subsidiaries in misappropriating the Company's assets etc.

- (2) Upon notification by the person in charge of finance, the Chairman shall convene a board meeting in time to consider the time limit for repayment by the controlling shareholder, penalty for directors and senior management members involved as well as application to relevant authorities for freezing shares held by the controlling shareholder and other relevant affairs. If directors, supervisors, and senior management members are found to have assisted or connived with the controlling shareholder and its subsidiaries in misappropriating the Company's assets, the board of directors shall, depending on the seriousness of the case, directly impose penalty on the person directly responsible, dismiss senior management members who bear serious responsibility and propose at shareholders' meeting to remove the directors who bear serious responsibility. If the abovementioned persons are suspected of committing an offence, such persons shall be transferred to the relevant judicial authority for investigation of criminal responsibility.
- (3) Secretary to the board of directors shall send a notice specifying the deadline for compensation to the controlling shareholder according to the resolution of the board of directors, supervise the implementation of penalties on the directors and senior management members involved, make an application to the relevant judicial authorities for freezing shares held by the controlling shareholder and make disclosure of information in respect thereof.
- (4) If the controlling shareholder is unable to make repayment within the prescribed period, the Company shall make application to the judicial authority within thirty (30) days after the expiration of such prescribed period for repayment by disposal of part of the frozen shares. Secretary to the board of directors shall make disclosure of information in respect thereof.

Article 60

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined in the following Article) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a director of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (but not limited to) opportunities beneficial to the Company; or
- (3) to approve the expropriation by a director (for his own benefit or for the benefit of another person), in any guise, of the other shareholder's individual interests, including (but not limited to) distribution rights and voting rights, except for the restructuring of the Company submitted to the shareholders' meeting for approval according to the Articles of Association.

Article 61

For the purpose of this chapter, a controlling shareholder refers to a shareholder whose holdings exceed 50% of the total share capital of a joint-stock limited company; or a shareholder whose holdings, though not exceeding 50%, confer sufficient voting rights to exert a significant influence on resolutions of the shareholders' meeting.

For the purpose of this chapter, a de facto controller refers to a natural person, legal person, or other organization that, through investment relationships, agreements, or other arrangements, is able to exercise de facto control over the actions of the Company.

Article 62

The Company shall set up a sound investor relations management system to proactively strengthen communications and exchange of views with shareholders, especially public shareholders, through various ways.

The secretary to the board of directors shall be responsible for the investor relations management system of the Company.

Chapter 7 Shareholders' Meetings

Article 63

The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting should be the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

- (1) to elect and replace directors and to decide on matters relating to their remuneration;
- (2) to consider and approve reports of the board of directors;
- (3) to consider and approve the Company's proposed annual preliminary and final financial budgets;
- (4) to consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (5) to resolve on the increases or reductions in the registered capital of the Company;
- (6) to resolve on matters such as merger, division, dissolution and liquidation of the Company;
- (7) to resolve on any issue of bonds by the Company;
- (8) to resolve on the appointment or removal of accounting firms undertaking the Company's audit work;
- (9) to amend the Articles of Association;
- (10) to consider the motions put forward by shareholder(s) representing 1% or more of the Company's shares with voting rights;
- (11) to consider and approve the guarantees as provided in Article 64 of the Articles of Association;
- (12) to consider the acquisitions or disposals of substantial assets of the Company within a year the amount of which exceeds 30% of the latest audited total assets of the Company;
- (13) to consider and approve the change in use of proceeds from fund raising;

- (14) to consider share incentive plans and employee shareholding plans;
- (15) to decide on matters which the board of directors may be authorised or delegated to deal with;
- (16) to determine any other matters which require approvals by the shareholders' meeting as required in accordance with the laws, administrative regulations and the Articles of Association.

The shareholders' meeting may authorize the board of directors to resolve on the issuance of corporate bonds.

Article 64

The following external guarantees shall be subject to consideration and approval by shareholders at a shareholders' meeting.

- (1) any guarantee as provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceed 50% of the latest audited net assets;
- (2) any guarantee provided after the total amount of external guarantees provided by the Company reaches or exceeds 30% of the latest audited total assets;
- (3) any guarantee provided by the Company to others within one year that exceed 30% of the latest audited total assets of the Company;
- (4) any guarantee provided in favour of a party with an asset to liability ratio exceeding 70%;
- (5) any guarantee provided for subsidiaries that do not have the ability to continue as a going concern, such as those that have entered into reorganization or bankruptcy and liquidation procedures, are insolvent, have incurred losses for three consecutive years or more, and have negative net operating cash flows;
- (6) guarantees between the Company's controlled subsidiaries that do not have a direct equity relationship (including guarantees provided by the Company's controlled subsidiaries to the parent Company);

- (7) any guarantees provided in excess of shareholding ratio for subsidiaries;
- (8) a single external guarantee the amount of which exceeds 10% of the latest audited net assets;
- (9) a guarantee provided in favour of shareholders, the de facto controller or its connected parties.

When the guarantee in (3) of the preceding paragraph is deliberated at the general meeting of shareholders, it shall be passed by above two-thirds of the voting rights held by the shareholders present at the meeting.

The controlling shareholder, de facto controller and their related parties shall provide counter-guarantees for any guarantee provided to them by the Company.

Any breach of the above vetting authority and scrutiny procedures will be investigated and held liable in accordance with the law.

References to “external guarantees” in the Articles of Association are to guarantees provided by the Company in favour of other persons, including guarantees provided by the Company in favour of its controlling subsidiaries. References to “the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries” are the aggregate amount of external guarantees provided by the Company, including those in favour of its controlled subsidiaries, and the aggregate amount of external guarantees provided by controlled subsidiaries of the Company

Article 65

Except under unusual circumstances such as a crisis, the Company will not enter into any contract with any party other than the directors and other senior management members pursuant to which such parties shall be in charge of management of the whole or any substantial part of the Company’s business without the prior approval of the shareholders’ meeting by way of a special resolution.

Article 66

A shareholders’ meeting shall either be an annual shareholders’ meeting or an extraordinary shareholders’ meeting. The shareholders’ meetings shall be convened by the board of directors. Annual shareholders’ meetings shall be convened once a year within six (6) months after the end of the preceding accounting year.

The board of directors shall convene an extraordinary general meeting within two (2) months from the date of the occurrence of any of the following circumstances:

- (1) the number of directors is less than the quorum required by the Company Law or less than two-thirds of the number of directors specified in the Articles of Association;
- (2) when the accumulated losses of the Company amount to one third of the total amount of its share capital;
- (3) such is requested by a shareholder individually or shareholders jointly holding at least 10 percent of the Company's shares;
- (4) when deemed necessary by the board of directors or when proposed by the audit and risk management committee;
- (5) other circumstances as specified by laws, administrative regulations, departmental rules or the Articles of Association.

Article 67

The board of directors shall convene shareholders' meetings within the prescribed timeframe.

With the consent of more than half of all independent directors, independent shareholders are entitled to propose to the board of directors to convene an extraordinary shareholders' meeting. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary shareholders' meeting within ten (10) days upon receipt of such proposal.

In the event that the board of directors agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting shall be issued within five (5) days after the passing of the relevant resolution of the board of directors. In the event that the board of directors does not agree to convene an extraordinary shareholders' meeting, reasons for such disagreement shall be given by way of announcement.

Article 68

The audit and risk management committee shall be entitled to propose to the board of directors the convening of an extraordinary shareholders' meeting, provided that such proposal shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary shareholders' meeting within ten (10) days upon receipt of such proposal.

In the event that the board of directors agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting shall be issued within five (5) days after the passing of the relevant resolution of the board of directors. Any change to the original proposal made in the notice requires prior approval of the audit and risk management committee.

In the event that the board of directors does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within ten (10) days upon receipt of the said proposal, the board of directors shall be deemed as incapable of performing or failing to perform the duty of convening a shareholders' meeting, in which case the audit and risk management committee may convene and preside over the meeting on its own.

Article 69

Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose the board of directors the convening of an extraordinary shareholders' meeting, provided that such proposal shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary shareholders' meeting within ten (10) days upon receipt of such proposal.

In the event that the board of directors agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting shall be issued within five (5) days after the passing of the relevant resolution of the board of directors. Any change to the original proposal made in the notice requires prior approval of the shareholders concerned.

In the event that the board of directors does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within ten (10) days upon receipt of the said proposal, shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the audit and risk management committee the convening of the extraordinary shareholders' meeting, provided that such proposal shall be made in writing.

In the event that the audit and risk management committee agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting shall be issued within five (5) days after the said proposal. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

Failure of the audit and risk management committee to issue the notice of the shareholders' meeting shall be deemed as failure of the audit and risk management committee to convene and preside over a shareholders' meeting, and shareholders individually or collectively holding 10% or more of the Company's shares for ninety (90) consecutive days or more may convene and preside over the meeting on their own.

Article 70

Where the audit and risk management committee or shareholders decide(s) to convene an extraordinary shareholders' meeting by itself/themselves, it/they shall send out a written notice to the board of directors, and shall put on the records of the stock exchange.

The shareholding of the convening shareholder(s) shall not be lower than 10% prior to the announcement of the resolutions of the shareholders' meeting.

The Audit and Risk Management Committee or the convening shareholder(s) shall submit relevant evidence to the stock exchange upon the issuance of the notice of shareholders' meeting and the announcement of the resolutions of the shareholders' meeting.

Article 71

The board of directors and the secretary to the board of directors shall cooperate with respect of shareholders' meetings convened by the audit and risk management committee or shareholders at its/their own discretion. The board of directors shall provide the register of shareholders as of the date of record date.

Article 72 Expenses arising from shareholders' meetings convened by the audit and risk management committee or shareholders shall be borne by the Company.

Article 73 Vote by correspondence shall not be adopted at annual shareholders' meetings or extraordinary shareholders' meetings convened at the proposal of shareholders or the audit and risk management committee; and vote by correspondence shall not be adopted at extraordinary shareholders' meetings when the following matters are being considered:

- (1) increase or reduction of registered capital of the Company;
- (2) issue of corporate bonds;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) amendment to the Articles of Association;
- (5) profit distribution plan and loss recovery plan;
- (6) appointment and dismissal of members of the board of directors;
- (7) change in the use of proceeds raised through share offering;
- (8) connected transactions which require the approval of the shareholders at shareholders' meetings;
- (9) acquisition or disposal of assets which requires the approval of the shareholders at shareholders' meetings;
- (10) change of audit firm;
- (11) other matters which shall not be voted by correspondence as stipulated in the Articles of Association.

Article 74 The convener shall notify shareholders by way of announcement 21 days before the convening of an annual shareholders' meeting, and shareholders will be notified by notice 15 days before the convening of an extraordinary shareholders' meeting.

When calculating the starting period, the Company should not include the date of the meeting.

Article 75

The notice of a shareholders' meeting shall include the following:

- (1) the date, place and duration of the meeting;
- (2) the matters and motions submitted to the meeting for consideration;
- (3) contain a prominent written statement that all shareholders, including all ordinary shareholders and shareholders holding special voting shares, are entitled to attend and vote, that they may appoint proxies in writing to attend and vote at such meeting on their behalves and that such proxies need not be shareholders of the Company;
- (4) the date of record for the shareholders who are entitled to attend the meeting;
- (5) the name and phone number of the contact person for the meeting;
- (6) the time and procedures for voting online or by other means.

