

**LENS TECHNOLOGY CO., LTD.**

**藍思科技股份有限公司**

*(Incorporated in the People's Republic of China with limited liability)*

**ARTICLES OF ASSOCIATION**

January 2026

## CONTENTS

<b>Chapter I</b>	<b>General Provisions</b>	1
<b>Chapter II</b>	<b>Purpose and Scope of Business</b>	3
<b>Chapter III</b>	<b>Shares</b>	3
<b>Section 1</b>	<b>Issuance of Shares</b>	3
<b>Section 2</b>	<b>Increase, Reduction and Repurchase of Shares</b>	5
<b>Section 3</b>	<b>Transfer of Shares</b>	6
<b>Chapter IV</b>	<b>Shareholders and General Meeting</b>	8
<b>Section 1</b>	<b>General Provisions of Shareholders</b>	8
<b>Section 2</b>	<b>Controlling Shareholders and De Facto Controllers</b>	12
<b>Section 3</b>	<b>General Provisions of General Meeting</b>	13
<b>Section 4</b>	<b>Convening of General Meeting</b>	17
<b>Section 5</b>	<b>Proposals and Notices of General Meeting</b>	18
<b>Section 6</b>	<b>Holding of General Meeting</b>	20
<b>Section 7</b>	<b>Voting and Resolutions at General Meetings</b>	25
<b>Chapter V</b>	<b>Directors and Board of Directors</b>	31
<b>Section 1</b>	<b>General Provisions of Directors</b>	31
<b>Section 2</b>	<b>Board of Directors</b>	36
<b>Section 3</b>	<b>Independent Directors</b>	42
<b>Section 4</b>	<b>Specialised Committees under the Board of Directors</b>	46

<b>Chapter VI Senior Management</b> .....	48
<b>Chapter VII Financial and Accounting System, Profit Distribution and Audit</b> .	50
<b>Section 1 Financial and Accounting System</b> .....	50
<b>Section 2 Internal Audit</b> .....	58
<b>Section 3 Engagement of Accounting Firms</b> .....	59
<b>Chapter VIII Notices and Announcements</b> .....	59
<b>Section 1 Notices</b> .....	59
<b>Section 2 Announcements</b> .....	61
<b>Chapter IX Merger, Division, Capital Increase and Reduction, Dissolution and Liquidation</b> .....	61
<b>Section 1 Merger, Division, Capital Increase and Reduction</b> .....	61
<b>Section 2 Dissolution and Liquidation</b> .....	63
<b>Chapter X Amendment to the Articles of Association</b> .....	66
<b>Chapter XI Supplementary Provisions</b> .....	67

## CHAPTER I GENERAL PROVISIONS

**Article 1** In order to safeguard the legitimate rights and interests of Lens Technology Co., Ltd. (hereinafter referred to as the “Company”), shareholders, employees and creditors, and to regulate the organisation and activities of the Company, the articles of association of the Company (the “Articles of Association”) has been formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, the Guidelines on the Articles of Association of Listed Companies, the Rules Governing the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant regulations.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law and other relevant provisions of the People’s Republic of China (hereinafter referred to as the “PRC”, for the purpose of the Articles of Association, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan).

**Article 3** The Company was established by way of initiation on the basis of the overall conversion of Lens Technology (Hunan) Limited (hereinafter referred to as the “Lens Hunan”) by converting its net assets into shares in accordance with the law and was registered with the Administration for Industry and Commerce of Hunan Province, obtaining the Business License for Enterprise Legal Person (Business License No.: 430100400001757). The unified social credit code of the Company after “three certificates in one” is: 91430000796852865Y.

**Article 4** The Company was approved by the China Securities Regulatory Commission (the “CSRC”) in its approval of “Zhengjianxuhe [2015] No. 328” for the initial public offering of 67,360,000 ordinary shares denominated in RMB on 27 February 2015, and the Company was listed on the Growth Enterprise Market of the Shenzhen Stock Exchange (“SZSE”) on 18 March 2015.

After filed with the CSRC on June 16, 2025 and approved by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on July 8, 2025, the Company was listed on the Main Board of the Hong Kong Stock Exchange on July 9, 2025 by the initial public offering of 262,256,800 overseas listed foreign shares.

Shares issued by the Company and listed on the Growth Enterprise Market of the SZSE are hereinafter referred to as “A shares”; shares issued by the Company and listed on the Main Board of the Hong Kong Stock Exchange are hereinafter referred to as “H shares”.

**Article 5** Registered name of the Company:

Full name in Chinese: 藍思科技股份有限公司

Full name in English: Lens Technology Co., Ltd.

**Article 6** Domicile of the Company: Hunan Liuyang Biomedical Park (Postal Code: 410300).

**Article 7** The registered capital of the Company is RMB5,278,740,870.00.

**Article 8** The Company is a joint stock limited company with perpetual existence.

**Article 9** The chairman (the “Chairman”) of the board of directors (the “Board”) of the Company shall be the legal representative of the Company. If the Chairman of the Board resigns, he/she shall be deemed to have resigned as the legal representative at the same time. If the legal representative resigns, the Company shall determine a new legal representative within thirty days from the date of his/her resignation.

**Article 10** The legal consequences of civil activities carried out by the legal representative in the name of the Company shall be borne by the Company.

The limitations on the authority of the legal representative by the Articles of Association or by the general meeting shall not be enforceable against a bona fide counterparty.

If the legal representative causes damage to others as a result of the performance of his/her duties, the Company shall bear the civil liability. After the Company has assumed the civil liability, it may, in accordance with the provisions of the law or the Articles of Association, recover the compensation from the legal representative who is at fault.

**Article 11** The entire assets of the Company shall be divided into equal shares, and the shareholders shall be liable to the Company to the extent of the shares subscribed by them, and the Company shall be liable for the Company’s debts to the extent of its entire assets.

**Article 12** The Articles of Association shall, from the date of its coming into effect, constitute a legally binding document regulating the organisation and activities of the Company, the rights and obligations between the Company and its shareholders, and among the shareholders, and shall be legally binding documents for the Company, its shareholders, directors and senior management. Pursuant to the Articles of Association, shareholders may take legal action against other shareholders, the Company, its directors and senior management, and the Company may also take legal action against its shareholders, directors and senior management.

**Article 13** Senior management as referred to in the Articles of Association represents the general manager, deputy general managers, secretary of the Board and financial controller of the Company.

## CHAPTER II PURPOSE AND SCOPE OF BUSINESS

**Article 14** The business purpose of the Company: to improve the Company's market competitiveness through scientific management, to provide customers with high-quality products and services, and to create value for the society; to protect the legitimate rights and interests of all shareholders, to achieve the preservation and enhancement of the Company's assets, and to enable all the Company's shareholders to obtain a return on their investment.

**Article 15** After being registered in accordance with the law, the scope of business of the Company is: Licensed business — production of protective appliances for medical personnel (Class II medical devices) (items subject to approval in accordance with the law can only be carried out after approval by relevant authorities, and specific business items are subject to the approval documents or licenses of relevant authorities). General business — optical glass manufacturing; technical glass products manufacturing; special ceramic products manufacturing; metal structures manufacturing; electronic component manufacturing; mobile terminal equipment manufacturing; wearable intelligent equipment manufacturing; virtual reality equipment manufacturing; intelligent vehicle equipment manufacturing; automotive parts and accessories manufacturing; Internet of Things equipment manufacturing; computer hardware and software and peripheral equipment manufacturing; general equipment manufacturing (excluding special equipment manufacturing); synthetic materials manufacturing (excluding hazardous chemicals); mould manufacturing; plating processing; quenching processing; spraying processing; metal cutting processing services; vacuum coating processing; R&D of new material technology; R&D of Internet of Things technology; R&D of hardware products; sales of optical glass; sales of technical glass products; sales of functional glass and new optical materials; sales of special ceramics; sales of metal structures; wholesale of electronic components; sales of intelligent vehicle mounted devices; sales of Internet of Things equipment; sales of packaging materials and products; sales of moulds; lease of mechanical equipment; wholesale of medical masks (carry out business activities independently according to law with business license except for items subject to approval according to law).

## CHAPTER III SHARES

### Section 1 Issuance of Shares

**Article 16** Shares of the Company shall take the form of registered share certificates.

**Article 17** Shares of the Company shall be issued on the basis of the principles of openness, fairness and impartiality, and each share of the same class shall rank *pari passu* in all respects.

Shares of the same class shall be issued under the same terms and at the same price in each issuance; and subscribers shall pay the same price per share for the shares they have subscribed.

**Article 18** The shares issued by the Company shall have a par value of Renminbi one (RMB1.00) per share.

**Article 19** The A shares issued by the Company are centrally deposited with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The H shares issued by the Company may be deposited mainly with a trustee-custodian company under Hong Kong Securities Clearing Company Limited in accordance with the laws of the place of listing and the practice of securities registration and depository, or may be held by shareholders in their personal names.

**Article 20** The number of shares held by the promoters of the Company at the time of initiating the establishment of the Company and the proportion of their shareholding are as follows:

No.	Name of promoter	Number of shares subscribed (0'000)	Percentage of registered capital	Method of capital contribution	Time of capital contribution
1	Lens Technology (HK) Co., Ltd.	54,666	91.11%	Net assets converted into shares	29 June 2011
2	Changsha Qunxin Investment Consulting Co., Ltd.	5,334	8.89%	Net assets converted into shares	29 June 2011
<b>Total</b>		<b>60,000</b>	<b>100%</b>	—	—

**Article 21** The total number of shares of the Company is 5,278,740,870, all of which are ordinary shares, of which 4,977,145,670 are A shares and 301,595,200 are H shares.

**Article 22** The Company or its subsidiaries (including its affiliated companies) shall not finance the acquisition of shares in the Company or the Company's parent company by others in the form of gifts, advances, guarantees, borrowings, etc., except in the case of the Company's implementation of the employee stock ownership plan.

In the interests of the Company, by resolution of the general meeting, or by resolution of the Board in accordance with the Articles of Association or the authorisation of the general meeting, the Company may provide financial assistance to others for the acquisition of 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 amount of issued share capital. Resolutions made by the Board shall be passed by more than two-thirds of all directors.

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

**Article 23** The Company may, based on the needs of its operation and development, in accordance with the provisions of laws and regulations, increase its capital by separate resolution at the general meeting in the following ways:

- (1) public issuance of shares;
- (2) non-public issuance of shares;
- (3) distribution of bonus shares to existing shareholders;
- (4) converting capital reserves into share capital;
- (5) other means prescribed by laws and administrative regulations, the CSRC and the securities regulatory authorities of other places where the Company's shares are listed.

**Article 24** The Company may reduce its registered capital. The reduction of the registered capital of the Company shall be carried out in accordance with the Company Law, as well as other relevant provisions and the procedures set forth in the Articles of Association.

**Article 25** The Company may not acquire shares in the Company, save as under the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merger with another company holding shares in the Company;
- (3) use of shares for employee stock ownership plans or equity incentives;
- (4) shareholders requesting the Company to acquire their shares as the result of their disagreement with the resolution of the general meeting on the merger or division of the Company;
- (5) use of shares for the conversion of corporate bonds issued by the Company that are convertible into shares;
- (6) necessary for the Company to maintain its value and the interests of its shareholders.

**Article 26** The acquisition of the Company's shares by the Company may be carried out through public centralised trading, or other ways recognised by laws, administrative regulations, the CSRC and other securities regulatory authorities of the place where the Company's shares are listed.

In the event that the Company acquires its shares in connection with the circumstances set forth in sub-paragraphs (3), (5) and (6) of paragraph 1 of Article 25 of the Articles of Association, it shall do so through public centralised trading.

**Article 27** In the event that the Company acquires its shares under the circumstances set forth in sub-paragraphs (1) and (2) of paragraph 1 of Article 25 of the Articles of Association, a resolution shall be passed at a general meeting; in the event that the Company acquires its shares under the circumstances set forth in sub-paragraphs (3), (5) and (6) of paragraph 1 of Article 25 of the Articles of Association, a resolution shall be passed by a meeting of the Board with the attendance of two-thirds or more of the directors, subject to the compliance with the applicable rules of the securities regulation in the place of the listing of the Company's shares.

After acquiring shares of the Company in accordance with the provisions of paragraph 1 of Article 25 of the Articles of Association, in the case of sub-paragraph (1), the shares shall be cancelled within ten days from the date of acquisition; in the case of sub-paragraphs (2) and (4), the shares shall be transferred or cancelled within six months; and in the case of sub-paragraphs (3), (5) and (6), the total number of shares held by the Company in aggregate shall not exceed 10% of the total number of issued shares of the Company, and shall be transferred or cancelled within three years. Where laws, regulations and the rules of the securities regulatory authorities of the place where the Company's shares are listed provide otherwise in respect of matters relating to share repurchase, such provisions shall prevail accordingly.

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

**Article 28** The shares of the Company shall be transferred in accordance with the Law. All transfers of H shares shall be effected by an instrument of transfer in writing in the usual or common form or in any other form acceptable to the Board (including a standard form of transfer or transfer form prescribed by the Hong Kong Stock Exchange from time to time), and such instrument of transfer may be signed by hand only or stamped with a valid corporation seal (if the transferor or transferee is a corporation). If the transferor or transferee is a recognised clearing house within the meaning of the relevant ordinances from time to time in force under the laws of Hong Kong (hereinafter referred to as "recognised clearing house") or its nominee(s), the instrument of transfer may be executed by hand or by machine imprinted signature. All instruments of transfer shall be kept at the legal address of the Company or at such address as the Board may designate from time to time.

**Article 29** The Company shall not accept its own shares as the subject of the pledge.

**Article 30** The shares of the Company held by the promoters shall not be transferred within one year from the date of incorporation of the Company. The shares of the Company issued prior to the public issue of shares shall not be transferred within one year from the date of listing and trading of the shares of the Company on a stock exchange.

Directors and senior management of the Company shall declare to the Company their holdings of the Company's shares and the changes therein, and shall not transfer more than 25% of the total number of shares of the same class of the Company held by them in each year of the period of service determined at the time of their assumption of their office; the shares held by them shall not be transferred within one year from the date of listing and trading of the Company's shares. The shares of the Company held by the aforesaid persons may not be transferred within six months after their departure from office.

If the rules of securities regulation of the place where the Company's shares are listed provide otherwise for restrictions on the transfer of the Company's shares, such provisions shall prevail.

