

浙江三花智能控制股份有限公司

June 2026

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... 1 In order to safeguard the legal rights and interests of Zhejiang Sanhua Intelligent Controls Co., Ltd. (浙江三花智能控制股份有限公司) (the “Company”), its shareholders, employees and creditors, and to regulate the organization and activities of the Company, the Articles of association (“the Articles”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant requirements.

... 2 The Company is a joint stock limited company established in accordance with the Company Law and other relevant requirements.

On December 19, 2001, as approved by the Leading Group for Listing of Enterprise (上市工作領導小組) of the People’s Government of Zhejiang Province under the document Zhe Shang Shi (2001) No. 108, the Company was established through converting Sanhua-Fujikoki Co., Ltd. (三花不二工機有限公司) in its entirety and registered with Zhejiang Provincial Administration for Market Regulation (浙江省市場監督管理局) with a corporate legal person business license, and a unified social credit code of 913300006096907427.

... 3 On May 24, 2005, as approved by the China Securities Regulatory Commission (the “CSRC”) under the document Zheng Jian Fa Xing Zi [2005] No. 19, the Company made an initial public offering of 30,000,000 ordinary shares denominated in renminbi (“RMB”) to the general public. All shares issued to domestic investors shall be subscribed in RMB, of which 24,000,000 shares were listed on the Shenzhen Stock Exchange on June 7, 2005. Upon filing with the CSRC on May 8, 2025, the Company issued 414,379,500 overseas-listed ordinary shares (before the full exercise of the over-allotment option) (the “H Shares”) through overseas public offering, and the H Shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on June 23, 2025.

... 4 Registered name of the Company: 浙江三花智能控制股份有限公司
English name: ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.

... 5 Domicile of the Company: No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang Province; Zip Code: 312530.

... 6 The registered capital of the Company is RMB FOUR BILLION TWO HUNDRED EIGHT MILLION THIRTEEN THOUSAND NINE HUNDRED AND THIRTY-FIVE (4,208,013,935).

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

... **8** The director who represents the Company to carry out the Company's affairs is the legal representative of the Company. The legal representative shall be elected by the board of directors. If the director who holds the position of the legal representative resigns, he shall be deemed to resign as the legal representative at the same time. If the legal representative resigns, the Company shall determine a new legal representative within 30 days from the date of resignation of the legal representative.

... The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.

Restrictions on the authority of the legal representative imposed by the Articles or the general meeting shall not be enforceable against bona fide counterparty.

If the legal representative causes damage to others while performing his/her duties, the Company shall bear civil liability. After assuming civil liability, the Company may recover compensation from the legal representative who is at fault in accordance with the laws or the Articles.

... **10** Shareholders shall be liable to the Company to the extent of the shares subscribed by them, and the Company shall be liable for its liabilities to the extent of all of its properties.

... **11** From the date upon which the Articles of Association of the Company come into effect, it shall be a legally binding document regulating the organization and activities of the Company, the rights and obligations between the Company and its shareholders and among shareholders, and shall be legally binding upon the Company, its shareholders, directors, and senior management. In accordance with the Articles, shareholders may sue shareholders, shareholders may sue directors, senior management of the Company, shareholders may sue the Company, and the Company may sue its shareholders, directors and senior management.

... **12** The senior management mentioned in the Articles refer to the general manager (referred to by the Company as the "chief executive officer"), president, chief engineer, board secretary, chief financial officer (referred to by the Company as the "financial director"), and other personnel stipulated in the Articles.

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... **13** The business objectives of the Company are: focus on economies of scale to optimize the product structure, develop core technology and create value continuously, thereby rewarding shareholders and contributing to society.

... **14** As approved by the company registration authority, the business scope of the Company covers: research and development of household appliances; manufacturing of refrigeration and air conditioning equipment; manufacturing of household appliances; manufacturing of general purpose valves and plugs (exclusive of special equipment); general purpose parts and components; manufacturing of special equipment; manufacturing of pumps and vacuum equipment; manufacturing of electric motors, manufacturing of blowers and fans; inspection and testing services; import and export of goods and technology; power generation business, power transmission business, power supply (distribution) business. (Activities subject to approval in accordance with laws shall be carried out upon the approval by relevant authorities)

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... **15** The shares of the Company shall take the form of share certificates.