Article 76

Where the elections of directors are to be discussed at the shareholders' meeting, a notice of the shareholders' meeting of shareholders shall fully disclose the particulars of the candidates for directors and shall at least include the following contents:

- (1) personal particulars such as educational background, working experience and part-time jobs;
- (2) whether or not the candidate has any connected relationship with the Company or the directors, senior management or de facto controller of the Company or shareholders holding above 5% of the shares of the Company;
- (3) whether there are circumstances under which the candidate is prohibited from being nominated as the director and senior management of a listed company in accordance with the requirements of the securities regulatory rules of the place where the Company is listed;
- (4) the number of shares of the Company held by the candidate;
- (5) whether or not the candidate has been subject to penalties by the CSRC and other relevant authorities as well as sanctions by any stock exchange.

Save for election of directors by accumulative voting system, each nominee for director shall be proposed in separate resolution.

Article 77

The particulars of a proposal shall be part of the terms of reference of a shareholders' meeting, containing clear issues and specific matters for resolutions, and being in compliance with the relevant requirements of laws, administrative regulations, relevant provisions and the Listing Rules of the stock exchange which the Company listed on.

Article 78

The board of directors, the audit and risk management committee and the shareholders individually or jointly holding 1% or more of the Company's shares have the right to propose motions in writing to the Company, and the Company shall include such proposed motions into the agenda for such shareholders' meeting if they are matters falling within the functions and powers of shareholders' meetings.

The shareholders individually or jointly holding 1% or more of the Company's shares may propose provisional motions and submit to the convener in writing prior to ten (10) days of the convening of a shareholders' meeting. The convener shall issue a supplemental notice of shareholders' meeting within two (2) days after receiving the proposed motions to make public the contents of the provisional motions and submit the provisional motions to the shareholders' meeting for review, except for any proposal that violates the provisions of laws, administrative regulations, or the Articles of Association, or any proposal that falls outside the purview of the shareholders' meeting.

Except as provided by the preceding paragraph, the convenor of a shareholders' meeting shall not amend the proposed motions set out in the notice of the meeting or add any new proposals subsequent to the issue of the notice of the shareholders' meeting.

Article 79

When notice of a shareholders' meeting is dispatched, the shareholders' meeting shall not be postponed or cancelled without proper reasons and the motions stated in the notice shall not be cancelled. In the event that the shareholders' meeting was postponed or cancelled, the convener shall make an announcement at least two (2) business days prior to the original date of the general meeting and expatiate on the reasons."

- Article 80** No vote or decision shall be made on the motions not stated in the notice of the shareholders' meeting or not comply with the provisions of the Articles of Association at a shareholders' meeting.
- Article 81** Notice of a shareholders' meeting shall be served on the shareholders (whether or not entitled to vote at the meeting) by a notice in the manner provided for in the Articles of Association or in such other manner as may be permitted by the stock exchange on which the shares of the Company are listed.
- Article 82** The Company shall convene shareholders' meeting at its principal office or the place designated in the notice of the shareholders' meeting.
- A conference hall will be set up for the convening of an on-site shareholders' meeting and shall, in accordance with the provisions of the laws, administrative regulations, the CSRC or the Articles of Association, adopt safe, economic and convenient network, electronic and other means to provide convenience for the shareholders.
- In the event that the shareholders' meeting adopts internet transmission or other means, the time and procedures for voting via the internet or by other means shall be specifically stated in the notice of the shareholders' meeting. The beginning time for voting via internet or other means for the shareholders' meeting shall not be earlier than 3:00 p.m. of the day prior to the holding of the shareholders' meeting, and shall not be later than 9:30 a.m. of the day when the physical shareholders' meeting is convened and its closing time shall not be earlier than 3:00 p.m. of the day when the physical shareholders' meeting is closed.
- After a notice of the shareholders' meeting is given, the venue of the on-site conference of the shareholders' meeting shall not be changed, unless with valid reasons. In case of actual needs to change, the convener shall make an announcement and explain the reasons at least two (2) business days prior to the date of the on-site conference.
- Article 83** The board of directors and other conveners shall take all necessary measures to ensure that the shareholders' meeting is conducted in an orderly manner, and shall take steps to prevent any activities interfering with the shareholders' meeting or infringing upon the legal interests of shareholders and report such activities to competent authority in a timely manner.

Article 84

All ordinary shareholders registered as at the equity record date, or their proxies, are entitled to attend shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, and the provisions of the Articles of Association.

Shareholders may attend the shareholders' meeting in person, and also appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed shall exercise the following rights pursuant to such authorization:

- (1) exercise such shareholder's right to speak at the meeting;
- (2) the right to demand or join in demand for a poll;
- (3) the right to vote by hand or on a poll, provided that when a shareholder has appointed more than one proxy, such proxies may only vote on a poll.

A shareholder who is minor, ward or bankrupt shall not attend in person the shareholders' meeting. His/her legal representative or bankruptcy trustee shall attend on his/her behalf.

Article 85

If an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid document or proof of his/her identity; if he/she attends the meeting by proxy, the proxy shall present his/her valid identity card and the shareholder's power of attorney.

Article 86

Shareholders who are legal person shall be represented at the meeting by a legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate proving his/her qualification as a legal representative; if a proxy attends the meeting, the proxy shall present his/her identity card and a written power of attorney issued by the legal representative of the corporate shareholder in accordance with the law.

The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney duly authorized in writing; or if the appointer is a legal entity, either under seal or under the hand of a director or attorney duly authorized.

Article 87

The power of attorney issued by the shareholders for others to attend the shareholders' meeting shall include the following:

- (1) the name or designation of the principal and the class and number of shares held;
- (2) the name or designation of the proxy;
- (3) specific instructions of the shareholder, including instructions to vote for, against, or abstain from each item on the agenda of the shareholders' meeting; Where a shareholder fails to give instructions, the proxy form shall state that the shareholder's proxy may vote according to his/her own discretion.
- (4) the date of issuance and period of validity of the power of attorney;
- (5) the signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal should be affixed.

Article 88

The proxy form shall be deposited at the corporate domicile of the Company or such other place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by a person authorised by the appointer, the power of attorney or other authorisation instruments shall be notarised. The notarised power of attorney and other authorisation instruments, together with the proxy form, shall be lodged at the corporate domicile of the Company or such other place as specified in the notice of the meeting.

Article 89

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, incapability, revocation or transfer as aforesaid shall have been received by the Company at its residence before the commencement of the meeting at which the proxy is used.

- Article 90** The Company shall be responsible for preparing the meeting registration book for the attendees. The meeting registration book shall specify the name (or entity name) of the attendees, their ID numbers, the number of shares with voting rights they hold or represent, the name (or entity name) of the principal, and other details.
- Article 91** The convener and the Company's hired lawyer shall jointly verify the legality of the shareholders' qualifications based on the register of shareholders provided by security registration and settlement institutions, and register the names (or designations) of shareholders and the number of shares with voting rights they hold. Before the chairperson announces the number of shareholders and proxies present at the meeting, as well as the total number of voting shares held, the registration for the meeting shall be closed.
- Article 92** If the shareholders' meeting requires directors and senior management members to attend the meeting as non-voting delegates, they shall attend and answer shareholder inquiries.
- However, if the above-mentioned persons do have valid reasons not to attend, they shall submit a leave report to the convener of meeting one working day before the meeting.
- Director and senior management members shall provide explanations and clarifications regarding shareholders' inquiries and suggestions at the shareholders' meeting.
- Article 93** A resolution of a shareholders' meeting shall either be an ordinary resolution or a special resolution.
- Ordinary resolutions put forward in the shareholders' meeting shall be adopted by a simple majority of shareholders (including their proxies) with voting rights attending the meeting.
- Special resolutions put forward in the shareholders' meeting shall be adopted by not less than two-thirds of the shareholders (including their proxies) with voting rights attending the meeting.
- Article 94** Shareholders (including proxies) exercise their voting rights in proportion to their shareholdings with voting rights, and each share entitles the shareholder one vote.

In the event that the consideration of material events at the shareholders' meeting affects the interests of medium and small investors, the voting by such medium and small investors shall be counted separately and such results shall be publicly disclosed in a timely manner.

The shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

If shareholders purchase shares with voting rights in the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the portion of shares exceeding the specified proportion shall not exercise voting rights for thirty-six months after purchase, and shall not be included in the total number of shares with voting rights present at the shareholders' meeting.

The board of directors, independent directors and shareholders holding more than 1% voting rights of the Company, or the investor protection institution established according to the laws, administrative regulations and the provisions of CSRC may publicly solicit voting rights from other shareholders. Sufficient disclosure on information such as specific voting preferences shall be made to the shareholders from whom voting rights are being solicited. Consideration or other forms of de facto consideration for the solicitation of voting rights from shareholders shall be prohibited. The Company shall not set a minimum shareholding limit on the solicitation of voting rights.

Article 95 The shareholders' meeting adopts open ballot for voting.

Article 96 Any shareholder or proxy present at the meeting shall propose one of the following opinions for each resolution: in favour of, against or abstain, except for the securities registration and settlement institutions which, being the nominal holders of shares under Stock Connect between the Mainland and Hong Kong, shall make declarations according to the intentions of the beneficial holders.

For voter(s) whose voting slips are left blank, incorrectly completed, illegible or without vote casting, such voter(s) shall be deemed to have waived his voting rights, and the votes in respect of the number of shares held by him shall be counted as "abstain".

Article 97 The list of candidates for directors shall be submitted by way of a motion to the shareholders' meeting for voting.

In the course of the election of directors, the accumulative voting mechanism may be implemented in accordance with the Articles of Association or the resolution of the shareholders' meeting.

Cumulative voting system shall be adopted When electing two or more independent directors at a shareholders' meeting.

The following rules shall be observed where cumulative voting system is adopted in a shareholders' meeting for election of directors:

There shall be separate voting sessions for the election of independent directors and non-independent directors and respectively. In the election of independent directors, each shareholder present at the meeting is entitled to such number of votes as equity to the number of shares held by it multiplied by the number of independent directors to be elected at the shareholders' meetings, and such votes can only be used for the candidates of independent directors of the Company. In the election of non-independent directors, each shareholder present at the meeting is entitled to such number of votes as equity to the number of shares held by it multiplied by the number of non-independent directors to be elected at the shareholders' meeting, and such votes can only be used for the candidates of non-independent directors of the Company. When electing directors at the shareholders' meeting, each candidate of director shall be voted separately and individually. A shareholder can exercise its voting rights either collectively to one candidate or separately to several different candidates for the same type of position, provided that the total number of votes exercised by a shareholder shall not exceed the total number of votes entitled to it for such type of candidate.

The election of directors shall depend on the number of votes obtained, which shall be no less than half of the total voting rights entitled to the shareholders present at the shareholders' meeting.

Methods and procedures to nominate directors are as follows:

Non-independent directors who are not employee representatives shall be elected at the shareholders' meeting from among candidates nominated by the board of directors or by one or more shareholders representing one per cent or more of the Company's issued shares. Shareholders submitting the aforementioned motion to the Company shall deliver it to the Company at least ten days prior to the convening of the shareholders' meeting. Written notice regarding the intention to nominate candidates for

directors and regarding the candidates' willingness to accept such nomination shall be given to the Company seven (7) days prior to the convening of the shareholders' meeting.

The Company shall separately formulate a special system for the nomination of independent directors.

The board of directors shall make an announcement to the shareholders concerning the biographies and general information of the candidates for directors.

Article 98 Save and except for the cumulative voting system, all resolutions shall be voted item by item at a shareholders' meeting, and shall be voted in chronological order according to the time of proposal when various proposals are put forward concerning the same issue. Except under special circumstances such as force majeure which lead to the suspension or inability to pass resolutions at a shareholders' meeting, proposals shall not be set aside or rejected from voting at a shareholders' meeting.

Article 99 No amendment shall be made on the proposals during the consideration at a shareholders' meeting. Otherwise any such amendments to a proposal, if changed, shall be deemed as a new proposal and shall not be voted at the current shareholders' meeting.