**Article 31** If shareholders (other than Hong Kong Securities Clearing Company Limited and Hong Kong Securities Clearing (Nominees) Limited), directors or senior management members of the Company holding more than 5% of the Company's shares sells the Company's shares or other securities with an equity nature held by them within six months after the date of purchase, or purchases them again within six months after the date of sale, the gains derived from such sale shall be attributed to the Company, the Board of the Company shall recover the gains therefrom. However, unless a securities company holds more than 5% of the shares as a result of its underwriting of the untaken shares in an offer, and other circumstances stipulated by the CSRC. If the rules of securities regulation of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

Shares or other securities with an equity nature held by directors, senior management members or shareholders of natural persons referred to in the preceding paragraph, including those held by their spouses, parents or children and those held in the accounts of others.

If the Board of the Company fails to implement the provisions of paragraph 1 of this Article, the shareholders have the right to request the Board to do so within 30 days. If the Board fails to do so within the said period, the shareholders shall have the right to file a lawsuit directly with the people's court on their own behalf in the interests of the Company.

If the Board of the Company fails to comply with the provisions of paragraph 1 of this Article, the responsible directors shall be jointly and severally liable in accordance with the law.

## CHAPTER IV SHAREHOLDERS AND GENERAL MEETING

### Section 1 General Provisions of Shareholders

**Article 32** The Company establishes a register of shareholders on the basis of certificates provided by the securities registration and clearing agencies, which is sufficient evidence of shareholders' ownership of the Company's shares. Shareholders enjoy rights and bear obligations according to the class of shares they hold; shareholders holding shares of the same class enjoy the same rights and bear the same obligations.

The original register of shareholders of H shares listed in Hong Kong is kept in Hong Kong for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with the applicable laws and regulations and the rules of the securities regulatory authorities of the place where the Company's shares are listed. Any shareholder registered in the register of H-shareholders or any person requesting to have his/her name (name) registered in the register of H-shareholders may apply to the Company for a replacement share certificate in respect of such shares if his/her share certificate is lost. If a shareholder of overseas listed foreign shares loses his/her share certificate and applies for a replacement certificate, he/she may be dealt with in accordance with the laws of the place where the original copy of the register of shareholders of overseas listed foreign shares is kept, the rules of the stock exchange or other relevant provisions.

**Article 33** When the Company convenes a general meeting, distributes dividends, engages in liquidation and engages in other acts that require determination of the identity of shareholders, the Board or the convenor of the general meeting shall determine the date of the shareholding registration, and the shareholders whose names appear on the register after the close of business on the date of the shareholding registration shall be the shareholders entitled to the relevant rights and interests.

**Article 34** The shareholders of the Company shall have the following rights:

- (1) to receive dividends and other forms of distribution of benefits in accordance with their share of the shares;
- (2) to request, convene, preside over, participate in or appoint a proxy to attend a general meeting in accordance with the law, and to exercise the corresponding rights to speak and vote;
- (3) to supervise the management of the Company and make recommendations or questions;
- (4) to transfer, gift or pledge the shares held by it in accordance with the provisions of laws, administrative regulations and the Articles of Association;

- (5) to inspect and copy the articles of association, register of shareholders, minutes of general meetings, resolutions of meetings of the Board, and financial accounting reports, and shareholders who comply with the regulations may inspect the accounting books and documents of the Company;
- (6) to participate in the distribution of the remaining property of the Company according to the share of shares held by him/her upon the termination or liquidation of the Company;
- (7) to request the Company to acquire their shares by shareholders who object to a resolution of a general meeting on a merger or division of a company;
- (8) other rights provided by laws, administrative regulations, departmental rules, rules of securities regulation of the place where the Company's shares are listed or the Articles of Association.

**Article 35** If a shareholder requests to inspect or copy the relevant information referred to in the preceding Article or requests for information, he/she shall provide the Company with written documents proving the type of shares held by him/her as well as the number of shares held by him/her, and the Company, after verifying the identity of the shareholder, shall provide the same in accordance with his/her request and in accordance with the provisions of the Company Law, the Securities Law and other laws and administrative regulations as well as the Articles of Association.

Where shareholders who individually or collectively hold more than 3% of the company's shares for more than 180 consecutive days request to inspect the Company's accounting books and accounting documents, the provisions of paragraphs (2), (3) and (4) of Article 57 of the Company Law shall apply.

Shareholders requesting inspection to or copying of information relating to wholly-owned subsidiaries of the Company shall be subject to the provisions of the preceding two paragraphs and shall comply with the provisions of the Securities Law and other laws and administrative regulations.

**Article 36** Where the content of a resolution of a general meeting or Board meeting of the Company violates laws or administrative regulations, the shareholders shall have the right to request the people's court to find it invalid.

If the procedures for convening a general meeting or Board meeting or the manner of voting thereat violate laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the shareholders shall have the right to request the people's court to revoke it within 60 days from the date on which the resolution is made. However, unless the convening procedure or voting method of the general meeting or board of directors' meeting is only slightly flawed and does not materially affect the resolution.

Where the Board, shareholders and other relevant parties dispute the validity of a resolution of a general meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling, the relevant parties shall implement the resolution of the general meeting. The Company, its directors and senior management shall effectively perform their duties to ensure the normal operation of the Company.

In the event that 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 CSRC and the stock exchanges, fully explain the impact, and actively cooperate with the implementation of the judgement or ruling after it has come into effect. Where correction of prior period matters is involved, it will be handled in a timely manner and fulfil the corresponding information disclosure obligations.

**Article 37** A resolution of the general meeting or the Board of the Company shall not be valid if any of the following circumstances apply:

- (1) failure to convene a general meeting or a meeting of the Board to make a resolution;
- (2) no votes were taken on the resolutions at the general meetings and Board meetings;
- (3) the number of persons attending the meeting or the number of votes held does not reach the number of persons or the number of votes held as stipulated in the Company Law or the Articles of Association;
- (4) the number of persons consenting to the resolution or the number of votes held does not reach the number of persons or the number of votes held as stipulated in the Company Law or the Articles of Association.

**Article 38** If the directors or senior management other than members of the Audit Committee violate the laws, administrative regulations or the provisions of the Articles of Association in the course of performing their duties for the Company and cause losses to the Company, shareholders holding individually or in aggregate more than 1% of the shares of the Company for more than 180 consecutive days shall have the right to request the Audit Committee in writing to bring a lawsuit to the people's court; and if the member of the Audit Committee violates the provisions of laws, administrative regulations or the Articles of Association in the course of performing its duties for the Company and causes losses to the Company, the aforesaid shareholders may request the Board in writing to institute legal proceedings in the people's court.

If the Audit Committee or the Board refuses to initiate a lawsuit upon receipt of a written request from a shareholder as stipulated in the preceding paragraph, or fails to initiate a lawsuit within 30 days from the date of receipt of the request, or if the situation is so urgent that failure to initiate a lawsuit immediately will result in irreparable damage to the interests of the Company, the shareholders as stipulated in the preceding paragraph shall have the right to initiate a lawsuit in their own names and directly in the people's courts for the interests of the Company.

If another person infringes upon the lawful rights and interests of the company and causes damage to the company, the shareholders as provided for in the first paragraph of this Article may bring an action in the people's court in accordance with the provisions of the preceding two paragraphs.

If the directors, supervisors or senior management of a wholly-owned subsidiary of the Company perform their duties in violation of laws, administrative regulations or the provisions of the Articles of Association and cause losses to the Company, or if others infringe upon the lawful rights and interests of a wholly-owned subsidiary of the Company and cause losses, the shareholders who have held individually or collectively more than 1% of the shares of the Company for a period of more than 180 consecutive days may, in accordance with the provisions of the preceding three paragraphs of Article 189 of the Company Law, request in writing that the wholly-owned The Audit Committee and the Board of a wholly-owned subsidiary may, in writing, request the Audit Committee and the Board of the wholly-owned subsidiary to file a lawsuit in the people's court or file a lawsuit directly in their own name.

**Article 39** In the event that a director or senior management member violates the provisions of laws, administrative regulations or the Articles of Association to the detriment of the interests of shareholders, the shareholders may file a lawsuit with the people's court.

**Article 40** The shareholders of the Company have the following obligations:

- (1) compliance with laws, administrative regulations and the Articles of Association;
- (2) payment of capital contributions in accordance with the shares they have subscribed for and the manner in which they have been subscribed for;
- (3) shall not withdraw its share capital except in the cases prescribed by laws and regulations;
- (4) the rights of shareholders shall not be abused to the detriment of the interests of the Company or other shareholders; the independent status of the company's legal personality and the limited liability of shareholders shall not be abused to the detriment of the interests of the company's creditors;

- (5) other obligations that should be assumed under the laws, administrative regulations, the rules of securities regulation of the place where the Company's shares are listed and the Articles of Association.

If a shareholder of the Company abuses the rights of shareholders to cause losses to the Company or other shareholders, he/she shall be liable for compensation in accordance with the law. If the shareholders of the Company abuse the independent status of the Company's legal person and the limited liability of the shareholders to evade debts and seriously harm the interests of the Company's creditors, they shall be jointly and severally liable for the debts of the Company.

**Article 41** Shareholders holding more than 5% of the Company's voting shares who pledge their shares shall make a written report to the Company from the date of occurrence of such fact.

## **Section 2 Controlling Shareholders and De Facto Controllers**

**Article 42** The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations and safeguard the interests of the listed company in accordance with the laws, administrative regulations, the CSRC and the stock exchanges.

**Article 43** Controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (1) to exercise general rights in accordance with the law, and do not abuse the right of control or take advantage of the relationship to harm the legitimate rights and interests of the Company or other shareholders;
- (2) to honour strictly the public statements and commitments made, and no unauthorized changes or exemptions are permitted;
- (3) to fulfil its information disclosure obligations in strict accordance with the relevant regulations, to proactively co-operate with the Company in making 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 occupy the funds of the Company in any way;
- (5) not to force, instruct or require the Company and related persons to provide guarantees in violation of the law;
- (6) not to make use of the Company's undisclosed material information to seek benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-term trading, market manipulation and other illegal and illicit behaviours;

- (7) not to harm the legitimate rights and interests of the Company and other shareholders in any way through non-fair connected transactions, profit distribution, asset reorganisation, foreign investment or any other means;
- (8) to ensure the integrity of the Company's assets, personnel independence, financial independence, organisational independence and business independence, and shall not affect the independence of the Company in any way;
- (9) other provisions stipulated by laws, administrative regulations, the CSRC, stock exchanges and the Articles of Association.

If the controlling shareholders or de facto controllers of the Company do not serve as directors of the Company but actually execute the affairs of the Company, the provisions of the Articles of Association on the duties of fidelity and diligence of the directors shall apply.

A controlling shareholder or de facto controller of the Company who instructs a director or senior management member to engage in an act detrimental to the interests of the Company or its shareholders shall be jointly and severally liable with such director or senior management member.

**Article 44** Controlling shareholders and de facto controllers who pledge shares of the Company held by them or at their actual disposal shall maintain the stability of the Company's control and production and operation.

**Article 45** Controlling shareholders and de facto controllers who transfer their shares in the Company shall comply with the restrictive provisions on the transfer of shares contained in the laws, administrative regulations, regulations of the CSRC and stock exchanges and their undertakings in respect of the restriction on the transfer of shares.

### **Section 3 General Provisions of General Meeting**

**Article 46** The general meeting of the Company is composed of all shareholders. The general meeting is the power of authority of the Company and exercises the following powers in accordance with the law:

- (1) to elect and replace directors who are not employee representatives, and deciding on matters relating to the remuneration of directors;
- (2) to consider and approve the reports of the Board;
- (3) to consider and approve the profit distribution plan and loss recovery plan of the Company;
- (4) to make a resolution on the increase or reduction of the registered capital of the Company;

- (5) to resolve on the issue of securities or debentures of the Company;
- (6) to make resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (7) to amend the Articles of Association;
- (8) to make a resolution on the engagement or dismissal of the accounting firm that undertakes the Company's auditing business;
- (9) to consider and approve the guarantees provided for in Article 47;
- (10) to consider the purchase or sale of material assets by the Company within one year that exceeds 30% of the Company's total audited assets for the most recent period;
- (11) to consider and approve the changes in the use of proceeds;
- (12) to consider the share incentive scheme and employee stock ownership plan;
- (13) to consider the connected transactions with connected persons with transaction amounts of more than RMB30 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets (except for the granting of cash assets and the provision of guarantees by the Company), connected transactions between the Company and the Company's directors and senior management and their spouses, and connected transactions in which the Company provides guarantees to connected persons;
- (14) to decide on the acquisition of the Company's shares under the circumstances set forth in sub-paragraphs (1) and (2) of paragraph 1 of Article 25 of the Articles of Association;
- (15) to consider other matters that should be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The general meeting may authorise the Board to make resolutions on the issuance of corporate bonds. Unless otherwise provided by laws, administrative regulations or departmental rules, the above powers and functions of the general meeting shall not be exercised by the Board or other institutions and individuals on behalf of the Board by way of authorisation.

**Article 47** The following acts of external guarantee of the Company shall be considered and approved by the general meeting:

- (1) the total amount of external guarantees provided by the Company and the Company's controlled subsidiaries exceeds any guarantee provided after 50% of the Company's latest audited net assets;
- (2) the total amount of the Company's external guarantees exceeds 30% of the total audited assets of the Company for the most recent period;
- (3) guarantees by the Company in an amount exceeding 30% of the Company's latest audited total assets within one year;
- (4) guarantees provided to guarantee recipients with gearing ratios exceeding 70%;
- (5) individual guarantees exceeding 10% of the latest audited net assets;
- (6) guarantees provided to shareholders, de facto controllers and their related parties;
- (7) other guarantees that should be considered by the general meeting as stipulated by laws, administrative regulations, departmental rules, the rules of securities regulation of the place where the Company's shares are listed or other regulatory documents.

When the Board considers the guarantee matters mentioned in the preceding paragraph, it must be considered and approved by more than two-thirds of the voting directors present at the Board meeting. When the general meeting considers the guarantee matters in the preceding sub-paragraph (3), it shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When a general meeting considers a proposal to provide guarantees for a shareholder, de facto controller and its connected persons, such shareholder or shareholders at the disposal of such de facto controller or connected person shall not participate in such vote, which shall be passed by a majority of the votes held by other shareholders present at the general meeting.

In the event that the Board or the general meeting violates the Articles of Association in relation to the approval authority and deliberation procedures for external guarantees, the relevant persons shall be held accountable in accordance with the provisions of the relevant laws, regulations, regulatory documents, the rules of the securities regulation of the place where the Company's shares are listed and the Articles of Association.