... **16** The shares of the Company shall be issued on the principles of transparency, fairness and equality, and each share of the same class shall rank *pari passu*.

For the same class of shares issued in the same tranche, each share of the same class shall be issued under the same conditions and at the same price; each subscriber shall pay the same price for each share for which he/she subscribes for.

... **17** The nominal value of par value shares issued by the Company is denominated in RMB. The shares issued and listed on the Shenzhen Stock Exchange are referred to as “A Shares”; the shares issued and listed on the Hong Kong Stock Exchange are referred to as “H Shares”.

... **18** The A Shares issued by the Company shall be deposited collectively in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The H Shares issued by the Company shall primarily be deposited in the custodian company of Hong Kong Securities Clearing Company Limited in accordance with the laws and practices for securities registration and depository of the place where the H Shares of the Company are listed, or may also be held by shareholders in their own names.

... **1** The Company is established through the conversion of a limited company. Upon the establishment, 83,000,000 shares were subscribed by promoters in total as share capital, representing 73.45% of the total number of ordinary shares issued by the Company, of which 41,500,000 shares were subscribed by Sanhua Holding Group Co., Ltd., 20,750,000 shares by Zhejiang Zhongda Group Co., Ltd., 8,300,000 shares by Zhang Yabo, 7,470,000 shares by Orient Trading Co., Ltd., 2,490,000 shares by Ren Jintu, and 2,490,000 shares by Wang Jianmin.

As verified by the Capital Verification Report (Zhe Tian Kuai Yan) [2001] No. 137 from Zhejiang Pan-China Certified Public Accountants Ltd. (浙江天健會計師事務所有限公司) dated November 7, 2001, capital contribution from all promoters were completed on a one-off basis on November 6, 2001.

... **20** The number of shares in issue of the Company comprises 4,208,013,935 shares, all of which are ordinary shares, including 3,731,477,535 A ordinary shares, representing 88.68% of the total share capital of the Company, and 476,536,400 H ordinary shares, representing 11.32% of the total share capital of the Company.

... **21** The Company or its subsidiaries (including the affiliates of the Company) shall not provide financial assistance for other persons to obtain the shares of the Company or its parent company by way of gift, advance, guarantee, loans or other means, except for the implementation of the employee stock ownership plan by the Company.

In the interests of the Company, by a resolution of the general meeting or by a resolution of the board of directors in accordance with the Articles or the authorization of the general meeting, the Company may provide financial assistance for other persons to obtain the shares of the Company or its parent company, provided that the total accumulative amount of the financial assistance shall not exceed 10% of the total issued share capital. Resolutions made by the board of directors shall be passed by more than two-thirds of all directors.

2 增加或減少註冊資本

... **22** Based on the operation and development needs of the Company and subject to laws and regulations, the Company may increase its share capital via the following methods upon approval by resolutions at general meeting:

- (I) Offering of shares to non-specially designated investors;
- (II) Offering of shares to specially designated investors;
- (III) Issuing bonus shares to existing shareholders;
- (IV) Converting capital reserve into share capital;
- (V) Other methods prescribed by laws, administrative regulations and relevant regulatory authorities.

... **23** The Company may reduce its registered share capital. The Company shall reduce its registered share capital in accordance with the Company Law and other relevant requirements and the procedures required by the Articles.

... **24** The Company shall not purchase its own shares, save as under one of the following circumstances:

- (I) Reduce its registered share capital;
- (II) Merge with other companies which hold shares in the Company;
- (III) Use shares for the purpose of employee stock ownership plans or share incentive schemes;
- (IV) Repurchase its shares held by the shareholders who vote against any resolution proposed at any general meeting on the merger or division of the Company upon their request;
- (V) Use shares for the conversion of the convertible corporate bonds issued by a company;
- (VI) Necessary for the Company to maintain its value and safeguard the interests of shareholders.