Article 100 The same voting right shall only be exercised by one means, either through onsite voting or via internet or other voting means. If the same voting right is exercised by more than one means, the result of the first vote cast shall prevail.

Article 101 Two Shareholders' representatives shall be elected to participate in counting and scrutinizing ballots before a shareholders' meeting puts a proposal to vote. Where a shareholder has a connected relationship to matters to be considered, relevant shareholders and their proxies must not participate in counting and scrutinizing ballots.

When a proposal is voted upon at a shareholders' meeting, lawyers, shareholders' representatives and supervisors shall be responsible for counting and scrutinizing ballots and announce the voting results on the spot, which will be recorded in the minutes of the meeting.

The Company's shareholders or their proxies who cast their votes via internet or other means are entitled to check their own voting results through the relevant voting system.

Article 102

The conclusion time of a shareholders' meeting held on site shall not be earlier than that held via internet or in other means. Chairperson of the meeting shall declare the voting results of each proposal on site and announce whether the proposal is passed according to the voting results.

Before the formal announcement of the voting results, the companies, tellers, scrutineers, substantial shareholders, network service provider and other relevant parties involved in the on-the-spot voting, online voting and other means of voting shall be under confidentiality obligation in relation to the voting.

Article 103

If a motion is not passed, or if a resolution of the previous shareholders' meeting is changed by the current shareholders' meeting, special notes in connection therewith shall be made in the announcement of the resolutions of the shareholders' meeting.

Article 104

For proposals in relation to election of directors passed at a shareholders' meeting, the term of office of new directors shall take effect from the approval of the resolution at the shareholders' meeting.

Article 105

Should a shareholders' meeting pass motions regarding cash distribution, bonus issue or transfer of surplus reserve into share capital, the relevant proposals shall be implemented within two (2) months after the close of the shareholders' meeting.

Article 106

The following matters shall be resolved by ordinary resolution at a shareholders' meeting:

- (1) work reports of the board of directors;
- (2) profit distribution plan and loss recovery plan formulated by the board of director;
- (3) appointment or removal of members of the board of directors, their remuneration and manner of payment;
- (4) matters other than those required by the laws and administrative regulations or the Articles of Association to be adopted by special resolution.

Article 107

The following matters shall be resolved by special resolution at a shareholders' meeting:

- (1) increase or reduction of the registered capital of the Company;
- (2) division, spin-off, merger, dissolution and liquidation of the Company;
- (3) amendment to the Articles of Association;
- (5) purchase or disposal of material assets or provision of guarantee to others within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;
- (5) share incentive scheme;
- (6) any other matters required by the laws, administrative regulations and the Articles of Association and considered by a shareholders' meeting, by way of ordinary resolution, to have a substantial impact on the Company and require approval by special resolution.

Article 108

For connected transactions to be considered at a shareholders' meeting, connected shareholders shall abstain from voting on such connected transactions, and the number of shares carrying voting rights they represent shall not be counted into the valid voting results. The announcement of resolutions passed at the shareholders' meeting shall fully disclose the voting of non-connected shareholders on the transactions.

Article 109

In the event that any resolution passed at a shareholders' meeting is in breach of the PRC laws or administrative regulations, or violates the lawful rights and interests of shareholders, the shareholders shall be entitled to lodge an action to the People's Court to abort such breach and violation.

Article 110

A shareholders' meeting shall be chaired by the chairperson of the Company. If the chairman is unable to attend the meeting for any reason, the vice-chairman (where the Company has two vice-chairmen, the vice-chairman jointly nominated by a majority of the directors shall chair the meeting) shall chair the meeting. If the vice-chairman cannot or does not discharge his/her duties, the shareholders' meeting shall be chaired by a director proposed by a majority of the directors. If no chairperson is appointed for any reason, the shareholders present at the meeting can elect a person as chairperson. If the shareholders shall fail to elect a chairperson for any reason, the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairperson of the meeting.

A shareholders' meeting convened by the audit and risk management committee shall be presided over by the convener of the audit and risk management committee. If the convener of the audit and risk management committee is unable to, or fails to perform his/her duties, a member elected by half or more of the members shall preside over the meeting.

A shareholders' meeting convened by the shareholders shall be chaired by the convener(s) or a representative proposed by the convener(s).

When a shareholders' meeting is held and the chairman of the meeting violates the rules of procedure which makes it difficult for the shareholders' meeting to continue, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting, a person may be elected at the shareholders' meeting to act as the chairman of the meeting.

Article 111

The chairperson of the meeting shall, before the voting, announce the number of shareholders or their proxies present at the on-site meeting and the total number of voting shares held by them, and the number of shareholders or their proxies present at the on-site meeting and the total number of voting shares held by them as recorded in the meeting register shall prevail.

Article 112 If the chairperson of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the chairperson of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the result announced by the chairperson of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the chairperson of the meeting shall have the votes counted immediately.

Article 113 If the votes are counted at the shareholders' meeting, the counting results shall be recorded into the minutes of the meeting.

Article 114 Minutes shall be prepared for the shareholders' meeting, with the secretary to the board of directors responsible for this task.

The minutes shall include the following:

- (1) the time, place, agenda, and name or title of the convener of the meeting;
- (2) the names of the chairperson of the meeting, directors participating in the meeting and senior management members;
- (3) the number of shareholders and their proxies attending the meeting, the total number of voting shares they represent and the percentage of the total number of shares of the Company they represent;
- (4) the number of shares with voting rights held by domestic shareholders and overseas-listed foreign shareholders and the percentage of the total number of shares of the Company they represent;
- (5) the queries or recommendations made by the shareholders and the corresponding answers or explanations;
- (6) the discussions in respect of each motion, highlights of the speeches made at the meeting and the voting result;
- (7) the voting results of domestic shareholders and overseas-listed foreign shareholders on each resolution;

- (8) the names of the lawyer, vote counter and scrutineer;
- (9) such other matters which shall be recorded in the minutes of the meeting in accordance with provisions of the Articles of Association.

The convener shall ensure that the details thereof are true, accurate and complete. The Directors who have attended or been present at such meeting, secretary to the board of directors, convenor or its representative, and the chairperson of the meeting shall sign on the minutes and ensure that the details thereof are true, accurate and complete.

Resolutions passed at a shareholders' meeting shall be incorporated into the meeting summary. The meeting minutes and meeting summary shall be made in Chinese. The meeting minutes together with other valid materials such as the signature book of shareholders present and proxy forms, and the results of online voting and voting through other means shall be kept at the corporate domicile of the Company. The minutes shall be kept for a period of ten (10) years.

Article 115

The resolutions of the shareholders' meeting shall, in accordance with the provisions of the listing rules of the locality where the Company's shares are listed, be promptly and publicly announced, which shall specify the number of shareholders or their proxies present at the meeting, the total number of voting shares held by them, the proportion of voting shares held by them in the total number of voting shares of the Company, the voting methods, the voting result on each proposal and the detailed contents of the resolutions adopted, and shall also explain the information on the presence and voting of overseas-listed foreign shareholders and domestic shares at the shareholders' meeting.

Article 116

The convener shall ensure that the shareholders' meeting can proceed without interruption until final resolutions are formed. Where the shareholders' meeting is suspended or unable to make a resolution due to special reasons such as force majeure, necessary measures shall be taken to resume the meeting or directly terminate the current shareholders' meeting as soon as possible and prompt public announcement shall be made. In the meantime, the convener shall report to the local branch of CSRC and the stock exchange where the Company is domiciled.

Article 117

The Company shall formulate the rules of procedures for the shareholders' meeting, which shall contain detailed provisions on the convening, procedures of the meeting and the voting, including such matters as notice, registration, consideration of proposals, voting, calculation of votes, announcement of the voting results, formation of the resolutions of the meeting, meeting minutes and its execution and public announcement, the principles for and content of the authorisation which the shareholders' meeting grant to the board of directors, and any other matters not otherwise provided for in the Articles of Association. The rules of procedures for the shareholders' meeting shall be formulated by the board of directors and approved at the shareholders' meeting as Appendix I to the Articles of Association.

Article 118

The Company shall engage lawyers to attend the shareholders' meeting and advise on the following issues with announcements made thereon:

- (1) whether or not the convening of the shareholders' meeting and its procedures are in compliance with the laws, administrative regulations and the Articles of Association;
- (2) whether or not the qualifications of attendees and the convenor are lawful and valid;
- (3) whether or not the voting procedures and the voting results of the meeting are lawful and valid;
- (4) legal opinions on other matters as requested by the Company.

Chapter 8 Directors and Board of Directors**Article 119**

A director of the Company shall be a natural person. None of the following persons may serve as a director of the Company:

- (1) a person without capacity or with limited capacity for civil conduct;
- (2) a person who has been sentenced to criminal penalties for the crimes of corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economy, or has been deprived of political rights for committing a crime, where five years have not elapsed since the expiration of the execution period; or a person who has been granted a probationary sentence, where two years have not elapsed since the expiration of the probationary period;

- (3) a person who served as a director, factory manager or manager of a company or enterprise that underwent bankruptcy liquidation and is personally liable for such bankruptcy, where three years have not elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (4) a person who served as the legal representative of a company or enterprise that had its business licence revoked or was ordered to close down due to legal violations and is personally liable, where three years have not elapsed since the revocation of the business licence or the closure order of such company or enterprise;
- (5) a person who has failed to repay a relatively large amount of personal debt that is due and has therefore been classified by a people's court as a dishonoured person subject to enforcement;
- (6) a person who is subject to a CSRC order prohibiting market entry, where the specified period has not yet expired;
- (7) a person who has been publicly determined by a stock exchange to be unsuitable to hold the position of director or senior manager of a listed company, etc., and the specified period has not yet expired; or
- (8) a person falling under other circumstances as stipulated by laws, administrative regulations, or departmental rules.

Any election, appointment, or designation of a director in violation of this Article shall be invalid. If a director falls under any of the circumstances set out in this Article during his term of office, the Company shall remove such director from his position and terminate his performance of duties.

Article 120

Directors shall comply with laws, administrative regulations, and the provisions of the Articles of Association, and owe a duty of loyalty to the Company. They shall take measures to avoid conflicts between their personal interests and the interests of the Company, and shall not exploit their positions to seek improper gains.

Directors owe the following duties of loyalty to the Company:

- (1) not to misappropriate Company property or embezzle Company funds;
- (2) not to deposit Company funds into an account opened in their own name or in the name of any other individual;
- (3) not to offer bribes or accept other illegal income by taking advantage of their positions;
- (4) not to enter into contracts or transactions with the Company directly or indirectly without reporting to the board of directors or the shareholders' meeting and obtaining approval through a resolution of the board of directors or the shareholders' meeting in accordance with the provisions of the Articles of Association;
- (5) not to seize for themselves or others any business opportunity that belongs to the Company by taking advantage of their positions, except where they have reported to the board of directors or the shareholders' meeting and obtained approval through a resolution of the shareholders' meeting, or where the Company is unable to utilise such business opportunity in accordance with the law, administrative regulations, or the provisions of the Articles of Association;
- (6) not to operate for themselves or for others any business which competes with that of the Company, except where they have reported to the board of directors or the shareholders' meeting and obtained approval through a resolution of the shareholders' meeting;
- (7) not to accept for themselves any commissions from transactions between others and the Company;
- (8) not to disclose Company secrets without authorisation;
- (9) not to use their connected relationships to harm the interests of the Company; and
- (10) not to commit any other act in breach of the duty of loyalty as provided by laws, administrative regulations, departmental rules, and the Articles of Association.

Income obtained by directors in violation of this Article shall belong to the Company. Those who cause losses to the Company shall bear the liability for compensation.