**Article 48** General meetings shall include annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year and shall be held within six months after the end of the previous fiscal year.

**Article 49** In any of the following cases, the Company shall convene an extraordinary general meeting within two months from the date of occurrence of the fact:

- (1) when the number of directors is less than the number prescribed in the Company Law or two-thirds of the number prescribed in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total share capital;
- (3) when requested by shareholders who individually or collectively hold more than 10% of the Company's shares;
- (4) when the Board considers necessary;
- (5) when the Audit Committee proposes to convene;
- (6) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If an extraordinary general meeting is convened in response to the requirements of the securities regulatory rules of the place where the Company's shares are listed, the actual date of the extraordinary general meeting may be adjusted in accordance with the progress of the approval by the stock exchange of the place where the Company's shares are listed.

**Article 50** The Company will hold the general meeting at the place of the Company's domicile or at the place set out in the notice of the general meeting. A venue shall be set up for the general meeting and it shall be held in the form of an on-site meeting. The Company shall also provide a means of Internet voting to facilitate shareholders' participation in the general meeting. Shareholders participating in the general meeting by the above means shall be deemed to be present.

After the notice of the general meeting is issued, the venue of the on-site general meeting shall not be changed without justifiable reasons. If a change is necessary, the convener shall make an announcement at least two working days prior to the date of the on-site meeting and explain the reasons.

**Article 51** The Company will engage a lawyer to issue a legal opinion on the following issues and make an announcement when the general meeting is convened:

- (1) whether the convening and convening procedures of the meeting are in compliance with the provisions of laws, administrative regulations and the Articles of Association;
- (2) whether the qualifications of the persons attending the meeting and the qualifications of the convener are legal and valid;

- (3) whether the voting procedures and results of the meeting are legal and valid;
- (4) legal opinions on other related issues at the request of the Company.

#### **Section 4 Convening of General Meeting**

**Article 52** The Board shall convene a general meeting on time and within the period specified in the Articles of Association. With the consent of a majority of all independent directors, the independent directors shall have the right to propose to the Board to convene an extraordinary general meeting. With respect to the proposal of the independent directors requesting to convene an extraordinary general meeting, the Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days after receiving the proposal. If the Board agrees to convene an extraordinary general meeting, it will issue a notice of convening the general meeting within 5 days after making a resolution of the Board ; if the Board does not agree to convene an extraordinary general meeting, it will state the reasons and make an announcement.

**Article 53** The Audit Committee shall have the right to propose to the Board to convene an extraordinary general meeting, which shall be submitted in writing to the Board. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days after receiving the proposal.

If the Board agrees to convene an extraordinary general meeting, it will issue a notice of the convening of the general meeting within 5 days after the Board's resolution is made, and any changes to the original proposal contained in the notice shall be subject to the consent of the Audit Committee.

If the Board does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days of receipt of the proposal, it is deemed that the Board is unable to perform or fails to perform its duty to convene a general meeting, and the Audit Committee may convene and preside over the meeting on its own.

**Article 54** Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting and shall submit their request in writing to the Board. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days after receiving the request.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of the convening of the general meeting within five days after the Board's resolution is made, and any changes to the original request contained in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee that an extraordinary general meeting be convened and shall submit their request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the convening of the general meeting within five days of receipt of the request, and any changes to the original request contained in the notice shall be subject to the consent of the shareholders concerned.

If the Audit Committee fails to give notice of a general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and that shareholders who individually or collectively hold more than 10% of the Company's shares for a period of more than 90 consecutive days may do so on their own.

**Article 55** If the Audit Committee or shareholders decide to convene a general meeting on its/their own, it/they shall notify the Board in writing and at the same time file a record with the Shenzhen Stock Exchange.

The shareholding of the convening shareholders shall not be less than 10% before the announcement of the resolution of the general meeting.

The Audit Committee or the convening shareholders shall submit the relevant supporting materials to the Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolution of the general meeting.

**Article 56** The Board and the secretary of the Board shall co-operate with any general meeting convened by the Audit Committee or by the shareholders themselves. The Board shall provide the register of shareholders as at the date of the shareholding registration.

**Article 57** In the case of a general meeting convened by the Audit Committee or by the shareholders themselves, the expenses necessary for the meeting shall be borne by the Company.

## **Section 5 Proposals and Notices of General Meeting**

**Article 58** The contents of the proposals shall fall within the terms of reference of the general meeting, have a clear topic and specific matters for resolution, and be in compliance with the relevant provisions of laws, administrative regulations, the rules of securities regulation of the place where the Company's shares are listed and the Articles of Association.

**Article 59** When the Company holds a general meeting, the Board, the Audit Committee and shareholders who individually or collectively hold more than 1% of the Company's shares shall have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may put forward a provisional proposal and submit it in writing to the convenor 10 days before the general meeting. The convenor shall issue a supplementary notice of the general meeting within 2 days after the receipt of the proposal, announcing the contents of the provisional proposal and submitting such provisional proposal to the general meeting for consideration. However, unless the provisional proposal is in violation of the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the terms of reference of the general meeting. If the general meeting has to be adjourned due to the publication of the supplementary notice of the general meeting in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the convening of the general meeting shall be adjourned in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except for the cases stipulated in the preceding paragraph, the convenor shall not amend the proposals already set out in the notice of general meeting or add new proposals after the announcement of the notice of general meeting has been issued.

No vote shall be taken, and no resolution shall be made at a general meeting on a proposal that is not set forth in the notice of the general meeting or that does not comply with the provisions of the Articles of Association.

**Article 60** The convenor shall notify shareholders by way of an announcement 21 days prior to an annual general meeting, and notify shareholders by way of an announcement 15 days prior to an extraordinary general meeting. The starting period of the notice of the meeting does not include the day on which the meeting is held.

**Article 61** The notice of the general meeting shall include the following:

- (1) time, place and duration of the meeting;
- (2) matters and proposals for consideration by the meeting;
- (3) to state in conspicuous language that all shareholders are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting, and that such proxy need not be a shareholder of the Company;
- (4) date of shareholding registration of shareholders entitled to attend the general meeting;
- (5) name and telephone number of the permanent contact person for conference services;

- (6) if any director or senior management member has a material interest in the matter to be discussed, the nature and extent of his/her interest should be disclosed; if the matter to be discussed affects that director or senior management member as a shareholder differently from other shareholders of the same class, the difference should be stated;
- (7) time and procedures for voting on the Internet or by other means.

**Article 62** If the general meeting intends to discuss the election of directors, the notice of the general meeting will fully disclose the details of the candidates for directors, including at least the following:

- (1) personal information such as educational background, work experience and part-time jobs;
- (2) whether there is any connection with the Company or the controlling shareholders and de facto controllers of the Company;
- (3) disclosure of the number of shares held in the Company;
- (4) whether he/she has been punished by the CSRC and other relevant authorities and disciplined by the stock exchange.

Except for the election of directors by a cumulative voting system, each candidate for a director shall be submitted as a separate proposal.

**Article 63** After giving notice of a general meeting, the meeting shall not be postponed or cancelled without a justifiable reason, and the proposals set out in the notice of the general meeting shall not be cancelled. In the event of postponement or cancellation, the convenor shall make an announcement at least 2 working days prior to the scheduled date of the meeting and explain the reasons. Where the securities regulatory rules of the place where the Company's shares are listed contain special provisions on the procedures for adjournment or cancellation of a general meeting, such provisions shall prevail to the extent that they do not contravene the regulatory requirements in the territory.

## **Section 6 Holding of General Meeting**

**Article 64** The Board and other convenors of the Company shall take necessary measures to ensure the normal order of the general meeting. With respect to acts of interference with general meetings, provocation and infringement of the legitimate rights and interests of shareholders, measures shall be taken to stop and promptly report to the relevant authorities for investigation and handling.

**Article 65** All shareholders or their proxies registered on the shareholding registration date are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws and regulations and the Articles of Association, unless individual shareholders are required by the securities regulatory rules of the place where the Company's shares are listed to waive their voting rights in respect of individual matters.

Any shareholder entitled to attend and vote at a general meeting may attend the general meeting in person and shall have the right to appoint one or more persons (such persons may not be shareholders) as his proxy(ies) to attend and vote on his/her behalf.

**Article 66** Individual shareholders attending the meeting in person shall present their own identity cards or other valid documents or certificates that can indicate their identity; if they appoint proxies to attend the meeting, they shall present their own valid identity cards and shareholders' power of attorney.

The corporate shareholders shall be represented at the meeting by the legal representative or the proxy entrusted by the legal representative. If the legal representative attends the meeting, he/she shall present his/her identity card, a valid certificate proving his/her qualification as the legal representative; if the proxy attends the meeting, he/she shall present his/her identity card, a written power of attorney issued by the legal representative of the corporate shareholder entity in accordance with the law (except for shareholders of a recognised clearing house and its nominees, as defined in the relevant ordinances from time to time in force under the laws of Hong Kong or the rules of the securities regulatory authorities in the place where the shares of the Company are listed), and such corporate shareholder shall be deemed to be present in person at the meeting if it has appointed a proxy in accordance with these Articles.

Where a shareholder is a recognised clearing house (or its proxies) as defined in the relevant regulations enacted in Hong Kong from time to time, it may authorise its corporate representative or one or more persons as it deems fit to act as its proxy(ies) at any general meeting. Where a shareholder is a recognised clearing house, the recognised clearing house may authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the shareholders or at any meeting of creditors; however, if more than one person is so authorised, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised may exercise the rights of a recognised clearing house (or its nominee(s)) on its behalf (without having to produce proof of shareholding, notarised power of attorney and/or further evidence of formal authorisation) in the same manner as if that person were an individual shareholder of the Company.

**Article 67** The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following information:

- (1) name of the principal, the class and number of shares held in the Company;
- (2) name of the proxy;
- (3) specific instructions from shareholders, including instructions to vote in favour of, against or abstain from voting on each matter to be considered on the agenda of the general meeting;
- (4) date of issue and period of validity of the power of attorney;
- (5) signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate entity shall be affixed.

**Article 68** The power of attorney shall be kept at the domicile of the Company or at such other place as specified in the notice of the meeting before 24 hours prior to the meeting at which the proxy is authorised to vote or before 24 hours prior to the specified time of the voting. If the power of attorney is signed by a person authorised by the principal to sign it, the power of attorney or other authorisation document authorised to be signed shall be notarised. The notarised power of attorney or other authorisation document together with the power of attorney shall be kept at the domicile of the Company or at such other place as specified in the notice convening the meeting.

If the principal is a legal person, its legal representative or a person authorised by a resolution of the Board or other decision-making body shall attend the Company's general meeting as a proxy.

**Article 69** The Company shall be responsible for the production of the meeting register of persons attending the meeting. The meeting register contains the names (or names of entities), identity card numbers, residential addresses, numbers of shares held or represented by voting rights, and names (or names of entities) of proxies of the persons attending the meeting.

**Article 70** The convener and the lawyers engaged by the Company will jointly verify the legitimacy of the shareholders' qualifications based on the register of shareholders provided by the securities registration and settlement institution, and register the names of the shareholders and the number of shares for which they hold voting rights. The registration of the meeting shall be terminated before the presiding officer of the meeting announces the number of shareholders and proxies attending the meeting on-site and the total number of shares holding voting rights.

**Article 71** Where a general meeting requests the attendance of directors and senior management, the directors and senior management shall attend the meeting and be available for questioning by shareholders. Subject to the securities regulatory rules of the place where the Company's shares are listed, the aforesaid persons may attend the meeting by means of Internet, video, telephone or other means with equivalent effect.

**Article 72** The Chairman of the Board of shall preside over the general meeting. In the event that the Chairman is unable to perform his/her duties or fails to perform his/her duties, the vice-chairman shall preside, and in the event that the vice-chairman is unable to perform his/her duties or fails to perform his/her duties, a majority of the directors shall jointly elect a director to preside.

The convenor of the Audit Committee shall preside at any general meeting convened by the Audit Committee itself. In the event that the convenor of the Audit Committee is unable to perform his/her duties or fails to perform his/her duties, a member of the Audit Committee shall be jointly elected by a majority of the members of the Audit Committee to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convenors.

If the presiding officer of a general meeting violates the rules of procedure and makes it impossible for the meeting to continue, the general meeting may elect a person to act as the presiding officer and continue the meeting with the consent of the shareholders present on-site at the general meeting and having the right to vote in the majority of the general meeting.

**Article 73** The Company shall formulate rules of procedure for general meetings, stipulating in detail the convening, convening and voting procedures for general meetings, including notification, registration, deliberation of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and their signatures, and public announcements, etc., as well as the principle of authorisation by the general meeting of the Board, which shall be clear and specific. The rules of procedure of the general meeting shall be annexed to the articles of association, drawn up by the Board and approved by the general meeting.

**Article 74** At the annual general meeting, the Board shall make a report to the general meeting on their work in the past year. Each independent director shall also make a report on his/her duties.

**Article 75** Directors and senior management provide explanations and clarifications on shareholders' enquiries and suggestions at general meetings.

**Article 76** The presiding officer of the meeting shall announce the number of shareholders and proxies attending the meeting on-site and the total number of shares holding voting rights before the voting, and the number of shareholders and proxies attending the meeting on-site and the total number of shares holding voting rights shall be based on the registration of the meeting.

**Article 77** There shall be minutes of the general meeting, which shall be taken by the secretary of the Board. The minutes shall record the following:

- (1) time, place and agenda of the meeting and the name or names of the convenor;
- (2) names of the presiding officer of the meeting and the directors and senior management present at the meeting;
- (3) number of shareholders and proxies attending the meeting, the total number of shares holding voting rights and the percentage of the total number of shares of the Company;
- (4) consideration of each proposal, highlights of statements and voting results;
- (5) shareholders' queries or suggestions and the corresponding replies or explanations;
- (6) names of lawyer and vote counter(s) and scrutineer(s);
- (7) other contents that should be included in the minutes of the meeting as stipulated in the Articles of Association and the rules of securities regulation of the place where the Company's shares are listed.

**Article 78** The convenor shall ensure that the contents of the minutes are true, accurate and complete. The directors, secretary of the Board, the convenor or his/her representative and the presiding officer of the meeting attending the meeting shall sign the minutes. The minutes shall be kept together with the signature book of the shareholders attending the meeting on-site and the proxy form for proxy attendance, and the valid information on the voting situation on the Internet and other means for a period of not less than 10 years.