... **25** The Company may purchase its own shares by centralized bidding transactions or other means approved by laws, administrative regulations and the securities regulatory authorities, provided that it complies with the applicable securities regulatory rules of the places where the Company's shares are listed.

If a share repurchase shall be made under the circumstances stipulated in (III), (V) or (VI) in the first paragraph of Article 24 hereof, it shall be conducted by way of public centralized bidding transactions.

... **26** A resolution at a general meeting is required when the Company repurchases its shares pursuant to (I) or (II) in the first paragraph of Article 24 hereof. Where the Company repurchases its shares under the circumstances set out in (III), (V) or (VI) in the first paragraph of Article 24 hereof, a board resolution shall be passed by more than two-thirds of the directors attending the board meeting, provided that it complies with the applicable securities regulatory rules of the places where the Company's shares are listed.

After the Company has repurchased its shares in accordance with the first paragraph of Article 24 hereof, the shares repurchased under the circumstance set out in (I) above shall be canceled within 10 days from the date of repurchase, the shares repurchased under the circumstances set out in (II) or (IV) above shall be transferred or canceled within six months, and for the shares repurchased under the circumstances set out in (III), (V) or (VI) above, the total number of the Company's shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and the shares so repurchased shall be transferred or canceled within three years. Any repurchase of the Company's shares by the Company should perform the information disclosure obligations as stipulated in the Securities Law and the securities regulatory rules of the places where the Company's shares are listed.

27 The shares of the Company shall be transferred in accordance with laws. Transfer of any H Shares shall be executed with a written instrument of transfer in usual or common form or any other forms accepted by the board of directors (including the standard transfer format or transfer form specified from time to time by the Hong Kong Stock Exchange), which may only be signed by hand or (if the transferor or transferee is a company) affixed with an effective corporate seal. If the transferor or transferee is a recognized clearing house or its agent thereof defined in the relevant provisions in force from time to time of the Hong Kong laws, the instrument of transfer may be signed by hand or by machine imprinted signatures. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the board of directors from time to time.

28 The Company shall not accept its shares to be held as security under a pledge.

2 The shares of the Company issued prior to a public offering shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange.

The directors and senior management of the Company shall regularly declare the number of shares held by them and the relevant changes, the number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the same class of the Company held by them. The shares of the Company held by them shall not be transferred within one year from the date on which shares of the Company are listed and traded on a stock exchange. The shares in the Company held by them shall not be transferred within half a year from the date on which they cease to be employed by the Company. For any directors and senior management who leave before the expiration of their terms of service shall continue to comply with the requirements on sell-down as required under relevant laws and regulations including the Company Law and the securities regulatory rules of the places where the Company's shares are listed within their defined terms of service and within six months after the expiration of their terms of service.

For any transfers in respect of the shares of the Company held by promoters, directors, or senior management of the Company above, where the securities regulatory rules of the places where the Company's shares are listed provide otherwise in respect of the restrictions on transfer of shares, such rules shall prevail; if such persons made more restrictive covenants or undertaking for the purpose of the 2005 equity division reform or other reasons, whether in terms of time or number, such covenants or undertaking shall be prevail.

... **30** Any gains from sale of the Company's shares or other securities with equity nature by the Company's directors and senior management or shareholders holding more than 5% of its shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with equity nature by any of the aforesaid parties within six months after their sale of the same, shall belong to the Company, and the board of directors of the Company shall recover such gains from the abovementioned parties, except for the circumstance that a securities company holds more than 5% of the Company's shares as a result of purchase of all the unsold underwritten shares and other circumstances stipulated by the CSRC.

... **32** When the Company convenes a general meeting, distributes dividends, undergoes liquidation and engages in other activities requiring confirmation of shareholders' identities, the board of directors or the convener of the general meeting shall determine the record date for share registration and the shareholders whose names appear on the register after the close of trading on the record date for share registration shall be the shareholders entitled to relevant rights and interests.