The close relatives of directors and senior management personnel, enterprises directly or indirectly controlled by directors, senior management personnel or their close relatives, as well as related parties with other connected relationships with directors and senior management personnel, when entering into contracts or conducting transactions with the Company, shall be subject to the provisions of item (4) of the second paragraph of this Article.

Article 121

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting prior to the expiry of their term of office. The term of office for directors shall be three (3) years. A director may be re-elected and reappointed upon the expiry of his term of office.

An independent director shall not hold office for a consecutive period of more than six (6) years. Independent directors shall be elected from candidates nominated by the board of directors, the audit and risk management committee or one or more shareholders representing 1% or more of issued shares of the Company. The aforementioned nominating parties shall not nominate any person with whom they have an interest relationship, or any closely connected person where there are other circumstances that may affect the independent performance of duties, as a candidate for independent non-executive director. Other directors shall be elected by the shareholders' meeting from candidates nominated by the board or one or more shareholder(s) representing 1% or more of issued shares of the Company.

The term of office of directors commences from the date of appointment up to the expiry of the term of office of the board of directors. In the event that the terms of directors fall upon expiry whereas new members of the board of directors are not elected in time, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations and departmental rules and the Articles of Association until the elected new directors take office.

Directors may concurrently serve as senior managers; provided, however, that the total number of directors serving concurrently as senior managers and directors who are employee representatives shall not exceed one-half of the total number of the Company's directors.

Article 122

Directors shall comply with laws, administrative regulations, and the provisions of the Articles of Association, and shall be diligent to the Company. When performing their duties, they shall exercise the reasonable care that a manager usually has for the best interests of the Company.

Directors have the following duties of diligence to the Company:

- (1) to exercise the powers granted by the Company prudently, diligently, and with due care, to ensure that the Company's commercial conduct complies with the requirements of national laws, administrative regulations, and various economic policies, and that its business activities do not exceed the business scope specified in the business license;
- (2) to treat all shareholders fairly;
- (3) to understand the business operation and management status of the Company timely;
- (4) to sign written confirmation opinions on the Company's periodic reports to ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (5) to provide truthful information and materials to the audit and risk management committee and shall not impede the exercise of authority by the audit and risk management committee; and
- (6) to perform other duties of diligence as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Article 123

A director may resign prior to the expiry of his term. When a director resigns, he shall submit a written resignation report to the Company. The resignation shall take effect on the date the Company receives the resignation report, and the Company shall disclose the relevant circumstances within two trading days. If the resignation of the director results in the number of members of the board of directors falling below the statutory minimum, the resigned director shall, in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association, continue to perform the duties of a director until the newly elected director assumes office.

- Article 124** The Company shall establish a management system for director departures, clearly defining safeguard measures for accountability and compensation for unfulfilled public commitments and other unresolved matters. Upon the effectiveness of a director's resignation or the expiry of his term, the director shall complete all handover procedures with the board of directors. The duty of loyalty owed by the director to the Company and its shareholders shall not terminate automatically upon the end of the term, but shall remain in effect for a reasonable period specified by the Company. Any liability incurred by a director during his term of office as a result of the performance of duties shall not be exempted or terminated due to his departure.
- Article 125** The shareholders' meeting may resolve to remove a director. The removal shall take effect on the date of the resolution.
- If a director is removed from office before the expiration of his term without justifiable reasons, the director may demand compensation from the Company.
- Article 126** No director may act on behalf of the Company or the board of directors in his personal capacity without the provisions of the Articles of Association or the legal authorization of the board of directors. Where a director acts in his personal capacity under circumstances that could reasonably lead a third party to believe that the director is acting on behalf of the Company or the board of directors, the director shall clarify his position and identity in advance.
- Article 127** Where a director causes damage to others while performing his duties for the Company, the Company shall bear the liability for compensation. Where a director has acted with intent or gross negligence, he shall also bear the liability for compensation.
- Where a director violates laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the course of performing his duties for the Company and causes losses to the Company, he shall bear the liability for compensation.

Article 128

The Company shall have a board of directors which shall consist of nine (9) directors, including one chairman and one to two vice chairmen. The chairman and vice chairman of the board shall be elected by the board of directors with a majority vote of all the directors.

The board of directors includes at least three (3) independent directors, representing one-third or more of the board of directors, including at least one (1) accounting professional (with senior title or qualifications as a public certified accountant). An independent director shall perform his duties independently and not be affected by the Company's substantial shareholders, de facto controller or any entities or individuals that is interested in the Company or its substantial shareholders or de facto controller. An independent director shall perform his duties to protect the Company's interests, especially the lawful interests of public shareholders, from damage.

There shall be one employee representative director of the Company among the board members. Such employee representative director shall be democratically elected by the Company's staff through the employees' congress, employees' general meeting, or other forms, and need not be submitted to the shareholders' meeting for approval.

The board of directors shall appoint one or more directors to serve as executive director(s) to deal with matters as authorised by the board of directors.

Article 129

The board of directors shall exercise the following functions:

- (1) to convene shareholders' meeting and report its work to the shareholders' meeting;
- (2) to implement resolutions of shareholders' meeting;
- (3) to decide on the Company's business and investment plans;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to review the Company's profits distribution plans (including programs other than distribution of year-end dividend) and loss recovery plans;

- (6) to formulate plans for increase or reduction of the Company's registered capital, issue of corporate bonds or other securities and for listings;
- (7) to draw up plans for major acquisitions, the repurchase of the Company's shares, or the merger, division, dissolution and form change of the Company;
- (8) to decide on the establishment of the Company's internal management departments;
- (9) to determine the legal representative of the Company;
- (10) to specify the products as stated in the authorized business scope of the Company in accordance with operating requirements;
- (11) to hire or dismiss the Company's general manager, secretary to the board of directors, and other senior managers, and to determine their remuneration, rewards, and penalties; in accordance with the recommendation of the general manager, to hire or dismiss assistant general managers, chief accountant and other senior management and fixing their remuneration, rewards, and penalties;
- (12) to determine the Company's major revenue distribution plans, total wage budget and final accounting plans, employee income distribution plans, and enterprise annuity plans;
- (13) to formulate the Company's basic management system;
- (14) to prepare proposals for any amendments to the Articles of Association;
- (15) to manage the Company's information disclosure matters;
- (16) to propose to the shareholders' meeting the appointment or removal of the accounting firm auditing the Company's financial statements;
- (17) to hear work reports from the Company's general manager and review the general manager's work;

- (18) to make decisions on issues such as external investment, acquisition and sale of assets, pledge of assets, provision of external guarantee, trustee investment, connected transactions, and external donations within the scope authorized by the shareholders' meeting;
- (19) be responsible for the Company's environmental, social and governance (ESG) strategy and reporting, and for managing and supervising sustainability-related impacts, risks, and opportunities; and
- (20) to take up any other duties as stipulated in the laws, administrative regulations, departmental rules, Articles of Association or authorized by shareholders' meeting.

All of the above matters, excluding those under subparagraphs (6), (7), (14) and (18) which require the approval of two-thirds of the votes at board meetings, require the approval of the majority votes at board meetings.

Article 130 Prior to making decisions on material issues of the Company, the board of directors shall first seek advice from the Party Committee of the Company. The secretary of the Company's commission for discipline inspection may attend meetings of the board of directors and its special committees as a non-voting participant.

Article 131 The board of directors shall explain to the shareholders' meeting any non-standard auditors' opinions issued by the certified public accountants regarding the financial statements of the Company.

Article 132 The board of directors shall formulate the rules of procedure for board meetings to ensure the implementation of the resolutions of shareholders' meeting by the board, to enhance work efficiency and secure scientific decision making. The rules of procedure for the board of directors shall prescribe the procedures for convening board meetings and conducting votes. The rules of procedure for the board of directors, attached to the Articles of Association as appendix, shall be formulated by the board of directors and approved by the shareholders' meeting.

The board of directors shall formulate an authorisation management system to clarify the principles of authorisation, management mechanism, scope of matters and conditions for permission in accordance with laws. In accordance with the basic principles of compliance with laws and regulations, equality of rights and responsibilities and controllable risks, the board of directors may delegate its partial powers and functions to the Chairman and general manager, and shall adhere to the principle that the delegation of powers does not exempt it from responsibilities, strengthen supervision and inspection, and make dynamic adjustments to the delegation of powers in accordance with the exercise of powers.

Article 133

The board of directors shall, in accordance with the relevant laws and regulations and the listing rules of the place where the Company's shares are listed, determine its authority regarding matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, and establish stringent review and decision-making procedures. For major investment projects, the board of directors shall arrange for evaluation by relevant experts and professionals, and submit such projects to the shareholders' meeting for approval.

Article 134

Independent non-executive directors shall diligently perform their duties in accordance with laws, administrative regulations, the requirements of the CSRC, the rules of the stock exchange, and the provisions of the Articles of Association. They shall play their roles in board decision-making, oversight and checks and balances, and professional advising, safeguard the overall interests of the Company, and protect the lawful rights and interests of minority shareholders. Each independent non-executive director shall submit an annual work report to the Company's annual shareholders' meeting, providing an account of the performance of his duties.

Article 135

Independent non-executive directors must maintain independence. The following persons shall not serve as independent non-executive directors:

- (1) any person employed by the Company or its subsidiaries, and their spouses, parents, children, and close relatives;

- (2) any natural person who, directly or indirectly, holds 1% or more of the Company's issued shares or is one of the top ten shareholders of the Company, and their spouses, parents, and children;
- (3) any person employed by a shareholder that, directly or indirectly, holds 5% or more of the Company's issued shares or is one of the top five shareholders of the Company, and their spouses, parents, and children;
- (4) any person employed by a subsidiary of the Company's controlling shareholder or de facto controller, and their spouses, parents, and children;
- (5) any person who has significant business dealings with the Company and/or its controlling shareholder, de facto controller, or their respective subsidiaries; or any person employed by an entity that has significant business dealings with the Company and/or its controlling shareholder or de facto controller, or by the controlling shareholder or de facto controller of such an entity;
- (6) any person who provides financial, legal, advisory, sponsorship, or other services to the Company and/or its controlling shareholder, de facto controller, or their respective subsidiaries, including but not limited to all members of the project team, personnel at various review levels, signatories on relevant reports, partners, directors, senior management, and key responsible persons of the intermediary institutions providing such services;
- (7) any person who, within the preceding 12 months, fell into any of the categories described in items (1) to (6) above; and
- (8) any other person deemed not independent pursuant to laws, administrative regulations, the provisions of the CSRC, the business rules of the stock exchange, or the provisions of the Articles of Association.

The subsidiaries of the Company's controlling shareholder or de facto controller referred to in items (4) to (6) of the preceding paragraph shall not include enterprises that are under the control of the same state-owned assets regulatory authority as the Company and, according to relevant regulations, do not constitute related parties of the Company.

Independent directors shall conduct self-examinations of their independence every year and submit the self-examination results to the board of directors. The board of directors shall assess the independence of the serving independent directors every year and issue a special opinion, which shall be disclosed simultaneously with the annual report.

Article 136

A person serving as an independent non-executive director of the Company shall satisfy the following conditions:

- (1) be qualified to serve as a director of a listed company in accordance with laws, administrative regulations, and other relevant provisions;
- (2) satisfy the independence requirements set forth in the Articles of Association;
- (3) possess a fundamental understanding of the operations of a listed company and be familiar with relevant laws, regulations, and rules;
- (4) have at least five years of work experience in law, accounting, economics, or other fields necessary for the performance of the duties of an independent non-executive director;
- (5) be of good personal character and have no record of significant dishonesty or other negative records; and
- (6) satisfy other conditions stipulated by laws, administrative regulations, the provisions of the CSRC, the business rules of the stock exchange, and the Articles of Association.