**Article 79** The convenor shall ensure that the general meeting is held continuously until a final resolution is formed. If the general meeting is suspended or no resolution can be made due to force majeure or other special reasons, necessary measures shall be taken to resume the convening of the general meeting as soon as possible or to terminate the current general meeting directly, and a timely announcement shall be made. At the same time, the convenor shall report to the Hunan Securities Regulatory Bureau and the Shenzhen Stock Exchange.

## **Section 7 Voting and Resolutions at General Meetings**

**Article 80** Resolutions of the general meeting are categorised into ordinary resolutions and special resolutions.

An ordinary resolution at a general meeting shall be passed by a majority of the votes held by the shareholders (including shareholders' proxies) present at the general meeting.

A special resolution at a general meeting shall be passed by more than two-thirds of the votes held by the shareholders (including shareholders' proxies) present at the general meeting.

**Article 81** The following matters shall be passed by ordinary resolutions at the general meeting:

- (1) reports on the work of the Board;
- (2) profit distribution plan and loss recovery plan prepared by the Board;
- (3) appointment and removal of members of the Board and their remuneration and method of payment;
- (4) matters other than those stipulated by the provisions of laws, administrative regulations, the rules of securities regulation of the place where the Company's shares are listed, or the Articles of Association, which shall be passed by special resolution.

**Article 82** The following matters shall be passed by special resolutions at the general meeting:

- (1) increases or decreases its registered capital of the Company;
- (2) separation, division, merger, dissolution and liquidation (including voluntary winding-up) of the Company;
- (3) amendments to the Articles of Association;
- (4) amount of the company's purchase or sale of significant assets or provision of guarantees to others within one year exceeding 30% of the Company's total audited assets for the most recent period;
- (5) equity incentive plans;
- (6) adjustment or change of cash dividend policy;
- (7) to consider and approve the plan for the acquisition of the Company's shares in accordance with the circumstances set forth in sub-paragraphs (1) and (2) of paragraph 1 of Article 25 of the Articles of Association;

- (8) other matters required to be passed by special resolution as prescribed by laws, administrative regulations, the rules of securities regulation of the place where the Company's shares are listed or the Articles of Association, and as determined by the general meeting by an ordinary resolution to have a significant impact on the Company.

Where the share capital of the Company comprises different classes of shares, unless otherwise provided, a variation of the rights attached to the shares of any one of those classes shall require the approval of the shareholders present and voting at a meeting of the shareholders of that class by a special resolution. For the purposes of this Article, the A shares and the H shares of the Company shall be deemed to be of the same class.

**Article 83** Shareholders (including shareholders' proxies) exercise their voting rights by the number of voting shares they represent, with each share entitled to one vote. On a poll taken at a meeting, a shareholder (including proxies) entitled to two or more votes need not cast all his/her votes in the same way.

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

Shares of the Company held by the Company do not have voting rights and such shares are not counted in the total number of shares with voting rights present at the general meeting.

In the event that a shareholder's purchase of voting shares of the Company violates the provisions of paragraphs (1) and (2) of Article 63 of the Securities Law, such shares in excess of the prescribed percentage shall not be allowed to exercise voting rights for a period of 36 months after the purchase and shall not be counted towards the total number of voting shares present at the general meeting.

In accordance with the relevant laws and regulations and the requirements of the securities regulatory rules of the place where the Company's shares are listed, if any shareholders are required to waive their voting rights in respect of the relevant motions, or if any shareholders are restricted from voting only in favour of or against the designated motions, any votes cast by or on behalf of such shareholders in contravention of the foregoing provisions or restrictions shall not be counted as part of the voting result.

The Board, independent directors, shareholders holding more than 1% of the voting shares of the Company, or an investor protection agency established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall fully disclose specific voting intentions and other information to the person being solicited. Solicitation of shareholders' voting rights by way of compensation or disguised compensation is prohibited. In addition to the statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

**Article 84** When a general meeting considers matters relating to connected transactions, shareholders (including authorised proxies) who are connected with such matters may attend the general meeting and may give explanations and clarifications to the general meeting as to whether or not such connected transactions are fair and lawful and the reasons for such transactions, etc., but shall not participate in the voting on such matters, and the number of voting shares represented by such shareholders shall not be counted as the total number of valid votes cast; and announcements of general meetings' resolutions shall fully disclose the voting status of the non-connected shareholders. The announcement of the resolution of the general meeting shall fully disclose the voting status of non-connected shareholders.

Connected transactions between the Company and its connected parties with a transaction amount of more than RMB30 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets (except for the granting of cash assets and the provision of guarantees by the Company), connected transactions between the Company and the Company's directors and senior management and their spouses, and connected transactions in respect of the provision of guarantees by the Company to its connected persons shall be submitted to the general meeting of the Company for consideration and, in addition, connected transactions shall be the Board of the Company shall consider and decide on such transactions in accordance with the principle of recusal of connected directors from voting.

The following are the procedures for recusal and voting of shareholders with related relationships at the general meeting to consider matters of connected transactions:

- (1) if a matter under consideration at a general meeting is related to a shareholder, the shareholder shall disclose his/her relationship to the Board of the Company prior to the date of the general meeting and voluntarily apply for recusal;
- (2) when the general meeting considers matters relating to connected transactions, the presiding officer of the meeting announces the shareholders who are connected and explains and illustrates the connection between the connected shareholders and the connected transaction matters;
- (3) the presiding officer of the meeting announced that the connected shareholders would recuse themselves, and the non-connected shareholders would deliberate and vote on the connected transaction matters;
- (4) ordinary resolutions on connected transactions at a general meeting shall be valid only if they are passed by a majority of the voting rights held by the non-connected shareholders present at the general meeting with the right to vote. If the transaction falls within the scope of a special resolution, the resolution of the general meeting shall be valid only if it is passed by more than two-thirds of the voting rights held by the voting non-connected shareholders present at the general meeting.

If the connected shareholder does not take the initiative to apply for recusal, other shareholders or representatives of shareholders attending the general meeting shall have the right to request the connected shareholder to disqualify himself/herself from the meeting; if, upon the request for recusal made by other shareholders or representatives of shareholders, the Shareholder whose recusal has been requested considers that he/she does not fall within the scope of recusal, the presiding officer of the general meeting shall, depending on the circumstances, discuss the matter with the on-site directors and connected shareholders, and make a decision on the recusal.

**Article 85** Except for special circumstances such as the Company being in a crisis, the Company will not enter into a contract with a person other than a director or a senior management member that places the management of all or an important part of the Company's business in the person's charge, unless approved by the general meeting by means of a special resolution.

**Article 86** The list of candidates for directors is submitted to the general meeting for a vote by way of a proposal.

When the general meeting votes on the election of directors, the cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolution of the general meeting; when the number of candidates is two or more, the cumulative voting system shall be implemented.

The cumulative voting system referred to in the preceding paragraph means that when a general meeting elects directors, each share shall have the same number of voting rights as the number of directors to be elected, and the voting rights owned by the shareholders may be centrally used. The Board shall announce to the shareholders the biography and basic information of the candidate directors.

The manner and procedure for the nomination of directors shall be as following:

- (1) the Board and shareholders holding, individually or in aggregate, more than 1% of the Company's shares have the right to propose new candidates for directors;
- (2) when shareholders who individually or collectively hold more than 1% of the shares of the Company propose a new candidate for director, they shall submit proof of their eligibility for nomination and the necessary information of the proposed candidate to the Board 10 working days prior to the general meeting, where the Board shall examine whether the nomination and the nominee are in compliance with the provisions of the relevant laws and regulations, and the Board shall notify the shareholders of any nominee who passes the examination and submit the nominee to the shareholders for election at the general meeting;

- (3) manner and procedures for the nomination of independent directors shall be in accordance with the relevant provisions of laws, administrative regulations and departmental rules;
- (4) directors who are employee representatives shall be democratically elected or replaced by the employees of the Company through employee congresses, staff meetings or other forms.

**Article 87** In addition to the cumulative voting system, the general meeting will vote on all proposals one by one, and if there are different proposals on the same matter, the proposals will be voted on in the order in which they were submitted. The general meeting will not set aside or withhold voting on the proposals unless the general meeting is suspended or unable to reach a resolution due to special reasons such as force majeure.

**Article 88** No changes will be made to the proposals when they are considered at the general meeting, otherwise the changes shall be considered as a new proposal and cannot be voted on at this general meeting.

**Article 89** The same voting right can only choose one of the on-site, online or other voting methods. In the event of a repeat vote on the same voting right, the result of the first vote shall prevail.

**Article 90** The general meeting was held by secret ballot.

**Article 91** Before a general meeting votes on a proposal, it shall elect two shareholders' representatives to participate in the counting and supervision of votes. If the matter under consideration is related to a shareholder, the shareholder concerned and his/her proxy shall not participate in the counting of votes or the supervision of votes.

When the general meeting votes on the proposal, the lawyers, the shareholders' representatives shall be responsible for counting and supervising the votes, and the results of the voting shall be announced on the spot, and the voting results of the resolution shall be recorded in the minutes of the meeting. Subject to the relevant domestic laws, regulations and regulatory rules, if the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail accordingly.

Shareholders of the Company or their proxies who cast their votes through the Internet or other means are entitled to check their voting results through the corresponding voting system.

**Article 92** The general meeting shall end on-site no earlier than online or otherwise, and the presiding officer of the meeting shall announce the vote on each proposal and the result thereof, and whether or not the proposal has been adopted in accordance with the result of the vote.

Prior to the official announcement of the voting results, the Company, vote counters, scrutineers, shareholders, network service provider and other relevant parties involved in the on-site general meeting, the network and other voting methods shall be under a duty of confidentiality with respect to the voting situation.

**Article 93** Shareholders attending the general meeting shall express one of the following opinions on the proposals submitted for voting: for, against, or abstain. Unless the securities registry and clearing institution, as the nominal holder of the shares under the mechanism for the Mainland-Hong Kong Stock Connect, makes a declaration in accordance with the intention of the actual holder.

Votes that are not filled in, incorrectly filled in, illegible, or not cast shall be deemed to be a waiver of the voter's right to vote, and the number of shares held by the voter shall be counted as an "abstain".

**Article 94** The presiding officer may organise a count of the votes cast if he/she has any doubt as to the result of a resolution put to the vote; if the presiding officer fails to carry out a count of the votes, shareholders or shareholders' agents present at the meeting who disagree with the result announced by the presiding officer shall have the right to request for a count of the votes immediately after the announcement of the result of the vote, and the presiding officer shall organise a count of the votes immediately.

**Article 95** Resolutions of a general meeting shall be announced in a timely manner, and the announcement shall set out the number of shareholders and proxies attending the meeting, the total number of shares holding voting rights and their proportion to the total number of voting shares of the Company, voting manner of, voting results on each proposal and the details of each resolution adopted.

If the proposal is not passed, or if the current general meeting changes the resolution of the previous general meeting, a special reminder shall be made in the announcement of the resolution of the general meeting.

**Article 96** If the general meeting adopts a proposal for the election of directors, the proposal shall also specify the time when the new directors shall take office.

**Article 97** In the event that the general meeting approves a proposal for cash distribution, share dividends or capitalisation of capital surplus, the Company will implement the specific proposal within 2 months after the general meeting. If it is not possible to implement the specific proposal within 2 months in accordance with the provisions of laws and regulations and the rules of securities regulation of the place where the Company's shares are listed, the date of implementation of the specific proposal may be adjusted accordingly in accordance with such provisions and the actual situation.

## CHAPTER V DIRECTORS AND BOARD OF DIRECTORS

### Section 1 General Provisions of Directors

**Article 98** A director of the Company who is a natural person shall not act as a director of the Company in any of the following circumstances:

- (1) a person who has no capacity or has restricted capacity for civil conduct;
- (2) a person has been sentenced for embezzlement, bribery, misappropriation of property, misappropriation of property or disruption of the socialist market economic order, or has been deprived of his/her political rights for a crime, and the period of execution has not exceeded five years, and if he/she has been pronounced on probation, the period of probation has not exceeded two years from the date of expiry of the probationary period;
- (3) a person who is a director or a factory director or manager of a company or an enterprise in bankruptcy or liquidation is personally responsible for the bankruptcy of the company or enterprise, not more than three years have elapsed since the date of the completion of the liquidation of the bankruptcy or liquidation of the company or enterprise;
- (4) a person who is the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down because of a violation of the law, and if he/she is personally responsible for it, not more than three years have elapsed since the date on which the company or enterprise has had its business license revoked or has been ordered to close down;
- (5) a person who have been classified by the people's court as executors in default because they have incurred debts of a large amount that have not been settled by the due date;
- (6) a person who has been prohibited from entering the securities market by the CSRC with the penalty period not yet expired;
- (7) a person who has been publicly recognised by the stock exchange as unsuitable to serve as a director or senior management member of a listed company with the penalty period not yet expired;
- (8) other contents as stipulated by laws, administrative regulations, departmental rules or regulatory rules of the place where the Company's shares are listed.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or designation shall be null and void.

In the event that a director of the Company encounters any of the circumstances set forth in sub-paragraphs (1) to (6) of paragraph 1 during his/her term of office or an independent director does not meet the requirements for independence, the relevant director shall immediately stop performing his or her duties and the Company shall remove him or her from his/her position in accordance with the relevant provisions. In the event that a director of the Company encounters any of the circumstances set forth in sub-paragraph (7) or (8) of paragraph 1 during his/her term of office, the Company shall remove him or her from his/her position within 30 days from the date of occurrence of such fact. Unless otherwise specified by the stock exchange.

If the relevant director should be removed from office but has not yet been removed from office to attend and vote at meetings of the Board and its specialised committees, or specialised meetings of independent directors, his/her vote shall be invalid.

**Article 99** Directors are elected or replaced by the general meeting and may be removed by the general meeting before the expiry of their terms of office. Directors are elected for a term of three years and are eligible for re-election at the end of the term. A director may be removed from office by an ordinary resolution of the shareholders at general meeting before the expiration of his/her term of office, but such removal shall be without prejudice to any claim for damages that such director may have under any contract.

The term of office of the directors shall be calculated from the date of their assumption of office until the expiry of the term of office of the current Board. If a director is not re-elected in a timely manner upon expiry of his/her term of office, the original director shall still perform his/her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the re-elected director assumes office.