... **33** Shareholders of the Company shall be entitled to:

- (I) receiving dividends and benefit distributions in other forms pro rata to the number of shares held;
- (II) requesting to convene, convening, presiding over, attending or appointing proxies to attend general meeting in accordance with laws, and exercising the corresponding voting right;
- (III) supervising, putting forward proposals or making inquiries about the business operations of the Company;
- (IV) transferring, granting or pledging their shares in accordance with the provisions of the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association;
- (V) inspecting and copying the Articles of Association, the register of members, minutes of general meetings, resolutions of the board of directors, financial and accounting reports. Eligible shareholders can examine account books and accounting documents of the Company;
- (VI) participating in the distribution of the remaining properties of the Company pro rata to their shareholdings in the event of the termination or liquidation of the Company;
- (VII) requesting the Company to repurchase the shares from the dissenting shareholders who vote against the Company's resolution on merger or division proposed at a general meeting;
- (VIII) other rights conferred by laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

... **34** Where a shareholder requests to inspect the relevant information or obtain data as described in the preceding article, he/she shall produce a written document to the Company proving the class and number of shares of the Company he/she holds. Such information or data shall be provided at the request of such shareholder upon verification of the shareholder's identity.

... **35** If any resolution of a general meeting or a board meeting is in violation of the laws and administrative regulations, shareholders shall have the right to petition a people's court for invalidating the said resolution.

Where the procedures for convening or the method of voting at a general meeting or a board meeting are in violation of the laws, administrative regulations or the Articles, or the contents of any resolution are in breach of the Articles, shareholders shall have the right to petition the people's court for revocation of such resolution within 60 days from the date of the resolution, unless there is only a minor defect in the procedures for convening a general meeting or a board meeting or in the manner of voting thereat, which does not materially affect the resolution.

Where the board of directors, shareholders and other relevant parties dispute the validity of a resolution of a general meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgment or ruling on revocation of a resolution, the relevant parties shall execute the resolution of the general meeting. The Company, directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the people's court makes a judgment or ruling on a relevant matter, the Company shall fulfill its information disclosure obligations in accordance with the laws, administrative regulations, the requirements of the securities regulatory rules of the places where the Company's shares are listed, fully explain the impact, and actively cooperate with the enforcement of the judgment or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

... **36** Resolutions of a general meeting or a board meeting of the Company shall be invalid in any of the following circumstances:

- (I) the resolution was not made by a general meeting or a board meeting;
- (II) the resolution was not voted on at a general meeting or a board meeting;
- (III) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or the Articles;
- (IV) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or the Articles.

... **37** In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or the Articles by the directors or senior management other than members of the audit committee when performing their duties, a shareholder who holds 1% or more of the shares individually or jointly for no less than 180 consecutive days shall have

- (III) no share capital shall be withdrawn except in circumstances stipulated by laws and regulations;
- (IV) not to abuse shareholders' rights to the detriment of the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal person or abuse of the limited liability of a shareholder to jeopardize the interests of the Company's creditors;
- (V) other obligations stipulated by laws, administrative regulations and the Articles.

... 40 Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for compensation according to the law. Where shareholders of the Company abuse the independent legal person status of the Company and the limited liabilities of shareholders for evading repayment of debts, and thereby materially prejudicing the interests of the creditors of the Company, they shall be jointly and severally liable for the debts of the Company.

2. CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

... 41 The controlling shareholders or de facto controllers of the Company shall exercise their rights and fulfill their obligations in accordance with the laws, administrative regulations, provisions of the securities regulatory rules of the places where the Company's shares are listed, and safeguard the interests of the listed company.