Article 137

As members of the board of directors, independent directors shall be loyal and diligent to the Company and all shareholders, and shall perform the following duties prudently:

- (1) participate in the decision-making of the board of directors and express clear opinions on matters under discussion;
- (2) supervise matters involving potential major conflicts of interest between the Company and its controlling shareholder, de facto controller, directors, or senior management, so as to protect the lawful rights and interests of minority shareholders;
- (3) provide professional and objective advice on the Company's business development, thereby enhancing the decision-making capabilities of the board of directors; and
- (4) perform other responsibilities stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

Article 138

Independent directors shall exercise the following special powers:

- (1) to independently engage intermediaries to conduct audits, provide consultations, or perform investigations on specific matters of the Company;
- (2) to propose to the board of directors the convening of an extraordinary general meeting;
- (3) to propose the convening of a board meeting;
- (4) to publicly solicit shareholders' rights from the Company's shareholders in accordance with the law;
- (5) to issue independent opinions on matters that may damage the interests of the Company or its minority shareholders; and
- (6) to exercise other powers stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

The exercise of the powers listed in items (1) to (3) of the preceding paragraph by an independent director shall require the approval of a majority of all independent directors.

If independent directors exercise the powers listed in the first paragraph, the Company shall disclose them in a timely manner. If the above-mentioned powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

Article 139

The following matters shall be submitted to the board of directors for deliberation after being approved by a majority of all independent directors of the Company:

- (1) connected transactions requiring disclosure;
- (2) plans for the modification or exemption of commitments made by the Company and relevant parties;
- (3) decisions made and measures taken by the board of directors of the acquired listed company in response to the acquisition; and
- (4) other matters stipulated by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

Article 140

The Company shall establish a work system for independent directors and shall provide necessary assurances for the independent directors to perform their duties in accordance with the law.

Article 141

The Company shall establish a special meeting mechanism attended by all independent directors. When the board of directors deliberates on matters such as connected transactions, it shall be approved in advance by the special meeting of independent directors.

The Company shall hold special meetings of independent directors on a regular or irregular basis. The matters listed in items (1) to (3) of the first paragraph of Article 138 and in Article 139 of the Articles of Association shall be submitted for consideration at a special meeting of independent directors.

The special meeting of independent directors may study and discuss other matters of the Company as needed.

The special meeting of independent directors shall be convened and presided over by one independent director jointly elected by a majority of the independent directors. When the convener fails to perform his duties or is unable to do so, two or more independent directors may convene the meeting on their own and elect a representative to preside over it.

The special meeting of independent directors shall make meeting minutes as prescribed, and the opinions of independent directors shall be recorded in the meeting minutes. Independent directors shall sign to confirm the minutes of the meeting.

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

Article 142

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

- (1) to preside over shareholders' meeting and to convene and preside over the board meetings;
- (2) to supervise and check on the implementation of resolutions of the board of directors;
- (3) to sign the securities certificates issued by the Company; and
- (4) to exercise other functions and powers conferred by the board of directors. The vice-chairman shall assist the chairman in performing his duties.

If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice-chairman. If the vice-chairman is unable or fails to perform his duties, a director shall be elected jointly by a majority of the directors to perform such duties.

- Article 143** The board of directors shall hold at least two (2) meetings every year, which shall be convened by the chairman. Notice of the meeting shall be served on all of the directors ten (10) days before the date of the meeting. When proposed by shareholders representing one-tenth or more of the voting rights or by one-third or more of directors or by the audit and risk management committee, an extraordinary board meeting may be held. The board meeting shall be convened and presided over by the Chairman within ten (10) days upon receipt of the proposal.
- Article 144** Notice of interim board meetings shall be given in writing or by telephone, and shall be issued within ten (10) days prior to the convening of the interim board meeting.
- Article 145** The notice of a board meeting shall include the following content:
- (1) the date and venue of the meeting;
 - (2) the duration of the meeting;
 - (3) the cause for convening the meeting and the topics for discussion; and
 - (4) the date on which the notice is issued.
- Article 146** Expenses incurred by directors in attending board meetings shall be borne by the Company. Such expenses may include costs for transportation to the venue of the meeting (if other than the residence location of directors) and accommodation expenses during the meeting sessions. Rental for meeting venue and miscellaneous such as local transportation expenses shall also be borne by the Company.
- Article 147** Chinese is the working language for the board meetings, and an interpreter may be arranged to offer simultaneous interpretation if necessary.

- Article 148** Should a director attend a meeting, and does not raise a contention regarding non-receipt of notice of the meeting prior to or at the meeting, such notice shall be deemed as served to him.
- Article 149** A board meeting shall be held with the presence of a majority of all directors (including the director who is appointed to vote as a proxy on behalf of any other director pursuant to Article 152 of the Articles of Association). Each director has one vote. A resolution of the board of directors shall be adopted by a majority of all directors, unless otherwise stipulated in laws and the Articles of Association. When the votes for and against a resolution are equal in number, the Chairman shall be entitled to an additional vote.
- Article 150** If any director is associated with the enterprises that are involved in the matters to be resolved at a board meeting, such director shall promptly submit a written report to the board of directors. The connected director shall not vote on such resolution or vote on behalf of any other director. Such board meeting shall be convened with attendance of a majority of non-connected directors, and resolutions of the meeting shall be adopted by a majority of non-connected directors. In the event that the number of non-connected directors attending the board meeting is less than three, such matter shall be submitted to the shareholders' meeting for consideration.
- Article 151** Board meetings shall, in principle, be held on-site. They may also be conducted via telephone conference or by means of similar communications equipment, provided that all participating directors can hear each other and participate in discussions. All directors participating under such conditions shall be deemed present in person at the meeting.

The board of directors may also adopt resolutions by means of reviewing written proposals in lieu of convening an interim board meeting. The relevant proposals shall be delivered to each director by post, email, fax, or personal delivery. A board resolution shall be duly formed when the number of directors who have signed their consent reaches the number required to make such a decision under Article 149 of the Articles of Association, and the signed resolutions have been delivered to the secretary to the board of directors by any of the aforementioned methods.

Article 152

A director shall attend board meetings in person, or, if unable to attend, appoint other director to attend on his behalf by power of attorney which shall the proxy's name, the matters to be represented, the scope of authority, the validity period, and shall be signed or sealed by the appointing director.

Any director attending on behalf of another director shall only exercise the rights within the scope of authorization. Should a director neither attend a board meeting nor appoint a proxy to attend on his behalf, the said director shall be deemed as waiving his voting rights at the meeting.

An independent director shall not appoint a non-independent director as a proxy to attend meetings.

Article 153

A director will be deemed to have failed to perform his duties if he fails to attend board meetings in person twice consecutively and does not appoint other directors to attend on his behalf. The board of directors shall make recommendations to shareholders' meeting to replace such director.

Article 154

Board meetings may be conducted by way of circulating written resolutions for adoption instead of convening a physical meeting provided that the draft of such resolutions shall be sent to each director by hand, post, telegram or facsimile. Where the resolutions have been distributed to all directors, signed by the minimum quorum of directors and returned to the secretary to the board of directors by the above methods, such resolutions shall become resolutions of the board of directors without the need of convening a physical meeting.

Article 155

The board of directors shall make meeting minutes in Chinese for resolutions passed at board meetings and resolutions adopted without convening a board meeting. Minutes for each board meeting shall be delivered to all directors for review as soon as possible, and any director who wishes to make amendment to the minutes shall report his amendment advice in writing to the Chairman within one week upon receipt of the minutes. The directors and recorder(s) attending the meeting shall endorse their names on the final version of the minutes.

The minutes of the board meetings shall include the following contents:

- (1) the date, venue and convenor's name of the meeting;
- (2) the names of the directors present and the names of the directors (proxies) attending the meeting on behalf of others;
- (3) the meeting agenda;
- (4) the main points of the directors' speeches; and
- (5) the voting method and result for each resolution item (the voting result shall specify the number of votes in favor, against or abstentions).

The minutes of the board meetings shall be kept at the Company's registered address for a period of not less than ten (10) years.

The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or the Articles of Associations and the resolution of the shareholders' meeting as a result of which the Company sustains serious losses, the directors participating in the resolution are liable to compensate the Company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from liability.

Article 156

The board of directors of the Company shall establish an audit and risk management committee, which shall exercise the powers and functions assigned to the board of supervisors under the Company Law.

Article 157

The audit and risk management committee shall comprise five(5) members, who shall be directors not holding senior management positions in the Company. Among them, there shall be three(3) independent directors, and the convener shall be an accounting professional among the independent directors.

Article 158

The audit and risk management committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating the internal and external audit work and internal controls. The following matters shall be submitted to the board of directors for consideration only after being approved by a majority of all members of the audit and risk management committee:

- (1) disclosure of financial accounting reports and financial information in periodic reports, and internal control evaluation reports;
- (2) appointment or dismissal of the accounting firm undertaking the auditing business of listed companies;
- (3) appointment or removal of the financial officer of listed companies;
- (4) changes in accounting policies or accounting estimates, or corrections of major accounting errors, for reasons other than changes in accounting standards; and
- (5) other matters specified by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

The primary duties and responsibilities of the audit and risk management committee shall be carried out in accordance with laws and regulations, departmental rules of the CSRC, the listing rules of the stock exchange where the Company is listed, and other applicable requirements.

Article 159

The audit and risk management committee shall meet at least once every quarter. Interim meetings may be convened upon the request of two or more members, or when the convenor deems it necessary. A meeting of the audit and risk management committee can only be held if more than two-thirds of the members are present.

Resolutions of the audit and risk management committee shall be passed by a majority of all its members.

Each member of the audit and risk management committee shall have one vote in respect of resolutions of the committee.

Minutes of the resolutions of the audit and risk management committee shall be prepared in accordance with the relevant requirements, and shall be signed by the members of the committee present at the meeting.

The rules of procedure for the audit and risk management committee shall be formulated by the board of directors.

Article 160

The board of directors shall establish a strategy and sustainability committee, a nomination committee, and a remuneration and assessment committee. These special committees shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. Proposals from the special committees shall be submitted to the board of directors for consideration and decision. The rules of procedure for the special committees shall be formulated by the board of directors.

Independent directors shall constitute a majority of both the nomination committee and the remuneration and assessment committee, and the convenor of each of these committees shall be an independent director. The strategy and sustainability committee shall include at least one independent director.

Article 161

The strategy and sustainability committee shall be responsible for studying the Company's long-term development strategy and major investment decisions, and shall make recommendations to the board of directors on the following matters:

- (1) the Company's long-term strategic development plan;
- (2) major investment and financing plans, major capital operations, and asset management projects that, under the Articles of Association, require the approval of the board of directors;
- (3) to formulate the Company's environmental, social and governance (ESG) strategy, and manage and supervise sustainability-related impacts, risks and opportunities;
- (4) other significant matters affecting the Company's development; and
- (5) other matters specified by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

The primary duties and responsibilities of the strategy and sustainability committee shall be carried out in accordance with laws and regulations, the departmental rules of the CSRC, the listing rules of the stock exchange where the Company's shares are listed, and other applicable requirements.

If the board of directors does not adopt, or does not fully adopt, the recommendations of the strategy and sustainability committee, the opinions of the strategy and sustainability committee and the specific reasons for not adopting them shall be recorded in the board resolution and shall be disclosed.

Article 162

The nomination committee shall be responsible for formulating the selection criteria and procedures for directors and senior managers, identifying and assessing candidates for directors and senior managers and their qualifications, and shall make recommendations to the board of directors on the following matters:

- (1) the nomination or appointment and removal of directors;
- (2) the appointment or dismissal of senior managers; and
- (3) other matters specified by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

The primary duties and responsibilities of the nomination committee shall be carried out in accordance with laws and regulations, the departmental rules of the CSRC, the listing rules of the stock exchange where the Company's shares are listed, and other applicable requirements.