Directors may be concurrently held by senior management, but the total number of directors who also hold senior management positions and directors who are employee representatives shall not exceed one-half of the total number of directors of the Company.

**Article 100** Directors shall comply with the provisions of laws, administrative regulations and the Articles of Association, bear a duty of fidelity to the Company, shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not make use of their powers to gain undue advantage.

Directors shall bear the following duties of fidelity to the Company:

- (1) shall not misappropriate the property or embezzle the funds of the Company;
- (2) no Company's funds shall be stored in an account in his/her personal name or in the name of others;
- (3) shall not use his/her official position to bribe or receive other illegal income;

- (4) no contract or transaction shall be entered into directly or indirectly with the Company without being reported to the Board or the general meeting and approved by a resolution of the general meeting or the Board in accordance with the provisions of the Articles of Association;
- (5) shall not make use of the convenience of his/her position to seek for himself/herself or others business opportunities that should belong to the Company, except when such business opportunities are reported to the Board or the general meeting and approved by a resolution of the general meeting, or when the Company is unable to make use of such business opportunities in accordance with the provisions of the laws, administrative regulations or the Articles of Association;
- (6) no business of the same kind as that of the Company shall be conducted on its own account or for others without reporting to the Board or the general meeting and a resolution passed by the general meeting;
- (7) shall not appropriate for his/her own use commissions received by others for transactions with the Company;
- (8) shall not disclose company secrets without authorisation;
- (9) shall not take advantage of their affiliation to the detriment of the Company's interests;
- (10) other duties of fidelity stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Income derived by a director in violation of the provisions of this Article shall belong to the Company; if it causes losses to the Company, he/she shall be liable for compensation.

The provisions of sub-paragraph (4) of paragraph 2 of this Article shall apply to the conclusion of contracts or transactions with the Company by close relatives of the directors or senior management members, enterprises directly or indirectly controlled by the directors or senior management members or their close relatives, as well as connected persons with whom the directors or senior management members have other connected relationships.

**Article 101** Directors shall comply with the provisions of laws, administrative regulations and the Articles of Association, and shall have a duty of diligence to the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.

Directors shall bear the following duties of diligence to the Company:

- (1) The rights granted by the Company shall be exercised prudently, conscientiously and diligently to ensure that the Company's business practices are in compliance with laws and administrative regulations of the State as well as the requirements of various national economic policies, and that the business activities do not exceed the scope of business specified in the business license;
- (2) all shareholders shall be treated fairly;
- (3) keeping abreast of the status of the Company's business operations and management;
- (4) shall sign a written confirmation of the Company's periodic reports, and ensure that the information disclosed by the Company is true, accurate and complete;
- (5) shall truthfully provide the Audit Committee with relevant information and data, and shall not impede the Audit Committee or members of the Audit Committee in the exercise of their powers;
- (6) other duties of diligence stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 102** A director who fails to attend two consecutive Board meetings in person and does not delegate another director to attend the Board meeting shall be deemed unable to fulfil his/her duties and the Board shall recommend to the general meeting to remove him/her from the position.

Subject to the securities regulatory rules of the place where the Company's shares are listed, a director who attends a meeting of the Board by means of Internet, video, telephone or other means with equivalent effect shall also be deemed to be present in person.

**Article 103** A director may submit his/her resignation before the expiry of his/her term of office. The resignation of a director shall submit a written resignation report to the Board, and the resignation shall take effect on the date of receipt of the resignation report by the Company, and the Board shall disclose the relevant information within 2 days.

In the event that the Board of the Company falls below the minimum number required by law as a result of the resignation of a director, or that there are no accounting professionals among the independent directors as a result of the resignation of an independent director, the original director shall still be required to perform the duties of a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the re-elected director assumes office.

**Article 104** The Company has established a system for managing the departure of directors, and has clarified the safeguards for pursuing and recovering liability for unfulfilled public commitments and other outstanding matters. When a director's resignation becomes effective or his/her term of office expires, he/she shall complete all handover procedures to the Board. His/her duty of loyalty to the Company and shareholders is not ipso facto discharged after the end of his/her term of office, and remains effective for two years after the effective date of his/her resignation or the expiration of his/her term of office. The obligation to keep the Company's trade secrets confidential shall remain in effect after the end of his/her term of office until such secrets become public information. A director's liability arising from the performance of his/her duties during his/her term of office shall not be waived or terminated by his/her departure from office.

**Article 105** The general meeting may resolve to dismiss a director, and the dismissal shall take effect on the date of the resolution. If a director is dismissed before the expiration of his/her term of office without a valid reason, the director may request the company to compensate him or her.

**Article 106** No director may act in his/her personal capacity on behalf of the Company or the Board without the provisions of the Articles of Association or the legal authorisation of the Board. When a director acts in his/her personal capacity, he/she shall declare his/her position and identity in advance in cases where a third party would reasonably believe that the director is acting on behalf of the company or the Board.

**Article 107** The Company shall be liable for any damage caused to others by a director in the performance of his/her duties for the Company; the director shall also be liable for compensation if he/she is wilful or grossly negligent. If a director violates the provisions of laws, administrative regulations, departmental rules or the Articles of Association in the performance of his/her duties for the Company and causes damage to the Company, he/she shall be liable for compensation.

**Article 108** The qualifications, nomination and resignation of independent directors shall be carried out in accordance with the laws, regulations, other regulatory documents, securities regulatory rules of the place where the Company's shares are listed and relevant provisions of the Company's management system.

## **Section 2 Board of Directors**

**Article 109** The Company shall have a board of directors (the “Board”), which is responsible to the general meeting.

The Board of the Company has established the Audit Committee and, as required, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee. The specialised committees are accountable to the Board and perform their duties in accordance with the Articles of Association and the authorisation of the Board, and their proposals shall be submitted to the Board for deliberation and decision. The members of the specialised committees shall all consist of directors, with independent directors constituting the majority and acting as convenors of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and the convenor of the Audit Committee being an accounting professional. The establishment and composition of specialised committees shall be decided by the general meeting, and the Board shall be responsible for formulating the working procedures of the specialised committees and regulating the operation of the specialised committees.

**Article 110** The Board shall consist of eight directors, four of whom shall be independent directors and one of whom shall be a staff representative director.

**Article 111** The Board shall exercise the following powers:

- (1) to convene the general meeting and report to the general meeting;
- (2) to implement the resolutions of the general meeting;
- (3) to decide on the company’s business plan and investment plan;
- (4) to formulate the Company’s profit distribution plan and loss recovery plan;
- (5) to formulate plans for the increase or reduction of the registered capital, the issuance of bonds or other securities and the listing of the Company;
- (6) to make a resolution on the plan for the acquisition of the Company’s shares in accordance with the circumstances set out in sub-paragraph (3), (4) and (5) of paragraph 1 of Article 25 of the Articles of Association;
- (7) to draw up proposals for major acquisitions of the Company, acquisition of the Company’s shares or mergers, divisions, dissolutions and changes in the form of the Company;

- (8) to decide on the Company's foreign investment, acquisition and sale of assets, asset mortgages, external guarantee matters, entrusted wealth management, connected transactions, external donations and other matters within the scope of authorisation by the general meeting;
- (9) to decide on the establishment of internal management bodies of the Company;
- (10) to decide on the appointment or dismissal of the general manager and other senior management members of the Company, and decide on matters of remuneration, rewards and punishments thereof; based on the nomination of the general manager, decide on the appointment or dismissal of the deputy general managers, the person in charge of finance and other senior management members of the Company, and decide on matters of remuneration, rewards and punishments thereof;
- (11) to develop the basic management system of the Company;
- (12) to establish a plan for the revision of the Articles of Association;
- (13) to manage corporate disclosure matters;
- (14) to propose to the general meeting the appointment or replacement of the accounting firm that audits the Company;
- (15) to receive reports on the work of the general manager of the Company and to inspect the work of the general manager;
- (16) other powers and functions conferred by laws, administrative regulations, departmental rules, the rules of securities regulation of the place where the Company's shares are listed or the Articles of Association.

Matters exceeding the scope of authorisation by the general meeting shall be submitted by the Board to the general meeting for consideration.

**Article 112** The Board of the Company shall give an explanation to the general meeting on the non-standard audit opinion issued by the certified public accountant on the financial reports of the Company.

**Article 113** The Board has formulated the rules of procedure of the Board to ensure that the Board implements the resolutions of the general meeting, improves work efficiency and ensures scientific decision-making. The rules of procedure of the Board shall be annexed to the articles of association and shall be drafted by the Board at and submitted to the general meeting for approval.

**Article 114** The Board shall determine the authority of foreign investment, acquisition and sale of assets, asset mortgages, external guarantee matters, entrusted wealth management, connected transactions, external donations, etc., and establish strict review and decision-making procedures; major investment projects shall be organised to be evaluated by relevant experts and professionals and reported to the general meeting for approval.

- (1) Approval authority for transactions such as outward investment, acquisition or sale of assets (excluding purchases or sales of assets related to daily operations), entrusted wealth management, pledge of assets, and external donations:
  1. Where the total amount of assets involved in the transaction (where both book value and appraised value exist, whichever is higher) accounts for 10% or more of the company's latest audited total assets, the transaction shall be considered and approved by the Board. However, if the total amount of assets involved in the transaction accounts for more than 50% of the company's latest audited total assets, and if the cumulative calculation of investments of the same kind for twelve consecutive months reaches 30% of the latest audited total assets, the transaction shall also be submitted to the general meeting for consideration and approval by more than two-thirds of the votes held by shareholders present at the meeting;
  2. Where the subject of the transaction (e.g. equity) in the most recent fiscal year related operating income accounts for more than 10% of the company's audited operating income in the most recent fiscal year and the absolute amount exceeds RMB10 million, the Board shall consider and approve the transaction. However, if the subject of the transaction (e.g., equity interests) in the most recent fiscal year related operating revenues accounted for more than 50% of the company's audited operating revenues in the most recent fiscal year, and the absolute amount exceeded RMB50 million, it shall also be submitted to the general meeting for deliberation and approval;
  3. If the net profit related to the subject of the transaction (e.g., equity) in the most recent fiscal year accounts for more than 10% of the company's audited net profit in the most recent fiscal year and the absolute amount exceeds RMB1 million, it shall be submitted to the Board for consideration and approval. Where the net profit related to the subject matter of the transaction (e.g., equity) in the most recent fiscal year accounts for more than 50% of the company's audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB5 million, it shall also be submitted to the general meeting for consideration;

4. Where the transaction amount (including the assumption of liabilities and expenses) of the transaction accounts for more than 10% of the company's latest audited net assets and the absolute amount exceeds RMB10 million, the transaction shall be considered and approved by the Board. Where the transaction amount (including the assumption of debts and expenses) of the transaction accounts for more than 50% of the Company's latest audited net assets and the absolute amount exceeds RMB50 million, it shall also be submitted to the general meeting for consideration;
5. Where the profit generated by the transaction accounts for more than 10% of the Company's audited net profit for the most recent accounting year and the absolute amount exceeds RMB1 million, the transaction shall be considered and approved by the Board. Where the profit arising from the transaction accounts for more than 50% of the Company's audited net profit for the most recent accounting year and the absolute amount exceeds RMB5 million, it shall also be submitted to the general meeting for consideration;

If the data involved in the calculation of the above indicators is negative, the absolute value shall be taken for calculation. Where a transaction incurred by the Company only meets the criteria in paragraphs 3 or 5 above and the absolute value of the Company's earnings per share for the most recent fiscal year is less than RMB0.05, the Company may apply to the Shenzhen Stock Exchange for an exemption from the application of the provisions of this Article to be submitted to the general meeting for consideration. Where the relevant obligations have been fulfilled in accordance with the provisions of the preceding paragraph, they shall no longer be included in the relevant cumulative calculation.

- (2) Matters relating to external guarantees of the Company must be considered and approved by more than two-thirds of the directors present at a meeting of the Board, and in respect of the external guarantees referred to in Article 47 of the Articles of Association, they shall also be submitted to the general meeting for approval;
- (3) Approval authority for connected transactions:
  1. The Board shall consider and approve any connected transaction between the Company and a connected natural person with a transaction amount of RMB300,000 or more;
  2. The Board shall consider and approve any connected transaction between the Company and a connected legal person with a transaction amount of more than RMB3 million and accounting for more than 0.5% of the absolute value of the Company's latest audited net assets;

3. Connected transactions between the Company and its directors and senior management and their spouses shall be submitted to the general meeting for consideration and approval;
4. The Company shall submit to the general meeting for consideration and approval any transaction with a related person (except for the granting of cash assets to the Company and the provision of guarantees) with an amount of more than RMB30 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets;
5. Any guarantee provided by the Company for a related person, regardless of the amount, shall be submitted to the general meeting for consideration and approval after consideration by the Board.

Notwithstanding the foregoing, if the Company enters into transactions that may constitute related/connected transactions and/or discloseable transactions under the securities regulatory rules of the place where the Company's shares are listed, the Company is required to comply with the relevant laws, regulations, regulatory documents and securities regulatory rules of the place where the Company's shares are listed.

**Article 115** The Board shall have a chairman and a vice chairman, both of whom shall be elected by the Board by a majority of all directors.

**Article 116** The Chairman of the Board shall exercise the following powers:

- (1) to preside over the general meetings and to convene and preside over the meetings of the Board;
- (2) to supervising and checking the implementation of the resolutions of the Board;
- (3) to sign documents of the Board and other documents that should be signed by the Company's legal representative;
- (4) to exercise the powers of the legal representative;
- (5) other powers and functions delegated by the Board.

**Article 117** The vice-chairman of the Company shall assist the Chairman of the Board, and if the Chairman of the Board is unable to perform his/her duties or fails to perform his/her duties, the vice-chairman shall perform his/her duties; if the vice-chairman of the Board is unable to perform his/her duties or fails to perform his/her duties, the majority of the directors shall jointly elect a director to perform his/her duties.

**Article 118** The Board shall meet at least twice a year and shall be convened by the Chairman of the Board, who shall notify the directors, general manager and, if necessary, other senior management members of the Company 14 days prior to the meeting by hand delivery, e-mail, fax, telephone, WeChat, post or other means.

**Article 119** Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the Audit Committee may propose to convene an extraordinary meeting of the Board. The Chairman of the Board shall convene and preside over the meeting of the Board within 14 days from the receipt of the proposal.

**Article 120** An extraordinary meeting of the Board shall be convened by notifying all directors by hand delivery, e-mail, fax, telephone, WeChat, post or other means 3 days prior to the meeting.