... 42 The controlling shareholders or de facto controllers of the Company shall comply with the following provisions:

- (I) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their related relations to prejudice the legitimate interests of the Company or other shareholders;
- (II) to strictly implement the public statements and undertakings made and shall not change or waive them without authorisation;
- (III) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (IV) not to appropriate the Company's funds in any way;
- (V) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

- (VI) not to make use of the Company's undisclosed material information to gain benefits, not to divulge in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (VII) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, external investment or any other means;
- (VIII) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (IX) other provisions prescribed by laws, administrative regulations, provisions of the securities regulatory rules of the places where the Company's shares are listed, and the Articles.

If the controlling shareholder or de facto controller of the Company does not serve as a director of the Company but actually executes the affairs of the Company, the provisions of the Articles regarding the obligations of loyalty and diligence of directors shall apply.

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

... **43** Where the controlling shareholder or de facto controller pledges the shares of the Company that he/she holds or actually controls, he/she shall maintain the stability of the Company's control and production operations.

... **44** Where the controlling shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed, as well as his/her undertakings in respect of the restriction on the transfer of shares.

45 The general meeting of the Company shall comprise all the shareholders. General meeting is the organ of authority of the Company, which exercises the following powers in accordance with the law:

- (I) elect and replace directors, and determine on matters concerning directors' remuneration;
- (II) consider and approve reports of the board;
- (III) consider and approve the Company's profit distribution and loss recovery proposals;
- (IV) resolve on the increase or reduction of the Company's registered capital;
- (V) resolve on the issuance of corporate bonds;
- (VI) resolve on matters concerning the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (VII) amend the Articles of Association;
- (VIII) resolve on the engagement or dismissal of accounting firms that undertake the audit of the Company;
- (IX) consider and approve the guarantee matters stipulated in Article 46;
- (X) consider matters concerning the purchase or sale of major assets over the past year that exceeds 30% of the Company's latest audited total assets;
- (XI) consider and approve matters relating to the change of use of proceeds;
- (XII) consider equity incentive plans and employee stock ownership plans;
- (XIII) consider other matters required to be resolved at a general meeting pursuant to laws, regulations, securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association.

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

... **46** The following external guarantees of the Company shall be subject to the consideration and approval at the general meeting:

- (I) any single guarantee with an amount exceeds 10% of the latest audited net assets;
- (II) any guarantee to be provided after the total amount of external guarantees provided by

- (III) when shareholders who individually or collectively hold more than 10% of shares of the Company make a request;
- (IV) when the board of directors deems it necessary;
- (V) when the audit committee proposes to convene;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

4 In general, the venue for the Company's general meeting shall be the Company's domicile or the location of its office premises, with the detailed location to be specified in the notice of the general meeting. A meeting venue shall be set up and the general meeting shall be convened by way of physical meeting, and may also be convened by means of electronic communication at the same time. The Company shall also provide online voting to facilitate shareholders.

50 When convening a general meeting, the Company shall engage lawyers to give legal opinions and make announcements on the following matters:

- (I) whether the procedures for convening and holding the meeting comply with laws, administrative regulations and provisions of the Articles;
- (II) whether the qualifications of attendees and the convener are lawful and valid;
- (III) whether the voting procedures and results are lawful and valid;
- (IV) legal opinions issued in respect of other relevant issues as requested by the Company.

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51 The board of directors shall convene the general meeting on time within the specified period.

Independent directors shall be entitled to propose to the board of directors to convene an extraordinary general meeting after being agreed by the simple majority of all independent directors. The board of directors shall, in accordance with the laws, administrative regulations and the Articles, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days after receiving such proposal from the independent directors.

In the event that the board of directors agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within five days after the board of directors passes the relevant resolution. In the event that the board of directors disagrees to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

... **52** The audit committee shall propose to the board of directors to convene an extraordinary general meeting, and such proposal shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles, furnish a written reply stating whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving such proposal.

In the event that the board of directors agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within five days after the board passes the relevant resolution. Any changes to the original proposal made in the notice shall be approved by the audit committee.

In the event that the board of directors disagrees to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, the board of directors shall be deemed as unable to perform or failed to perform its duty of convening a general meeting, in which case the audit committee may convene and preside over a general meeting by itself.