If the board of directors does not adopt, or does not fully adopt, the recommendations of the nomination committee, the opinions of the nomination committee and the specific reasons for not adopting them shall be recorded in the board resolution and shall be disclosed.

Article 163

The remuneration and assessment committee shall be responsible for formulating assessment standards and conducting assessments for directors and senior managers, developing and reviewing remuneration policies and plans for directors and senior managers (including the remuneration determination mechanism, decision-making processes, payment, and clawback arrangements) and shall make recommendations to the board of directors on the following matters:

- (1) the remuneration of directors and senior managers;
- (2) the formulation or amendment of equity incentive plans or employee share ownership plans, and the fulfilment of conditions for grantees to obtain or exercise rights or interests;

- (3) arrangements for directors and senior managers to participate in shareholding plans in subsidiaries intended to be spun off; and
- (4) other matters specified by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

The primary duties and responsibilities of the remuneration and assessment committee shall be carried out in accordance with laws and regulations, the departmental rules of the CSRC, the listing rules of the stock exchange where the Company's shares are listed, and other applicable requirements.

If the board of directors does not adopt, or does not fully adopt, the recommendations of the remuneration and assessment committee, the opinions of the remuneration and assessment committee and the specific reasons for not adopting them shall be recorded in the board resolution and shall be disclosed.

Chapter 9 Senior Management

Article 164

The Company shall have one general manager and several deputy general managers, who shall be appointed or dismissed by the board of directors. The term of office for the general manager, deputy general managers and other senior managers shall be three (3) years, and they may be re-appointed upon renewal of appointment.

When exercising their duties and powers, the general manager and deputy general managers shall undertake the responsibilities of planning operations, ensuring implementation and strengthening management, and fulfill the obligations of integrity and diligence in accordance with the provisions of laws, administrative regulations and the Articles of Association.

The general manager, deputy general managers and other senior managers shall be subject to a term-based and contract-oriented management system. The Company shall establish mechanisms for standardized term management, scientific determination of contractual targets, strict compensation implementation, and rigorous assessment-based exit.

The deputy general managers shall report to the general manager.

Article 165

The general manager and other senior managers may resign before their term of office expires. The specific procedures and measures for the resignation of the general manager and other senior managers shall be governed by the labor contracts between them and the Company.

Article 166

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

- (1) to lead in the production, operation and management of the Company, to implement resolutions of the board of directors, and report the work to the board of directors;
- (2) to organise the implementation of the Company's annual business plan and investment plan;
- (3) to formulate plans for the establishment of the Company's internal management structure;
- (4) to formulate the Company's basic management system;
- (5) to draft the Company's annual financial budget plan and final accounts plan;
- (6) to formulate basic rules and regulations for the Company;
- (7) to propose to the board of directors for the appointment or dismissal of the Company's deputy general manager and chief accountant;
- (8) to decide to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors in accordance with relevant regulations; and
- (9) other powers conferred by the Articles of Association and the board of directors.

Article 167

The general manager of the Company shall attend board meetings and is entitled to receive the notice of meetings and relevant documents. The general manager who is not a director has no voting rights at board meetings.

Article 168

The Company implements a general manager office meeting mechanism. The Company shall formulate detailed rules for the work of the general manager, which shall be implemented after being submitted to the board of directors for approval. The detailed rules for the work of the general manager shall include the following contents:

- (1) the conditions, procedures and participants of the general manager office meeting;
- (2) the authority for the use of the Company's funds and assets and the execution of major contracts, as well as the reporting system to the board of directors; and
- (3) other matters deemed necessary by the board of directors.

Article 169

The Company shall have a secretary to the board of directors who shall be responsible for the preparation of the Company's shareholders' meeting and board meetings, the safekeeping of relevant documents, and the management of the Company's shareholder records, as well as handling information disclosure matters and other duties. The secretary shall attend important Company decision-making meetings such as shareholders' meetings, board meetings, general manager office meetings, as well as meetings of the special committees of the board of directors. When the Party Committee studies and discusses significant operational and management matters, the secretary shall attend.

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

A director or other senior manager of the Company may serve concurrently as the secretary to the board of directors.

Where the secretary to the board of directors is a director of the Company, and an act is required to be done by both a director and the secretary, such act cannot be done by the same person in a dual capacity.

Article 170 The provisions of the Articles of Association regarding the disqualification for and post-termination management of directors shall apply equally to senior managers.

The provisions of the Articles of Association regarding the duties of loyalty and diligence of directors shall apply equally to senior managers.

Article 171 Any person holding an administrative position (other than the position of a director or supervisor) in the controlling shareholder of the Company shall not serve as a senior manager of the Company.

The senior managers of the Company shall receive their remuneration solely from the Company, and not from the controlling shareholder.

Article 172 If senior manager causes harm to any other person in the performance of their duties for the Company, the Company shall be liable for compensation. If the senior manager has acted intentionally or with gross negligence, he shall also be liable for compensation.

If a senior manager, in the performance of his duties for the Company, violates any laws, administrative regulations, departmental rules, or the provisions of the Articles of Association, and thereby causes loss to the Company, he shall be liable for compensation to the Company.

Article 173 The senior managers of the Company shall perform their duties faithfully and shall safeguard the best interests of the Company and all shareholders.

If a senior manager causes damage to the interests of the Company or the holders of public shares due to a failure to perform duties faithfully or a breach of fiduciary duties, they shall be liable for compensation in accordance with the law.

Chapter 10 Party Committee

Article 174

In accordance with the requirements of the Constitution of the Communist Party of China and the Regulations on the Work of Grassroots Organizations of the State-owned Enterprises of the Communist Party of China (Trial) (《中國共產黨國有企業基層組織工作條例((試行))》), the Party Committee of Nanjing Panda Electronics Company Limited (the “Party Committee of the Company”) shall be established with the approval of the higher-level Party organization. It shall give play to leadership to provide directions, manage overall situations and ensure implementation, discussing and deciding on major matters of the Company in accordance with regulations. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization. A Discipline Inspection Commission shall also be established in accordance with relevant regulations.

Article 175

The Party Committee of the Company shall be elected by the Party member congress, generally with each term of office of 5 years. Regular re-election shall be conducted upon the expiration of the term of office. Each term of office of the Discipline Inspection Commission shall be the same as the Party Committee of the Company. The Party Committee of the Company shall consist of one secretary, one to two deputy secretaries and several other committee members. Eligible Party Committee members may be appointed as members of the Board of Directors and the management team of the Company through legal procedures, while eligible Party members from the Board of Directors and the management team of the Company may be appointed as members of the Party Committee pursuant to relevant regulations and procedures.

Article 176

The Party Committee of the Company shall perform its duties in accordance with the Constitution of the Communist Party of China and other Party regulations.

- (I) To strengthen the Party political construction of the Company, see and ensure the socialism with Chinese Characteristics as fundamental, basic and important system, educate and guide all Party members to always maintain same the pace with Comrade Xi Jinping regarding the political stance, political direction, political principals as well as political pathway;

- (II) To study and implement the thought of Xi Jinping socialism with Chinese characteristics in a new era, study and publicize the Party's theories, follow through the Party's pathway, principles and policies, supervise and ensure that the major decisions and arrangements of the Party Central Committee and resolutions of higher-level Party committees are implemented in the Company;
- (III) To study and discuss major business and management matters of the Company, and support the Board of Directors and the management team in exercising their functions and powers according to law;
- (IV) To strengthen the leadership and check of the Company's talents selection and employment, and strive to establish the management team, cadres and talents of the Company;
- (V) To fulfill the principal responsibility for the Company's Party conduct and integrity building, lead and support the internal discipline inspection organization in performing their duties of oversight and accountability, strictly enforce political discipline and political rules, and promote comprehensive and strict Party governance at the grassroots level;
- (VI) To strengthen the construction of grass-roots Party committees and Party members, unite and lead the workers to actively participate in the reform and development of the Company;
- (VII) To lead the Company's ideological and political work, spiritual civilization construction, united front work, lead the Company's trade unions, Communist youth League, women's organizations and other group organizations;
- (VIII) To conduct inspection work and establish inspection bodies in accordance with operational requirements, and in principle, carry out inspections on Party organisations at the next lower level of units, based on Party committee affiliation and cadre management authority;
- (IX) To discuss and decide on other important matters within the scope of the duties of the Party Committee.

Article 177 The Party Committee of the Company shall formulate a list of matters for study and discussion, and clarify the powers and responsibilities of the Party Committee, the board of directors, the management team and other governance bodies in accordance with the Company's actual circumstances. Major operational and management matters must undergo prior research and discussion by the Party Committee before being decided upon by the board of directors and other bodies in accordance with their respective powers and prescribed procedures.

Chapter 11 Financial Accounting System, Profit Distribution and Audit

Article 178 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 179 The fiscal year of the Company shall coincide with the calendar year, i. e. from January 1 to December 31 on the Gregorian calendar.

Article 180 The Company shall submit and disclose its annual report to the local offices of the CSRC and the stock exchange within four months of the end of each fiscal year, and shall submit and disclose its interim report to the local offices of the CSRC and the stock exchange within two months of the end of the first half of each fiscal year.

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

Article 181 The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations. The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every annual shareholders' meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

Article 182 Any results or financial data published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulations.

Article 183 The Company shall not keep any accounting books other than those required by law. The Company's funds shall not be deposited in accounts opened in the name of any individual.

Article 184 The Company's after-tax profits shall be distributed in the following order of priority:

- (1) making up for losses;
- (2) appropriation to statutory surplus reserve;
- (3) appropriation to discretionary surplus reserve according to relevant resolution of a shareholders' meeting;
- (4) payment of ordinary share dividend.

The Company shall contribute 10% of the after-tax profits to its statutory surplus reserve. When the accumulated amount of the statutory surplus reserve has reached 50% or more of the Company's registered capital, no further appropriation is required.

After making up losses and making appropriation to the statutory surplus reserves, the remaining post-tax profits of the Company shall be distributed to shareholders in proportion to their shareholdings, unless otherwise resolved by the shareholders' meeting.

Where a shareholders' meeting distributes profits to shareholders in contravention of the Company Law, the shareholders shall return the unlawfully distributed profits to the Company. Where such distribution causes loss to the Company, the shareholders and the directors and senior management members responsible shall bear liability for compensation.

The Company shall not participate in profit distribution in respect of shares held under its name.

Article 185 The reserves of the Company shall be applied for making up for losses, expanding the Company's production and operation or increasing the registered capital of the Company by way of capitalisation.

To make up losses of the Company, utilise both discretionary and statutory reserves first; should this prove insufficient, capital reserve shall be used in accordance with regulations.

If a shareholders' meeting of the Company resolves to capitalise any reserves, the Company shall issue new bonus shares to the existing shareholders in proportion to their respective shareholdings or increase the par value of each share provided that when capitalising the statutory surplus reserve, the balance of such reserve shall not be less than 25% of the registered capital.

Article 186

The Company shall not pay dividends or carry out other distributions in the form of dividends before making for its losses and making allocations to the statutory surplus reserve.