If there are special circumstances that require the Board to make an immediate resolution, the convening of an extraordinary meeting for the purpose of the Company's interests may be exempted from the restrictions on the manner of notification and the time limit for notification set forth in the preceding paragraph.

**Article 121** The notice of the Board meeting shall include the following:

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) subject matter and issues;
- (4) date of the notification.

**Article 122** A meeting of the Board shall be held with the attendance of a majority of the directors. Resolutions made by the Board shall be passed by a majority of all directors, unless otherwise provided for in stricter provisions of laws, regulations and the Articles of Association.

Voting on resolutions of the Board shall be by one person, one vote.

**Article 123** If a director has a relationship with an enterprise or individual involved in a matter resolved at a meeting of the Board, the director shall promptly report to the Board in writing and shall not exercise his/her voting rights on the resolution, nor shall he/she act as a proxy for any other director in exercising his/her voting rights. The meeting of the Board shall be held when a majority of the unrelated directors are present, and the resolutions of the Board meeting shall be passed by a majority of the unrelated directors. If the number of unrelated directors present at a Board meeting is less than three, the matter shall be submitted to the general meeting for consideration. If there are any additional restrictions imposed by laws and regulations and the securities regulatory rules of the place where the Company's shares are listed on the participation of directors in the Board's meetings and voting, the provisions shall prevail accordingly.

**Article 124** Board resolutions are voted on by secret ballot.

Extraordinary meetings of the Board may be conducted and resolutions may be made by telephone, fax and e-mail and signed by the participating directors on the premise of safeguarding the full expression of opinions by the directors.

Directors shall sign the Board 's resolutions and be responsible for the resolutions of the Board. If a board resolution violates laws, regulations or the Articles of Association and causes the Company to suffer losses, the director who participated in the resolution shall be liable to the Company for compensation. However, the director may be exempted from liability if it is proved that he/she has expressed his/her dissent during the voting and recorded it in the minutes of the meeting.

**Article 125** At meetings of the Board, the directors shall attend in person; if a director is unable to attend for any reason, he/she may delegate in writing to another director to attend on his/her behalf, and the letter of proxy shall contain the name of the proxy, the matters to be represented, the scope of the authorisation and the validity period, and shall be signed or stamped by the delegate. The director attending the meeting on behalf of the proxy shall exercise the rights of a director within the scope of authorisation. A director who fails to attend a meeting of the Board and fails to appoint a proxy to attend the meeting shall be deemed to have waived his/her right to vote at that meeting.

**Article 126** The Board shall make minutes of its decisions on the business transacted at the meeting, which shall be signed by the directors present at the meeting.

The minutes of the Board's meetings are kept as company records for a period of not less than 10 years.

**Article 127** The minutes of the Board meetings shall include the following:

- (1) date and place of the meeting and the name of the convenor;
- (2) names of the directors present and the names of the directors (proxies) who have been delegated to attend the Board ;
- (3) agenda of the meeting;
- (4) speaking points of directors;
- (5) manner and result of voting on each resolution (the result of the voting shall indicate the number of votes in favour, against or abstentions).

### **Section 3 Independent Directors**

**Article 128** The independent directors shall conscientiously perform their duties in accordance with the laws, administrative regulations, the CSRC, the stock exchanges and the Articles of Association, play the roles of participating in decision-making, supervising checks and balances and providing professional advice in the Board, safeguard the interests of the Company as a whole, and protect the legitimate rights and interests of small and medium-sized shareholders.

**Article 129** Independent directors shall be independent. The following persons shall not serve as independent directors:

- (1) persons working in the company or its subsidiaries and their spouses, parents, children and main social relations;
- (2) natural person shareholders who directly or indirectly hold more than 1% of the Company's issued shares or who are among the Company's top ten shareholders, and their spouses, parents or children;
- (3) shareholders who directly or indirectly hold more than 5% of the Company's issued shares or persons who hold positions with the Company's top five shareholders, their spouses, parents and children;
- (4) persons serving in the subsidiary enterprises of the Company's controlling shareholders and de facto controllers and their spouses, parents and children;
- (5) persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or persons who serve in entities with which they have significant business dealings and their controlling shareholders or de facto controllers;
- (6) persons providing financial, legal, consulting and sponsorship services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including, but not limited to, all the personnel of the project team of the intermediary institution providing the services, reviewers at all levels, persons signing the report, partners, directors, senior management and key persons in charge;
- (7) persons who have been in the situations listed in sub-paragraphs (1) to (6) within the last twelve months;
- (8) other persons who do not possess independence as stipulated by laws, administrative regulations, the CSRC, the stock exchange and the Articles of Association.

The subsidiaries of the Company's controlling shareholders and de facto controllers in sub-paragraphs (4) to (6) of the preceding paragraph do not include enterprises controlled by the same state-owned asset management organisation as the Company and which do not constitute a connected relationship with the Company in accordance with the relevant provisions.

Independent directors shall conduct annual self-examination of their independence and submit the self-examination to the Board. The Board shall annually assess the independence of the incumbent independent directors and issue a special opinion, which shall be disclosed at the same time as the annual report.

**Article 130** The following conditions shall be met in order to serve as an independent director of the Company:

- (1) qualified to be a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;
- (2) comply with the independence requirements set out in the Articles of Association;
- (3) have basic knowledge of the operation of listed companies and be familiar with relevant laws, regulations and rules;
- (4) have at least five years of working experience in law, accounting or economics necessary to perform the duties of an independent director;
- (5) have good personal integrity and no major breach of trust or other adverse records;
- (6) other conditions stipulated by laws, administrative regulations, the CSRC, the stock exchange and the Articles of Association.

**Article 131** As members of the Board, the independent directors shall have a duty of loyalty and diligence to the Company and all shareholders to prudently perform the following duties:

- (1) to participate in the decision-making of the Board and express a clear opinion on the proceedings;
- (2) to supervise potential material conflict of interest matters between the Company and its controlling shareholders, de facto controllers, directors and senior management, and protection of the legitimate rights and interests of small and medium-sized shareholders;
- (3) to provide professional and objective advice on the Company's operation and development and to promote the improvement of the Board's decision-making level;
- (4) other duties as prescribed by laws, administrative regulations, the CSRC regulations and the Articles of Association.

**Article 132** The independent directors shall exercise the following special powers:

- (1) to engage independently intermediaries to audit, consult or verify specific matters of the Company;
- (2) to propose to the Board the convening of an extraordinary general meeting;
- (3) to propose a meeting of the Board;

- (4) to solicit openly shareholder rights from shareholders in accordance with the law;
- (5) to express independent opinions on matters that may prejudice the interests of the Company or small and medium-sized shareholders;
- (6) other powers and functions prescribed by laws, administrative regulations, the CSRC and the Articles of Association.

Where an independent director exercises the powers listed in sub-paragraphs (1) to (3) of the preceding paragraph, he/she shall obtain the approval of a majority of all independent directors.

The Company shall disclose in a timely manner if the independent directors exercise the powers and functions listed in paragraph 1. In the event that the above-mentioned powers cannot be exercised normally, the Company will disclose the details and reasons.

**Article 133** The following matters shall be submitted to the Board for consideration after being approved by a majority of all independent directors of the Company:

- (1) connected transactions that should be disclosed;
- (2) programme of the Company and related parties to change or waive their commitments;
- (3) decisions made and measures taken by the Board of the acquired listed company in response to the acquisition;
- (4) other matters as provided for by laws, administrative regulations, the CSRC regulations and the Articles of Association.

**Article 134** The Company has established a mechanism for special meetings attended by all independent directors. When the Board considers matters such as connected transactions, they are endorsed in advance by the special meeting of independent directors.

The Company holds special meetings of independent directors on a regular or irregular basis. Matters listed in sub-paragraphs (1) to (3) of paragraph 1 of Article 132 and Article 133 of the Articles of Association shall be considered at special meetings of independent directors.

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

Specialised meetings of independent directors shall be convened and chaired by an independent director jointly elected by a majority of the independent directors; in the event that the convenor fails to perform his/her duties or is unable to perform his/her duties, two or more independent directors may convene their own meetings and elect a representative to preside over the meetings.

Minutes of special meetings of independent directors shall be prepared in accordance with the regulations, and the opinions of independent directors shall be set out in the minutes. The independent directors shall sign to confirm the minutes.

The Company shall facilitate and support the convening of specialised meetings of independent directors.

#### **Section 4 Specialised Committees under the Board of Directors**

**Article 135** The Board of the Company shall establish the Audit Committee. The members of the Audit Committee are three directors who do not serve as senior management of the Company, including three independent directors, with an accounting professional among the independent directors serving as the convenor.

**Article 136** The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external auditing work and internal control, and the following matters shall be submitted to the Board for consideration with the approval of a majority of all Audit Committee members:

- (1) disclosure of financial information in financial accounting reports and periodic reports, internal control assessment reports;
- (2) engaging or dismissing accounting firm that undertakes audit of the listed company;
- (3) appointment or dismissal of financial controller of the listed company;
- (4) changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
- (5) other matters prescribed by laws, administrative regulations, the CSRC and the Articles of Association.

**Article 137** The Audit Committee shall meet at least once a quarter. Extraordinary meetings may be convened on the proposal of two or more members, or when the convenor deems it necessary. Meetings of the Audit Committee may be held only if more than two-thirds of the members are present.

Resolutions of the Audit Committee shall be passed by a majority of the members.

Voting on resolutions of the Audit Committee shall be by one person, one vote.

Resolutions of the Audit committee shall be recorded in the prescribed minutes, which shall be signed by the Audit Committee members present at the meeting.

The Board shall be responsible for formulating the terms of reference for the Audit Committee.

**Article 138** The Board of the Company shall establish other specialised committees, such as the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, to perform their duties in accordance with the Articles of Association and the authorisation of the Board, and the proposals of the specialised committees shall be submitted to the Board for consideration and decision. The Board shall be responsible for formulating the terms of reference for these specialised committees.

The Strategy Committee, the Nomination Committee and the Remuneration and Appraisal Committee are each comprised of three directors, of which a majority of independent directors should be included in the Nomination Committee and the Remuneration and Appraisal Committee, with an independent director acting as the convenor.

**Article 139** The Nomination Committee shall be responsible for formulating criteria and procedures for the selection of directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, and making recommendations to the Board on the following matters:

- (1) nomination or removal of directors;
- (2) appointment or dismissal of senior management;
- (3) other matters provided for in laws, administrative regulations, the regulations of the CSRC and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Nomination Committee, it shall record the opinion of the Nomination Committee and the specific reasons for its non-adoption in the resolution of the Board and disclose the same.

**Article 140** The Remuneration and Appraisal Committee shall be responsible for formulating appraisal criteria and conducting appraisals for directors and senior management, formulating and reviewing remuneration policies and packages for directors and senior management, and making recommendations to the Board on the following matters:

- (1) remuneration of directors and senior management;
- (2) formulation or change of equity incentive plans and employee stock ownership plans, and achievement of conditions for granting and exercising the rights and interests of incentive recipients;
- (3) arrangement of shareholding plans by directors and senior management in subsidiaries to be spun off;
- (4) other matters as provided for by laws, administrative regulations, the CSRC regulations and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption in the resolution of the Board and disclose the same.

## **CHAPTER VI SENIOR MANAGEMENT**

**Article 141** The Company shall have a general manager, who shall be appointed or dismissed by the Board.

The Company shall have a number of deputy general managers who shall be appointed or dismissed by the Board.

The general manager, deputy general managers, financial controller, secretary of the Board and other senior management members as determined by the Board of the Company shall be the senior management of the Company.

**Article 142** The provisions of the Articles of Association on the circumstances under which a person may not become a director and the system of management of leaving office shall also apply to senior management.

The provisions of the Articles of Association relating to the duty of loyalty and diligence of the directors shall also apply to the senior management.

**Article 143** Persons holding executive positions other than directors in the Company's controlling shareholder entities shall not serve as senior management of the Company.

Senior management members of the Company are remunerated only by the Company and are not remunerated by the controlling shareholder.

**Article 144** The term of office of the general manager shall be three years, and the general manager may be re-appointed.

**Article 145** The general manager shall be responsible to the Board and exercises the following powers:

- (1) to preside over the production and operation management of the Company, organise the implementation of the resolutions of the Board and report to the Board;
- (2) to organise and implement the annual business plan and investment plan of the Company;
- (3) to prepare a plan for the establishment of internal management bodies of the company;
- (4) to prepare the basic management system of the Company;
- (5) to establish company-specific regulations;
- (6) to request the Board to appoint or dismiss deputy general managers and financial controller of the Company;
- (7) to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal should be decided by the Board;
- (8) other powers may be conferred on it by the Articles of Association or by the Board.

The general manager attends the Board meetings.

**Article 146** The general manager shall draw up rules for the work of the general manager and submit them to the Board for approval before implementation.

**Article 147** The working rules of the general manager shall include the following:

- (1) conditions and procedures for convening meetings of the general manager and the persons participating therein;
- (2) specific responsibilities of the general manager and other senior managers and their division of labour;
- (3) the use of the Company's funds and assets, the authority to enter into major contracts, and the reporting system to the Board;
- (4) other matters as the Board may deem necessary.

**Article 148** The general manager may resign before the expiry of his/her term of office. The specific procedures and methods relating to the resignation of the general manager are set out in the labour contract between the general manager and the Company.

**Article 149** The deputy general managers shall be nominated by the general manager and the Board shall decide the appointment or dismissal, and the deputy general managers shall assist the general manager in carrying out his/her work.

**Article 150** The Company shall have a secretary of the Board, who shall be responsible for the preparation of the Company's general meetings and Board's meetings, the custody of documents as well as the management of the Company's shareholders' information, and the handling of information disclosure affairs.

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

**Article 151** The Company shall be liable for any damage caused to others by senior management members in the performance of their duties for the Company; senior management members shall also be liable for compensation if they are intentional or grossly negligent. Senior management shall be liable for damages caused to the Company if they violate laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the course of performing their duties for the Company.

**Article 152** Senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Senior management of the Company shall be liable for compensation in accordance with the law for any damage caused to the interests of the Company and public shareholders as a result of their failure to perform their duties faithfully or their breach of the duty of good faith.

## **CHAPTER VII FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

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

**Article 153** The Company formulates its financial accounting system in accordance with the provisions of laws, administrative regulations and the relevant authorities of the State.