... **53** Shareholders individually or jointly holding more than 10% of the shares of the Company shall request the board of directors to convene an extraordinary general meeting, and such request shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days after receiving such request.

In the event that the board of directors agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within five days after the board passes the relevant resolution. Any changes to the original request made in the notice shall be agreed by the relevant shareholders.

In the event that the board of directors disagrees to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such request, shareholders individually or jointly holding more than 10% of the shares of the Company shall propose to the audit committee to convene an extraordinary general meeting, and such proposal shall be made in writing.

In the event that the audit committee agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within five days after receiving such request. Any changes to the original request made in the notice shall be agreed by the relevant shareholders.

Failure of the audit committee to issue the notice of general meeting within the prescribed time limit shall be deemed as failure of the audit committee to convene and preside over a general meeting, and shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days are entitled to convene and preside over a general meeting on their own accord.

54 Where the audit committee or shareholders decide(s) to convene a general meeting on their own accord, the board of directors shall be notified in writing, and records shall be filed with the Shenzhen Stock Exchange.

Prior to announcement on the resolutions passed at the general meeting, the shareholding of the shareholders convening such meeting shall not be less than 10%.

The audit committee or shareholders convening the meeting shall submit the relevant materials as a proof to the Shenzhen Stock Exchange at the time of issuance of notice of the meeting and announcement on the resolutions passed at the meeting.

Shareholder(s) individually or jointly holding more than 1% of the shares of the Company may put forward provisional proposals and submit the same in writing to the convener ten days prior to the date of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days after receiving such proposals and announce the content of the provisional proposals, and submit such provisional proposals to the general meeting for consideration, unless the provisional proposals violate the provisions of laws, administrative regulations or the Articles of Association, or do not fall within the scope of authority of the general meeting. If the securities regulatory rules of the places where the Company's shares are listed require the general meeting to be postponed as a result of the supplemental notice,

(V) the names and telephone numbers of the contact person in relation to the meeting;

(VI) the time and procedures for online voting or voting by other means.

Online voting or voting by other means shall commence no earlier than 3:00 p.m. before the date of the physical meeting but shall be no later than 9:30 a.m. on the date of the physical meeting, and shall not end earlier than 3:00 p.m. on the date of the conclusion of the physical meeting.

The period between the record date for share registration and the date of the meeting shall be no more than 7 business days. The record date for share registration shall not be changed once confirmed.

... 61 If the election of directors is proposed to be discussed at the general meeting, the notice of the general meeting shall adequately disclose the biographies of the candidates for directors, which should include at least the following:

- (I) personal information such as educational background, work experience, concurrent positions;
- (II) whether they are connected with the Company, the controlling shareholders or de facto controllers of the Company;
- (III) the number of shares held in the Company;
- (IV) whether they have been subject to penalties by the CSRC and other relevant authorities and been reprimanded by a stock exchange;
- (V) whether they possess the qualification requirements under the securities regulatory rules of the places where the Company's shares are listed.

Each candidate for director shall be proposed by way of a separate proposal, except for those elected through a cumulative voting system.

... 62 After the notice of general meeting is issued, the general meeting shall not be postponed or canceled without a sound reason, and the proposals stated in the notice of general meeting shall not be canceled. In the event of any postponement or cancellation, the convener shall issue a notice and state the reasons at least two working days before the original date of the general meeting. If there are special provisions under the securities regulatory rules of the places where the Company's shares are listed regarding the procedures for postponing or canceling general meetings, the provisions shall prevail to the extent that they do not violate the domestic regulatory requirements.

... **63** The board of directors and other conveners shall take all necessary measures to ensure that the general meeting is conducted in an orderly manner. Measures shall be taken to stop acts that interfere with the shareholders' general meeting, provoke troubles and infringe the legitimate rights and interests of shareholders, and report to relevant authorities for investigation and punishment in a timely manner.