Article 187

Decision-making procedures for the Company's profit distribution:

- (1) The board of directors of the Company shall, based on the Company's profit, capital needs and the Shareholders' Return Plan, formulate its annual profit distribution proposal and submit the same to the shareholders' meeting for consideration. When making decisions on and formulating its profit distribution proposal, the board of directors shall listen fully to the opinions and demands of independent directors and record in detail the advice of the management, key points of the speeches of directors present at the meeting, opinions of independent directors, voting results of the board of directors, etc. and form written minutes to be properly kept as the Company's records.
- (2) When considering the cash dividend distribution plan, the board of directors of the Company shall carefully consider and deeply deliberate the timing, conditions and minimum percentage, etc. Independent directors shall be entitled to express independent opinions if they believe that the specific plan of cash dividends may harm the rights and interests of the Company or minority shareholders. If the board of directors fails to adopt or completely adopt the opinions of independent directors, it shall record the opinions of independent directors and the specific reasons for non-adoption in the resolution of the board of directors and disclose them. Independent directors collect advice from minority shareholders and prepare a distribution proposal which shall be directly proposed to the board of directors for its consideration.

- (3) When the profit distribution plan (including the cash dividend distribution plan) is considered at the shareholders' meeting, the Company shall communicate and exchange ideas through multiple channels with shareholders (minority shareholders in particular), listen fully to the opinions and demands of minority shareholders, and give timely replies to issues that concern minority shareholders by ways of open solicitation and convene discussion meetings, etc.
- (4) If profit is recorded in the reporting period but the board of directors of the Company does not put forth a cash dividend distribution proposal, reasons therefor and the use of capital that may otherwise be used as dividends but has been retained by the Company, as well as the expected profit, the measures proposed to enhance investor returns, the consideration and voting at the board meeting shall be disclosed in its periodic report, and independent directors shall express independent opinions thereon.
- (5) The Company's profit distribution policy shall be formulated by the board of directors of the Company, requiring approval by more than half of all directors through voting, and be implemented upon consideration and approval by shareholders at the shareholders' meeting. If the Company needs to adjust its profit distribution policy by way of amending the Articles of Association and Shareholders' Return Plan considered and passed at the shareholders' meeting due to significant changes in the external operating environment or its own operation, with the protection of shareholders' interests as the starting point and after discussing the relevant matters in detail, the board of directors of the Company shall put forward a proposal for adjusting the profit distribution policy and Shareholders' Return Plan to the shareholders' meeting for consideration and approval and shall be passed by shareholders present in the meeting representing not less than two-thirds of voting rights.

- (6) The Company shall strictly implement the cash dividend policy as determined in the Articles of Association and the specific plan for distribution of cash dividends as considered and approved at the shareholders' meeting. If the Company needs to adjust or change the cash dividend policy as determined in the Articles of Association due to significant changes in the external operating environment or its own operation, it is required to satisfy the conditions under the Articles of Association and execute appropriate decision-making procedures after discussion. The board of directors of the Company shall put forward a proposal for the adjustment or changes to the shareholders' meeting for consideration and approval and shall be passed by shareholders present in the meeting representing not less than two-thirds of voting rights. The Company shall disclose the formulation and implementation of cash dividend policy in detail in its periodic reports. If there is any adjustment or change to the cash dividend policy, detailed descriptions shall be provided on the regulatory compliance and transparency regarding the conditions and procedures for such adjustment or change.
- (7) The audit and risk management committee of the Company shall monitor the execution of cash dividend policy and the Shareholders' Return Plan carried out by the board of directors, as well as the execution of appropriate decision-making procedures and the information disclosure. The audit and risk management committee shall express explicit opinions and urge the Board to make correction in a timely manner in case of any of the following circumstances:
1. Failure to strictly implement the cash dividends policy and Shareholders' Return Plan;
 2. Failure to strictly implement the appropriate decision-making procedures of cash dividends;
 3. Failure to make an authentic, accurate and complete disclosure of the cash dividends policy and its implementation.
- (8) The Company encouraged small and medium-sized investors and institutional investors to participate in the decision of the matters regarding profit distribution of the Company pursuant to relevant requirements.

Article 188

Profit distribution policy of the Company:

- (1) The Company shall adopt a continuous and steady profit distribution policy. The Company's profit distribution shall focus on providing investors with reasonable investment return as well as maintaining the sustainable development of the Company. The Company's profit distribution shall not exceed the range of the accumulated distributable profits or damage the Company's ability to continue operations.

If there is any surplus following appropriation of after-tax profits according to items (1) to (4) of Article 184 of the Articles of Association, the Company shall distribute dividends. The dividends of the Company shall be distributed at least once a year. After the profit distribution plan is approved at the shareholders' meeting of the Company, the board of directors of the Company shall complete the distribution of the dividends (or shares) within two months after convening the shareholders' meeting.

- (2) The Company may distribute dividends in cash, in shares or in a combination of both cash and shares. The Company shall give priority to distribute dividends in cash with a positive stance providing that the Company is recording profits and the cash can meet the needs of the Company's continuing operation and long-term development.
- (3) The Company may distribute interim cash dividends and increase the frequency of cash dividend distributions where conditions for profit distribution are met.
- (4) The Company's cash dividend policy adopts fixed rate, that is, to distribute cash dividends at a fixed proportion of distributable profits realized by the Company. The profits which the Company has accumulatively distributed in cash over the last three years shall not be less than 30% of the average annual distributable profits realized in such three years. If the Company does not distribute profits in cash in the last three years, the Company shall not issue new shares to the public, issue convertible bonds or place shares to the existing shareholders.

The Board shall distinguish the following circumstances taking into account its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and stipulate differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association:

1. Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits;
 2. Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits;
 3. Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.
- (4) The following conditions shall be satisfied for cash dividend distribution:
1. the distributable profit (i.e. after-tax profit net of the profit used for making up for losses and the profit transferred to the statutory reserve fund) for the year is positive;
 2. the auditing firm has issued a standard audit report with unqualified opinions on the financial report for the financial year.
- (5) Depending on the profitability and cash flows for the year, the Company may distribute profits by way of shares provided that the minimum cash dividend payout ratio and an optimal share capital base and shareholding structure are maintained. In the case that profits are distributed by way of shares, real and reasonable reasons such as the Company's growth, dilution of net asset value per share shall be taken into consideration.
- (6) Whenever the Company distributes dividends, an announcement in respect thereof shall be made to shareholders. No profit shall be distributed in respect of the shares held by the Company.

- (7) Dividends payable to the holders of the overseas-listed foreign invested shares of the Company shall be denominated and declared in Renminbi and paid in foreign currencies or Renminbi. Dividends payable on foreign-invested shares listed in Hong Kong shall be paid in Hong Kong dollars or Renminbi.
- (8) The Company shall issue preferred shares and repurchase shares in accordance with the laws, and can repurchase shares under the circumstances that share price is lower than the net asset value per share (except for the circumstance that losses are recorded).

Article 189 Unless otherwise resolved by the shareholders at a shareholders' meeting, the board of directors may resolve to distribute interim dividends. Unless otherwise stipulated by laws and administrative regulations, the amount of interim dividends distributed shall not exceed 50% of the distributable profits as stated in the interim profit statement of the Company.

Article 190 Unless otherwise provided for in relevant laws and administrative regulations, where cash dividends are to be paid in foreign currencies, the relevant exchange rate shall be the average exchange rate of RMB against foreign currency as quoted by the People's Bank of China for the calendar week preceding the date on which the dividend is declared.

Article 191 When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its individual shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.

Article 192 The Company shall appoint receiving agents for holders of overseas listed foreign-invested shares. Such receiving agents shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed foreign-invested shares.

The receiving agents appointed by the Company shall satisfy the requirements under the laws of the place in which the stock exchange on which Company's shares are listed is situated or the relevant regulations of such stock exchange.

The receiving agent appointed by the Company for holders of overseas listed foreign-invested shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

- Article 193** The Company shall implement an internal audit system, specifying leadership system, duties and limit of authority, staffing, budget assurance, application of audit findings and accountability etc. for internal audit work.
- The internal audit system of the Company shall be implemented upon approval by the board of directors and disclosed to external parties.
- Article 194** The Company shall have an internal audit office. The internal audit office shall consist of a number of internal auditors, one of whom shall act as the head. The internal audit office shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters.
- Article 195** The internal audit body shall be responsible to the board of directors. The internal audit body shall, in the course of supervision and inspection of the Company's business activities, risk management, internal control, financial information, accept supervision and guidance of the audit and risk management committee. Upon discovery of the relevant significant issues or clues, the internal audit body shall forthwith report directly to the audit and risk management committee.
- Article 196** The internal audit body shall be responsible for organizing implementation of the Company's internal control appraisal. The Company shall issue an annual internal control appraisal report based on the appraisal report issued by the internal audit body and deliberated by the audit and risk management committee and the relevant materials.
- Article 197** When the audit and risk management committee communicates with the external audit organizations such as accounting firms and state audit organizations etc., the internal audit body shall cooperate actively and provide the requisite support and cooperation.
- Article 198** The audit and risk management committee shall participate in appraisal of head of internal audit.

Chapter 12 Appointment of Auditors

Article 199 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the Securities Law and the State to carry out audit of accounting statements, verification of net assets and other relevant advisory services etc. for a term of engagement of one year and which may be re-engaged.

The auditor engaged by the Company shall have the right to attend general meetings and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's auditors.

Article 200 The Company's appointment, removal or non-reappointment of an auditor, and audit fees of an auditor shall be resolved by the shareholders in a shareholders' meeting. The board of directors shall not appoint an auditor prior to a decision by the shareholders' meeting.

Article 201 The Company shall ensure to provide true and complete accounting vouchers, accounting books, financial accounting reports and any other accounting materials to the auditor engaged and shall not refuse to provide information or conceal information or provide false information.

Article 202 In the event that the Company dismisses or does not re-engage an auditor, it shall notify the auditor fifteen days in advance. The auditor shall be permitted to state its opinions when the shareholders' meeting of the Company votes on the dismissal of the auditor.

Where an auditor resigns, it shall state to the shareholders' meeting whether or not there are any inappropriate circumstances of the Company.

Chapter 13 Insurance

Article 203 All insurances of the Company shall be purchased from insurers which are registered in the PRC and permitted by the PRC laws to provide insurances to PRC enterprises.

Article 204 The types of coverage, the insured amounts, periods and other terms shall be determined by the general manager of the Company by reference to the practices of peer companies and the practices and legal requirements in the PRC.

Chapter 14 Labour Management

Article 205 The Company shall formulate its systems regarding labour management, personnel affairs, wages and welfare and social insurance in accordance with the laws and administrative regulations of the PRC.

Article 206 The Company implements the system of appointment for all levels of management personnel and a contract system for ordinary employees. The Company may decide by itself on its staffing, has the right to recruit on its own and may dismiss, in management personnel as well as other employees in accordance with the laws and the terms of labor contracts.

Article 207 The Company shall have the right to, based on its own economic efficiency, decide on its own the levels of wages and welfare benefits of all levels of management personnel and other employees to the extent as permitted by the relevant PRC administrative regulations.

Article 208 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and other employees in accordance with relevant administrative regulations of the government and local government of the PRC, and shall implement the laws, administrative regulations and relevant requirements regarding labour insurance and protection for retired and temporarily laid-off staff.

Chapter 15 Trade Union

Article 209 The Company's employees shall have the right to organise a trade union and engages in trade union activities in accordance with relevant laws and administrative regulations of the PRC. The activities of the trade union shall be conducted beyond the normal working hours, unless otherwise specified by the board of directors.