**Article 154** The Company submits and discloses its annual report to the CSRC's dispatching agencies and stock exchanges within four months from the end of each fiscal year, and submits and discloses its interim report to the CSRC's dispatching agencies and stock exchanges within two months from the end of the first half of each fiscal year.

The aforesaid annual and interim reports are prepared in accordance with relevant laws and administrative regulations, the CSRC and the securities regulatory rules of the stock exchanges and places where the Company's shares are listed.

**Article 155** The Company does not maintain separate accounting books other than the statutory ones. The assets of the Company are not stored in accounts opened in the name of any individual.

**Article 156** When the Company distributes its after-tax profit for the year, 10% of the profit should be withdrawn and included in the Company's statutory reserve. If the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital, it may not be withdrawn.

If the Company's statutory reserve is insufficient to make up for the losses of previous years, the company shall make up for the losses with the current year's profits before withdrawing the statutory reserve in accordance with the preceding paragraph.

After the Company has withdrawn the statutory reserve from the profit after tax, it may also withdraw any reserve from the profit after tax by resolution of the general meeting.

The after-tax profits remaining after the Company has made up for its losses and withdrawn its reserve may, with the consent of the general meeting by resolution, be distributed according to the proportion of shares held by the shareholders, unless it is stipulated in the Articles of Association that the distribution shall not be made in accordance with the proportion of shares held.

If the general meeting distributes profits to the shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the shareholders and the responsible directors and senior management shall bear the liability for compensation.

The shares of the Company held by the Company do not participate in the distribution of profits.

The Company shall appoint one or more collection agents in Hong Kong for the H shareholders. The collection agent(s) shall receive and hold the dividends and other monies payable by the Company in respect of the H Shares on behalf of the relevant H shareholders pending payment to such H shareholders. The collection agent(s) appointed by the Company shall comply with the requirements of the laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

**Article 157** The reserve of the Company is used to make up for the Company's losses, expand the Company's production and operation, or be converted to increase the Company's capital.

When the reserve is used to make up for the Company's losses, should first use the arbitrary reserve and statutory reserve; still can not make up for the capital reserve can be used in accordance with the provisions of the capital reserve.

When statutory reserve is converted to increase the registered capital, the amount of such reserve retained will be not less than 25% of the registered capital of the company before the conversion.

**Article 158** The distribution of dividends (or shares) must be completed within two months after the Company's general meeting has resolved on the profit distribution plan, or after the Board of the Company has formulated a specific plan in accordance with the conditions and upper limit of the next year's interim dividend distribution as considered and approved by the annual general meeting.

**Article 159** The Company's profit distribution policy is as follows:

(1) Principles of profit distribution:

The Company shall implement a continuous and stable profit distribution policy, and the profit distribution of the Company shall emphasise the reasonable investment return of investors and take into account the actual operation and sustainable development of the Company in the current year.

(2) Forms of profit distribution:

The Company may distribute profits by means of cash dividends, stock dividends, a combination of cash dividends and stock dividends, or other methods permitted by laws and regulations. Among the methods of profit distribution, cash dividends take precedence over stock dividends. Where the conditions for cash dividends exist, cash dividends shall be used for profit distribution. If stock dividends are used for profit distribution, there shall be real and reasonable factors such as the growth of the company and the dilution of net assets per share.

(3) Conditions and proportion of profit distribution:

1. On the premise that the company's profit and accumulated undistributed profit for the year are positive and can ensure the company's sustainable operation and long-term development, if the company does not have any significant capital expenditure arrangements, the company shall give priority to distributing profits by way of cash dividends, and the company's annual profit distributed by way of cash dividends shall not be less than 15% of the distributable profit realised in the same year. In the last three years, the cumulative profit distributed by way of cash dividend shall not be less than 30% of the average annual distributable profit achieved in the last three years. The Board shall propose the dividend distribution ratio for each year based on the Company's annual profitability and future capital utilisation plan. The Company may make interim cash dividends according to the profit situation. Any repurchase of the Company's shares by the Company in cash as consideration, by way of offer or by way of centralised bidding, shall be deemed to be a cash dividend by the Company and be included in the calculation of the relevant proportion of the cash dividend.

Significant financial expenditure means one of the following:

- ① The Company's proposed cumulative expenditure on foreign investment, acquisition of assets or purchase of equipment within the next twelve months reaches or exceeds 30% of the Company's latest audited net assets and exceeds RMB30 million;
- ② The Company's proposed cumulative expenditure on foreign investment, acquisition of assets or purchase of equipment within the next twelve months reaches or exceeds 20% of the Company's latest audited total assets;
- ③ Other circumstances as stipulated by the CSRC, the Shenzhen Stock Exchange or the Hong Kong Stock Exchange.

2. In the event that the Company's operating conditions are favourable and the Board is of the opinion that the Company's earnings per share and share price do not match the Company's share capital size and share capital structure, the Company may distribute profits by way of stock dividends on the premise of meeting the cash dividend ratio mentioned above. In determining the specific amount of profit to be distributed in the form of shares, the Company shall give full consideration to whether the total share capital after the distribution of profit in the form of shares is compatible with the Company's current scale of operation and rate of growth of earnings, and consider the impact on the cost of debt financing in the future, so as to ensure that the profit distribution plan is in line with the overall interests of all shareholders and the long-term interests of the Company.
3. The Board of the Company shall, taking into account the characteristics of the industry in which it operates, its stage of development, its own mode of operation, profitability, debt repayment ability, whether it has any significant capital expenditure arrangements and investor returns, distinguish between the following circumstances and propose a differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association:
  - ① If the Company's stage of development is mature and there are no arrangements for significant capital expenditure, when profit distribution is carried out, cash dividends shall account for a minimum of 80% of the profit distribution;
  - ② If the Company's stage of development is mature and there are arrangements for significant capital expenditure, when profit distribution is made, cash dividends shall account for a minimum of 40% of the profit distribution;
  - ③ If the stage of development of the Company is a growth period and there are arrangements for significant capital expenditure or if the stage of development of the company is not easily distinguishable but there are arrangements for significant capital expenditure, when profit distribution is carried out, cash dividends shall account for a minimum of 20% of the current profit distribution.

- (4) The procedure to be followed for consideration of the distribution of profits:
1. The profit distribution proposal shall be considered and approved by the Board of the Company before it is submitted to the general meeting for consideration. When the Board considers the profit distribution proposal, it shall be approved by a majority of all the directors and more than one-half of the independent directors of the Company shall vote in favour of the proposal.
  2. When the general meeting considers a profit distribution plan, it shall be approved by a majority of the votes held by the shareholders (including shareholders' proxies) present at the general meeting. If the general meeting is to consider a proposal for the payment of stock dividends or capitalisation of capital by way of reserve, the proposal shall be approved by a majority of the votes held by the shareholders (including shareholders' proxies) present at the general meeting. When voting at a general meeting, shareholders shall be provided with the means of Internet voting.

When the Company holds an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, the upper limit of the ratio and the upper limit of the amount of cash dividends to be distributed in the interim period of the following year. The maximum amount of the next year's interim dividend to be considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the Company for the corresponding period. The Board shall formulate a specific interim dividend proposal in accordance with the resolution of the general meeting subject to the conditions for profit distribution.

3. After the general meeting of the Company has resolved on the profit distribution plan, the Board of the Company shall complete the dividend distribution within two months after the general meeting.
- (5) When the Company intends to distribute profits, it shall study and justify the profit distribution plan in accordance with the following decision-making procedures and mechanisms:
1. Prior to the publication of regular reports, the Board of the Company shall, under the premise of giving full consideration to the Company's ability to continue operation, ensuring the funds required for normal operation and development of production and attaching importance to the reasonable return of investment to investors, study and justify the profit distribution proposal.

2. When the Board of the Company formulates a specific profit distribution proposal, it shall comply with the profit distribution policy stipulated in laws, regulations and the Articles of Association; the profit distribution proposal shall contain an explanation of the arrangements or principles of the plan for the use of the retained undistributed profits of the year. Independent directors shall be entitled to express their independent opinions if they consider that the specific proposal for cash dividends may impair the interests of the Company or the small and medium-sized shareholders. If the Board fails to adopt or fully adopt the opinion of the independent directors, shall record and disclose the opinion of the independent directors and the specific reasons for non-adoption in the resolution of the Board.
  3. The Board of the Company shall consider and announce the profit distribution proposal in the regular report and submit it to the general meeting for approval; if the Board of the Company fails to make a cash profit distribution proposal, it shall disclose the reasons therefor in the regular report, as well as the next steps to be taken to enhance the level of investor returns.
  4. The Board and the general meeting shall give full consideration to the opinions of public investors in the relevant decision-making and argumentation process.
- (6) Procedures for adjusting the profit-sharing policy:
1. If the Company needs to adjust its profit distribution policy due to significant changes in the external operating environment or its own operating conditions, the adjusted profit distribution policy shall not violate the relevant regulations of the CSRC and the stock exchange where the Company's shares are listed.

“Significant changes in the external operating environment or its own operating conditions” means one of the following situations:

- ① significant changes in laws and regulations enacted by the state and in industry policies, not due to the Company's own reasons, resulting in the Company's operating losses;
- ② the occurrence of force majeure factors such as earthquakes, typhoons, floods, wars and other unforeseen, unavoidable and insurmountable factors that have a significant adverse impact on the Company's production and operations, resulting in the Company's operating losses;

- ③ after the Company's statutory reserve has made up for the losses of previous years, the company's net profit realised for the year is still insufficient to make up for the losses of previous years;
  - ④ other matters as stipulated by the CSRC and the stock exchange where the Company's shares are listed.
2. The Board of the Company shall give full consideration to the opinions of the independent directors and public investors in the process of adjusting the profit distribution policy. When the Board considers the adjustment of the profit distribution policy, it shall be agreed by a majority of the votes of all the directors and more than one-half of the independent directors of the Company.
  3. Adjustments to the profit distribution policy shall be considered and approved by the Board before they are submitted to the general meeting for consideration. The Company shall take the protection of shareholders' rights and interests as the starting point and justify and explain the reasons in detail in the proposal for the general meeting. When the general meeting considers the adjustment of the profit distribution policy, it shall be approved by a vote of two-thirds or more of the voting rights held by the shareholders present at the meeting.
- (7) The Company shall disclose in detail the formulation and implementation of its cash dividend policy in its annual report and provide special explanations on the following matters:
1. Whether it complies with the provisions of the Articles of Association or the requirements of the resolution of the general meeting;
  2. Whether the criteria and proportion of dividends are clear and unambiguous;
  3. Whether the relevant decision-making procedures and mechanisms are complete;
  4. Whether the independent directors have performed their duties and played their due roles;
  5. Whether small and medium-sized shareholders have adequate opportunities to express their views and demands, and whether the legitimate rights and interests of small and medium-sized shareholders are adequately protected, and so on.

If the cash dividend policy is adjusted or changed, a detailed explanation shall also be provided as to whether the conditions and procedures for adjustment or change are compliant and transparent.

- (8) Development cycle and adjustment mechanism for shareholder return planning:
1. The Company shall formulate a shareholder return plan on a three-year cycle. On the basis of summarising the implementation of the shareholders' return plan for the previous three years, the Company shall take into full consideration the various factors faced by the Company and the views of shareholders (in particular small and medium-sized shareholders) to determine whether it is necessary to adjust the Company's profit distribution policy and the shareholders' return plan for the next three years.
  2. In the event of force majeure such as war or natural disasters, or if the external operating environment of the Company undergoes significant changes and has a significant impact on the production and operation of the Company, or if the Company's own operating conditions undergo significant changes, or if the current specific shareholder return plan affects the sustainable operation of the Company and there is a genuine need to make adjustments to the shareholder return plan, the Company may formulate a new shareholder return plan in accordance with the basic principles of profit distribution as determined in this Article.

## **Section 2 Internal Audit**

**Article 160** The company shall implement an internal audit system, which specifies the leadership system, responsibilities and authorities, staffing, financial security, use of audit results and accountability for internal audit work.

The Company's internal audit system shall be implemented after approval by the Board and be disclosed to the public.

**Article 161** The Company's internal audit organisation supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

**Article 162** The internal audit body is accountable to the Board.

The internal audit organ shall accept the supervision and guidance of the Audit Committee in the course of its supervision and inspection of the Company's business activities, risk management, internal control and financial information. The internal audit institution shall immediately report directly to the Audit Committee when it discovers relevant major issues or clues.

**Article 163** The specific organisation and implementation of the Company's internal control evaluation is the responsibility of the internal audit institution. The Company issues an annual internal control evaluation report on the basis of the evaluation report issued by the internal audit institution and considered by the Audit Committee, as well as relevant information.

**Article 164** When the Audit Committee communicates with external audit entities such as accounting firms and national audit institutions, the internal audit institution should actively cooperate and provide the necessary support and collaboration.

**Article 165** The Audit Committee is involved in the appraisal of the person in charge of internal audit.

### **Section 3 Engagement of Accounting Firms**

**Article 166** The Company employs accounting firms that comply with the provisions of the Securities Law and the securities regulatory rules of the place where the Company's shares are listed to conduct audits of accounting statements, verification of net assets, and other related consulting services, etc., for a period of one year, which may be renewed.

**Article 167** The employment and selection of the accounting firm by the Company shall be submitted to the Board for deliberation and decided by the general meeting with the approval of a majority of all members of the Audit Committee. The Board shall not appoint an accounting firm before the decision is made at the general meeting.

**Article 168** The Company guarantees to provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the hired accounting firm, and shall not refuse, conceal or misrepresent them.

**Article 169** The audit fee of the accounting firm shall be determined by the general meeting.

**Article 170** When the Company dismisses or does not renew the appointment of an accounting firm, it shall notify the auditing firm in advance 15 days in advance, and the accounting firm shall be allowed to state its opinion when the general meeting of the Company votes on the dismissal of the accounting firm.

If the accounting firm proposes to resign, it shall explain to the general meeting whether there are any improper circumstances in the company.

## **CHAPTER VIII NOTICES AND ANNOUNCEMENTS**

### **Section 1 Notices**

**Article 171** Notices from the Company shall be given in the following form:

- (1) by hand;
- (2) by post, fax, telephone, WeChat or e-mail;
- (3) by way of announcement;

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

**Article 172** Where a notice is given by the Company by way of announcement, it shall be deemed to have been received by all persons concerned once the announcement has been made.