- Article 210** The Company shall allocate 2% of the total amount of wages paid to its staff and workers to the trade union every month. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.
- Article 211** The Company shall, in accordance with legal provisions, improve the democratic management system with the workers' congress as its basic form, promote the publicity of factory affairs and business operations, and ensure employees' rights to be informed, to participate, to express, and to supervise. Major decisions shall be made after soliciting opinions from employees, and significant issues involving employees' direct interests must be deliberated by the workers' congress or the general meeting of employees. The Company shall uphold and improve the system of employee representative directors, ensuring the rights of orderly participation of employee representatives in corporate governance.
- Article 212** The employees of the Company shall establish a labor union to carry out labor union activities and protect the legal interests of the employees in accordance with the Trade Union Law of the People's Republic of China. The Company shall provide the labor union with all necessary conditions for its activities.
- Article 213** The Company shall abide by the relevant national laws and administrative regulations on labour protection and production safety, implement relevant national policies, and safeguard the legitimate rights and interests of employees. The Company shall formulate the labour, personnel and wage systems in light of the needs of production and operation in accordance with the relevant national laws, administrative regulations and policies on labour and personnel. The Company shall, based on its actual situation, establish selection and employment mechanisms that meet market-oriented requirements such as open recruitment of employees, election and competitive recruitment of management personnel, adjustment of under performing employees and dismissal of the incompetent. In addition, the Company shall establish a market-competitive remuneration system for key core employees and optimize and make good use of medium- and long-term incentive policies.

Chapter 16 Merger, Division, Capital Increase and Capital Reduction

Article 214 In the event of the merger or division of the Company, a plan shall be proposed by the Company's board of directors and shall be approved in accordance with the procedures stipulated in the Articles of Association and the Company shall go through the relevant approval process. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan of merger or division to purchase their shares at a fair price.

The contents of the resolution of merger or division of the Company shall be written into special documents which shall be available for inspection by the shareholders of the Company.

Article 215 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. In the case of merger by absorption, a company absorbs another company and the company being absorbed shall be dissolved. In the case of merger by consolidation, two or more companies are merged for the establishment of a new company, and the companies being merged shall be dissolved.

Where the consideration paid for the merger is not more than 10% of the Company's net assets, a resolution of the shareholders' meeting may be waived, except as otherwise provided in the Articles of Association. Where the shareholders' meeting is not required for a merger pursuant to the provisions of the preceding paragraph, a resolution of a board of directors shall be passed. Where laws, regulations, or the regulatory rules of the stock exchange where the Company's shares are listed provide otherwise, such provisions shall prevail.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make announcements in newspaper or on the National Enterprise Credit Information Publicity System within thirty (30) days of the date of the Company's resolution on merger. Creditors may, within thirty (30) days after receipt of such notice from the Company, or, for those who do not receive such notice, within forty-five (45) days of the date of the newspaper announcement, to demand that the Company repay their debts or provide a corresponding guarantee for such debts. The Company shall not proceed with the merger without repaying such debts or provision of such guarantee.

After the merger, claims and liabilities of parties to the merger shall be born by the surviving company or the newly established company.

Article 216

When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and shall make announcements in newspaper or on the National Enterprise Credit Information Publicity System within thirty (30) days of the date of the Company's resolution on division, except otherwise stipulated by the written agreement between the Company and its creditors on repayment of debts prior to the division.

Debts of the Company prior to division shall be assumed by the companies which exist after the division.

Article 217

The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of registered capital by the shareholders' meeting and shall publish announcements in newspaper or on the National Enterprise Credit Information Publicity System within thirty (30) days from the date of such resolution. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or to provide a corresponding guarantee for such debt.

The Company proposing to reduce its registered capital shall reduce the capital contribution amount or shares correspondingly in accordance with the shareholding percentage of the shareholders, unless otherwise stipulated by the laws or in the Articles of Association.

- Article 218** Where there are still losses following making up of losses pursuant to the provisions of the second paragraph of Article 185, the Company may reduce its registered capital to make up the losses. Where the Company reduces its registered capital to make up the losses, it shall not make distribution to its shareholders and shall not waive the obligations of shareholders to make capital contribution or share capital.
- The provisions of the second paragraph of Article 217 shall not apply to reduction of registered capital pursuant to the provisions of the preceding paragraph, but an announcement shall be made in newspaper or on the National Enterprise Credit Information Publicity System within 30 days from passing of the resolution on reduction of registered capital by the general meeting.
- After the Company has reduced its registered capital pursuant to the provisions of the preceding two paragraphs, no profit shall be distributed before the accumulated amount of the legal reserve fund and the optional reserve fund accounts for 50% of the Company's registered capital.
- Article 219** Where the registered capital is reduced in violation of the Company Law or other relevant provisions, shareholders shall refund the capital received thereby; where the shareholders' capital contributions are exempted or reduced, the original status shall be restored; where the Company suffers any loss, the shareholders and the responsible directors and senior executives shall bear the liability for compensation.
- Article 220** When the Company issues new shares to increase its registered capital, its shareholders do not enjoy the pre-emptive right, unless otherwise specified in the Articles of Association or the resolution of the shareholders' meeting deciding that the shareholders enjoy the pre-emptive right.
- Article 221** In the case of a merger or division of the Company, and change of the registered particulars, it shall go through the change registration with the Company registration authority according to the law. When the Company is dissolved, it shall complete deregistration according to the law. When a new company is established, the establishment registration of the company shall be completed according to the law.
- When the Company increases or reduces its registered capital, it shall go through the change registration with the Company registration authority according to the law.

Chapter 17 Dissolution and Liquidation of the Company

- Article 222** The Company shall be dissolved upon the occurrence of any of the following events:
- (1) expiry of the business term as specified by the Articles of Association or the occurrence of other matters for dissolution as specified by the Articles of Association;
 - (2) a resolution on dissolution is passed by shareholders at a shareholders' meeting;
 - (3) dissolution is necessary due to a merger or division of the Company;
 - (4) revocation of the business license, or being ordered to be closed down or revoked according to the law;
 - (5) where the Company has serious difficulties in its business management and its subsistence will cause serious damage to the interests of its shareholders, which is unable to be resolved through any other means, a shareholder who holds 10% or more of the voting rights of the Company may apply to the people's court for dissolution of the Company.

Upon occurrence of an event which triggers dissolution as stipulated in the preceding paragraph, an announcement shall be made through the National Enterprise Credit Information Publicity System within ten (10) days.

- Article 223** Where the Company falls under the circumstances set out in item (1) and item (2) of Article 222 and has not distributed its assets to its shareholders, the Company may subsist through amendment of Articles of Association or a resolution passed by the shareholders' meeting.

Amendment of Articles of Association or resolution passed by the shareholders' meeting pursuant to the provisions of the preceding paragraph shall be adopted by shareholders who hold two-thirds or more of the voting rights present at the shareholders' meeting.

Article 224

The Company dissolved pursuant to the provisions of item (1), item (2), item (4) and item (5) of Article 222 of the Articles of Association shall undergo liquidation. As the liquidation obligors of the Company, directors shall form a liquidation team to carry out liquidation within fifteen (15) days from occurrence of the event which triggers dissolution.

The liquidation team shall comprise directors, unless otherwise stipulated in the Articles of Association or unless resolved by the shareholders' meeting to elect others.

Where the liquidation obligors fail to perform liquidation obligations promptly and cause the Company or its creditors to suffer losses, they shall be liable for compensation.

Article 225

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make announcements in newspaper or on the National Enterprise Credit Information Publicity System within sixty (60) days of that date. Creditors should, within thirty (30) days after receipt of the notice, or, for those who do not receive the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee. When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the creditors.

During the period for declaration of creditor's rights, the liquidation team shall not make repayment to creditors.

Article 226

During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to pay all outstanding taxes and taxes arising during the liquidation process;

- (5) to settle claims and debts;
- (6) to distribute the surplus assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.

Article 227

After it has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' meeting or to the People's Court for confirmation.

After following payment of liquidation expenses, outstanding salaries payable to the employees, social insurance premiums and statutory compensation, payment of tax in arrears and repayment of the Company's debts, any surplus assets of the Company remaining shall be distributed to its shareholders according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to liquidation.

The assets of the Company shall not be distributed to shareholders until the debts have been settled in accordance with the preceding paragraph.

Article 228

If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for bankruptcy liquidation.

Upon acceptance of a bankruptcy application by the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the bankruptcy administrator designated by the People's Court.

Article 229

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and submit it to the shareholders' meeting or the People's Court for confirmation, and submit it to the companies registration authority and apply for cancellation of registration of the Company.

Article 230 Members of the liquidation team shall perform liquidation duties and bear the obligations of loyalty and diligence.

Where the liquidation team members are negligent in performance of liquidation duties and cause the Company to suffer losses, they shall be liable for compensation; where they cause losses to creditors due to intentional misconduct or gross negligence, they shall be liable for compensation.

The Company which is declared bankrupt pursuant to the law shall undergo bankruptcy liquidation pursuant to the laws on enterprise bankruptcy.

Chapter 18 Amendment of the Articles of Association of the Company

Article 231 Under any of the following circumstances, the Company will amend the Articles of Association:

- (1) following revision of the Company Law or the relevant laws and administrative regulations, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;
- (2) the Company's situation has changed, which results in inconsistency with the matters set out in the Articles of Association;
- (3) the shareholders' meeting has decided to amend the Articles of Association.

Article 232 Where an amendment to the Articles of Association resolved by the shareholders' meeting is subject to review and approval by the competent authority, the amendment shall be submitted to the competent authority for approval; where the registration matters of the Company are involved, the change registration shall be conducted pursuant to the laws.

The board of directors shall amend the Articles of Association pursuant to the resolution of the shareholders' meeting on amendment to the Articles of Association and the review and approval opinion of the relevant competent authority.

Chapter 19 Notices and Announcements

Article 233 Notices of the Company shall be given in any of the following forms:

- (1) By hand;
- (2) By mail or email;
- (3) By way of announcement;
- (4) By any other forms as may be permitted by the stock exchange on which it is listed.

Any notice issued by the Company shall be given by way of announcement. The Company shall designate media outlets and the websites of stock exchanges that meet the requirements stipulated by the CSRC as the media for publishing announcement and other information subject to disclosure. Such announcement shall be deemed to be received by all relevant persons once the announcement is made.

Notice of the shareholders' meeting convened by the Company shall be given to domestic shareholders by way of announcement, and notice of meetings shall be given to foreign shareholders in accordance with the manner prescribed by the listing rules of the place where the shares are listed.

Unless otherwise provided herein, all forms of notice given in this article shall apply to notice of meetings of the board of directors.

Article 234 Where a notice is delivered by hand, the party being served shall sign (or affix seal) on the acknowledge receipt, and the date of signature by the party being served shall be the date of service; where a notice is mailed, the date of service shall be the third business day from delivery to the post office; where a notice is sent by fax, email or website, the date of service shall be the date of sending; where a notice is served by way of announcement, the date of service shall be the date on which the first announcement is published.

Article 235 Unless as otherwise provided for in the Articles of Association, notices, materials or other written documents issued by the Company shall be delivered electronically.

Article 236 Where a notice of meeting is not delivered to a person who has the right to receive the notice due to accidental omission or such person does not receive the notice of meeting, the meeting and the resolutions passed at the meeting shall not be rendered invalid as a result thereof.

Chapter 20 Supplementary Provisions

Article 237 The Rules of Procedures for Shareholders' General Meetings and the Rules of Procedures for the Meetings of the Board of Directors shall constitute the appendices to the Articles of Association.

Article 238 The Articles of Association shall be interpreted by the board of directors of the Company.

Should there be any discrepancy between the Articles of Association and the PRC laws, administrative regulations and relevant departmental rules, the PRC laws, administrative regulations and departmental rules shall prevail.

Any matters which are not covered by the Articles of Association shall be executed in accordance with the requirements of the PRC laws, administrative regulations and relevant departmental rules; or failing such requirements, shall be put forward by the board of directors to the shareholders' meeting for resolution."

Article 239 The Articles of Association are written in Chinese and English and in case of any discrepancy, the Chinese version shall prevail.

Article 240 In the Articles of Association, references to "above", "within", "at least" and "expiration" are inclusive; references to "exceed", "beyond", "lower than" and "less than" are exclusive.

Nanjing Panda Electronics Company Limited
4 December 2025