Unless the context otherwise requires, the "announcement(s)" referred to in the Articles of Association, for announcements to be made to A shareholders or required to be made in the PRC under the relevant provisions and the Articles of Association, shall mean the publication of information on the website of the Shenzhen Stock Exchange and in the media that fulfil the conditions prescribed by the CSRC; for announcements to be made to H shareholders or required to be made in Hong Kong under the relevant provisions and the Articles of Association, such announcements shall be published on the website of the Company, the website of the Hong Kong Stock Exchange in accordance with the requirements of the relevant Hong Kong Listing Rules and such other websites as may be prescribed under the Hong Kong Listing Rules from time to time.

In respect of the manner in which the Company provides and/or distributes the corporate communication to the H shareholders as required by the listing rules of the place of listing of the Company's shares, subject to compliance with the relevant listing rules of the place of listing of the Company's shares, the Company may also send or make available the corporate communication to the H shareholders of the Company either electronically or by posting a message on the website of the Company or on the website of the stock exchange of the place where the Company's shares are listed in place of sending the corporate communication to the H shareholders personally or by postage-paid mail, or by sending the corporate communication by postage-paid mail.

**Article 173** Notice of a meeting of shareholders convened by the Company shall be given by way of an announcement or other means recognised by the stock exchange.

**Article 174** Notice of a meeting of the Board held by the Company shall be given by hand or by other effective means such as mail, fax, telephone, WeChat or e-mail, or by public announcement.

**Article 175** Notice of meetings of the Specialised Committee under the Board of Directors held by the Company shall be given by hand or by other effective means such as mail, fax, telephone, WeChat or e-mail or by way of announcement.

**Article 176** If a company notice is delivered by hand, the person to be served shall sign (or stamp) on the acknowledgement of delivery, and the date of receipt signed by the person to be served shall be the date of service; if a company notice is delivered by mail, the third working day from the date of delivery to the post office shall be the date of service; if a company notice is delivered by fax, the date of the acknowledgement of successful delivery shall be deemed to be the date of service; if a company notice is delivered by telephone or by WeChat, the date of successful transmission shall be the date on which the notice is the date of service shall be deemed to be the date of delivery if the notice is sent by e-mail; the date of service shall be deemed to be the date shown on the acknowledgement of successful delivery if the notice is sent by public announcement; the date of service shall be deemed to be the date of publication of the first public announcement if the notice is sent by public announcement; the date of service shall be deemed to be the date of delivery in accordance with the laws, regulations and the Articles of Association if the notice is sent in any other form stipulated by the Articles of Association.

**Article 177** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, a person entitled to notice does not invalidate the meeting and the resolutions passed at the meeting.

## **Section 2 Announcements**

**Article 178** The Company has designated one or more of Securities Times, Securities Daily, China Securities Journal, Shanghai Securities News, CNINFO (<http://www.cninfo.com.cn>) and HKExnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) as the media for publication of announcements and other information required to be disclosed by the Company.

## **CHAPTER IX MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION**

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

**Article 179** A merger of companies can take the form of a merger by absorption or a merger by de novo creation.

The absorption of one company by another is a merger by absorption, and the absorbed company is dissolved. The merger of two or more companies to create a new company is a merger by creation, and the merging parties are dissolved.

**Article 180** A merger of companies may be carried out without a resolution of the general meeting if the price paid for the merger does not exceed 10% of the net assets of the Company, unless otherwise provided for in the Articles of Association.

**Article 181** In the case of a merger of companies, a merger agreement shall be signed by the merging parties and a balance sheet and a list of property shall be prepared. The company shall notify the creditors within 10 days from the date of the resolution on the merger and make an announcement within 30 days in a newspaper designated by the company or in the national enterprise credit information publicity system.

Within 30 days from the date of notification, or within 45 days from the date of publication if no notification is received, creditors may demand that the company settle its debts or provide appropriate security.

**Article 182** In the event of a merger of companies, the debts and liabilities of the merging parties shall be assumed by the surviving company or the newly established company after the merger.

**Article 183** A company is separated and its property is divided accordingly.

A company shall prepare a balance sheet and an inventory of its property in the event of a separation. The company shall notify the creditors within 10 days from the date of the resolution on the separation, and make an announcement within 30 days in the company's designated newspaper or in the national enterprise credit information publicity system.

**Article 184** The debts of a company prior to its division shall be jointly and severally liable to the company after the division. However, unless otherwise agreed in a written agreement between the company and its creditors on the settlement of debts prior to the separation.

**Article 185** The Company reduces its registered capital and will prepare a balance sheet and an inventory of its property.

The Company shall notify the creditors within 10 days from the date of the resolution of the general meeting on the reduction of registered capital, and announce it in the designated newspaper of the company or in the national enterprise credit information publicity system within 30 days. The creditors shall have the right to demand the Company to settle the debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or 45 days from the date of the announcement if they have not received the notice.

If the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares accordingly to the proportion of shares held by shareholders, unless otherwise provided by law or the Articles of Association.

**Article 186** If the Company still has a deficit after making up for it in accordance with paragraph 2 of Article 157 of the Articles of Association, it may reduce its registered capital to make up for the deficit. If the registered capital is reduced to make up for the loss, the Company shall not make any distribution to the shareholders, nor shall the shareholders be relieved of the obligation to pay the capital contribution or the share premium.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 185 of the Articles of Association shall not apply, but an announcement shall be made in the designated newspapers of the Company or in the State Enterprise Credit Information Publicity System within 30 days from the date of the resolution of the general meeting on the reduction of the registered capital.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it may not distribute its profits until the accumulated amount of its legal and arbitrary reserves reaches 50% of the Company's registered capital.

**Article 187** If the registered capital is reduced in violation of the Company Law and other relevant provisions, the shareholders shall return the funds they have received, and if the capital contribution of the shareholders is reduced or waived, it shall be restored to its original state; if losses are caused to the company, the shareholders and the directors and senior management who are held liable shall be held liable to compensate for the losses.

**Article 188** When the Company issues new shares for the purpose of increasing its registered capital, the shareholders shall not be entitled to preferential subscription rights, unless otherwise provided for in the Articles of Association or decided by a resolution of the general meeting that the shareholders shall be entitled to preferential subscription rights.

**Article 189** In the event of a merger or division of a company and a change in the registered matters, the change shall be registered with the company registration authority in accordance with law; in the event of dissolution of a company, the cancellation of the company shall be registered in accordance with law; and in the event of the establishment of a new company, the establishment of the company shall be registered in accordance with law.

If the Company increases or reduces its registered capital, it shall register the change with the company registration authority in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 190** The Company may be dissolved for the following reasons:

- (1) the expiration of the term of business provided for in the Articles of Association or the occurrence of any other cause for dissolution provided for in the Articles of Association;
- (2) dissolution by resolution of the general meeting;
- (3) dissolution due to merger or division of the Company;
- (4) being suspended, ordered to close or revoked in accordance with the law;

- (5) where the Company is experiencing serious difficulties in its operation and management, and its continued existence will result in substantial losses to the interests of shareholders and cannot be resolved by other means, shareholders holding more than 10% of the voting rights in the Company may request the people's court to dissolve the Company.

The Company shall, within 10 days of the occurrence of the reasons for dissolution as stipulated in the preceding paragraph, make public the reasons for dissolution through the national enterprise credit information publicity system.

**Article 191** The Company may survive by amending the Articles of Association or by resolution of the general meeting if the Company has any of the circumstances set forth in sub-paragraphs (1) and (2) of paragraph 1 of Article 190 of the Articles of Association and has not yet distributed its property to its shareholders.

Any amendment to the Articles of Association or resolution of the general meeting in accordance with the preceding paragraph shall be approved by more than two-thirds of the votes held by the shareholders present at the general meeting.

**Article 192** If the Company is dissolved as a result of the provisions of sub-paragraphs (1), (2), (4) and (5) of paragraph 1 of Article 190 of the Articles of Association, it shall be liquidated. The directors, who are the obligors of the Company's liquidation, shall form a liquidation team to carry out the liquidation within 15 days from the date when the cause of dissolution arises. The liquidation team shall consist of the directors, unless otherwise provided for in the Articles of Association or the general meeting resolves to elect another person. If a liquidation team is not formed to carry out liquidation after the expiry of the period, the creditors may apply to the people's court to appoint relevant persons to form a liquidation team to carry out liquidation.

If the liquidation obligor fails to fulfil its liquidation obligations in a timely manner and causes losses to the company or creditors, it shall be liable for compensation.

**Article 193** The liquidation team shall exercise the following powers during the liquidation:

- (1) cleaning up the company's property and preparing separate balance sheets and inventories of the property;
- (2) notification and publication of creditors;
- (3) disposal of the outstanding business of the company in connection with its liquidation;
- (4) settlement of tax arrears and taxes arising from the liquidation process;
- (5) clearance of claims and debts;

- (6) distribution of the remaining property of the company after the settlement of its debts;
- (7) representing the Company in civil litigation activities.

**Article 194** The liquidation team shall notify the creditors within 10 days from the date of its establishment and make an announcement in a designated newspaper or in the national enterprise credit information publicity system within 60 days. Creditors shall declare their claims to the liquidation team within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if they have not received the notice.

A creditor filing a claim shall state the matters to which the claim relates and provide supporting documents. The liquidation team shall register the claims.

The liquidation team may not satisfy creditors during the period in which claims are being filed.

**Article 195** After cleaning up the Company's property and preparing the balance sheet and property list, the liquidation team shall formulate a liquidation plan and report it to the general meeting or the people's court for confirmation.

The remaining property of the Company's assets after paying liquidation expenses, employees' salaries, social insurance costs and statutory compensation, paying outstanding taxes and settling the Company's debts, respectively, shall be distributed by the Company in proportion to the shares held by its shareholders.

During the liquidation period, the Company survives but cannot carry out business activities unrelated to the liquidation.

The property of the Company will not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

**Article 196** If the liquidation team, after cleaning up the Company's property and preparing the balance sheet and property list, finds that the Company's property is insufficient to settle its debts, it shall, in accordance with the law, apply to the people's court for the declaration of bankruptcy and liquidation.

After the people's court accepts the bankruptcy application, the liquidation team shall transfer the liquidation affairs to the bankruptcy administrator appointed by the people's court.

**Article 197** Upon completion of the liquidation of the Company, the liquidation team shall produce a liquidation report, report it to the general meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for cancellation of the company registration.

**Article 198** The members of the liquidation team are under a duty of loyalty and diligence in the performance of their liquidation duties.

If the members of the liquidation team are negligent in performing their liquidation duties and cause losses to the company, they shall be liable for compensation; if they cause losses to creditors due to intent or gross negligence, they shall be liable for compensation.

**Article 199** If the Company is declared bankrupt by law, it shall carry out bankruptcy liquidation in accordance with the laws relating to corporate bankruptcy.

## **CHAPTER X AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**Article 200** The Company shall amend the Articles of Association in any of the following circumstances:

- (1) after the amendment to the Company Law or relevant laws, administrative regulations, or rules of securities regulation of the place where the Company's shares are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations, or rules of securities regulation of the place where the Company's shares are listed;
- (2) there is a change in the Company's circumstances that results in inconsistencies with the matters recorded in the Articles of Association;
- (3) the general meeting decides to amend the Articles of Association.

**Article 201** If the amendment to the Articles of Association adopted by resolution of the general meeting should be approved by the competent authorities, it shall be submitted to the competent authorities for approval; if it involves company registration matters, the change shall be registered in accordance with the law.

**Article 202** The Board shall amend the Articles of Association in accordance with the resolution of the general meeting to amend the Articles of Association and the approval of the relevant competent authorities.

**Article 203** If the amendment to the Articles of Association is information required to be disclosed by laws and regulations, it shall be announced in accordance with the regulations.

## CHAPTER XI SUPPLEMENTARY PROVISIONS

### Article 204 Definitions:

- (1) Controlling shareholders refers to shareholders whose shares account for more than 50% of the total share capital of the Company; or shareholders who, although they do not hold more than 50% of the shares, hold shares with voting rights sufficient to have a significant influence on the resolutions of the general meeting.
- (2) De facto controllers refers to natural persons, legal persons or other organisations who, through investment relationships, agreements or other arrangements, are able to actually dominate the Company's behaviour.
- (3) Related (connected) relationship refers to the relationship between controlling shareholders, de facto controllers, directors and senior management of a company and the enterprises they directly or indirectly control, as well as other relationships that may lead to the transfer of interests of the company. However, enterprises controlled by the State are related to each other not only because they are also controlled by the State.
- (4) "Accounting firm" in the Articles of Association shall have the meaning consistent with that of "auditor" in the Hong Kong Listing Rules, and "independent director" shall have the meaning consistent with that of "independent non-executive director" in the Hong Kong Listing Rules.

**Article 205** The Board may make by-laws in accordance with the provisions of the Articles of Association. The by-laws shall not be inconsistent with the provisions of the Articles of Association.

**Article 206** The Articles of Association is provided in Chinese. In case of discrepancies between any other languages or different versions of the Articles of Association and the Articles of Association, the Chinese version of the Articles of Association after the latest approval and registration by the Market Supervision Administration of Hunan Province shall prevail.

**Article 207** For the purposes of the Articles of Association, the expressions "above" and "within" shall include the number indicated; the expressions "over" and "beyond", "below", "less than", "more than" and "lower than" do not include this number.

**Article 208** The Articles of Association shall be interpreted by the Board of the Company.

**Article 209** In the implementation of the Articles of Association, in the event of disputes among the Company, shareholders, directors and senior management involving the provisions of the Articles of Association, the disputes shall be resolved through consultation first. If consultation fails, litigation shall be filed with the people's court of the Company's domicile.

**Article 210** The annexes to the Articles of Association include the Rules of Procedure of the General Meeting and the Rules of Procedure of the Board of Directors.

**Article 211** The Articles of Association shall become effective and enforceable on the date on which it is approved by the general meeting of the Company. The original articles of association of the Company shall automatically become invalid as from the date of the Articles of Association becoming effective.

**Article 212** Matters not covered in the Articles of Association shall be implemented in accordance with the relevant provisions of laws, regulations, regulatory documents of the State, and the securities regulatory rules of the place where the Company's shares are listed; in the event of any inconsistency between the Articles of Association and the relevant provisions of laws, regulations, regulatory documents of the State, and the securities regulatory rules of the place where the Company's shares are listed, the provisions of the relevant laws, regulations, regulatory documents, and the securities regulatory rules of the place where the Company's shares are listed shall prevail.

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Legal representative (Signature): \_\_\_\_\_

Lens Technology Co., Ltd. (Stamp)

Januray 2026