... **64** All shareholders in the register as at the record date for share registration or their proxies shall be entitled to attend the general meeting, and to speak and exercise their voting rights at the meeting pursuant to the relevant laws and regulations and the Articles (unless individual shareholders are required to abstain from voting on certain matters under the securities regulatory rules of the places where the Company's shares are listed).

A shareholder may attend, speak and vote at the general meeting in person or by proxy. A proxy does not need to be a shareholder of the Company.

... **65** Individual shareholders attending meeting in person shall produce their identity cards or other valid documents or proof to prove their identity. In the case of attending by proxies, the proxies shall produce valid documents and the proxy forms from the shareholders to prove their identity. Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (whether or not such persons are shareholders) as his/her proxy(ies) to attend and vote on his/her behalf.

Where a shareholder is a legal entity, its legal representative or a proxy entrusted by such legal representative shall attend the meeting. If the meeting is attended by the legal representatives, they shall produce their identity cards and valid proof of their status as legal representatives; if the meeting is attended by agents of such legal representatives, such agents shall produce their identity cards and the written authorization letter legally issued by the legal representative of the legal entity shareholder (except for shareholders who are recognized clearing houses as defined by the relevant regulations in force from time to time under the Hong Kong laws or the securities regulatory rules of the places where the Company's shares are listed (the "Recognized Clearing Houses") and their agents).

... **66** The proxy form for appointing a proxy to attend the general meeting issued by a shareholder shall include the following:

- (I) the name of the principal and the class and number of shares held in the company;
- (II) the name of the proxy;
- (III) specific instructions from shareholders, including the instructions on voting for, against or abstaining from voting on each item on the agenda to be considered at the general meeting, etc.;

... **72** The general meeting convened by the audit committee shall be presided over by the convener of the audit committee. If the convener of the audit committee is unable or fails to perform his/her duties, a member of the audit committee who has been elected by more than one-half of the members of the audit committee shall preside over the meeting.

The general meeting convened by shareholders shall be presided over by the convener or a representative elected by the convener.

During a general meeting, in the event that the presider of the meeting violates the Articles and the relevant rules of procedure so that the general meeting cannot proceed, a person may be elected at the general meeting to act as the presider of the meeting to proceed with the meeting with the consent of a majority of the shareholders with voting rights who are present at the meeting.

... **73** The Company shall formulate the rules of procedure for the general meeting which shall set out in details the holding, convening and voting procedures of a general meeting, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, meeting minutes and their signing, announcements and other contents, and the principles of authorization to the board of directors at the general meeting. The authorization shall be clear and specific. As an appendix to the Articles, the rules of procedure for the general meeting shall be prepared by the board of directors and approved at the general meeting.

... **74** In the annual general meeting, the board of directors shall report to the general meeting their work done in the past year. Each independent director shall also present a report on their duty performance.

... **75** Directors and senior management shall provide explanations and clarifications in relation to the enquiries and suggestions from the shareholders during the general meeting.

... **76** The chairman of the meeting shall, prior to voting, declare the number of shareholders and proxies attending the meeting as well as the total number of voting shares held by them, which shall be subject to the registration of the meeting.

... **77** The general meeting shall have minutes prepared by the secretary to the board of directors, which shall record the following:

- (I) the time, venue, agenda of the meeting and name of the convener;
- (II) the name of the presiding officer of the meeting and directors, senior management present at the meeting;

- (III) the number of shareholders and proxies attending the meeting, total number of voting shares held by them, and its proportion in the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting results for each proposal;
- (V) the shareholders' enquiries, opinions or suggestions and the corresponding responses or explanations;
- (VI) names of lawyers, vote counters and scrutinizer;
- (VII) other contents that shall be included in the minutes as specified in the Articles.

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

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

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... 80 Resolutions of a general meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions of a general meeting shall be passed by votes representing a majority of the voting rights held by the shareholders attending the general meeting.

Special resolutions of a general meeting shall be passed by votes representing more than 2/3 of the voting rights held by the shareholders attending the general meeting.

... 81 The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the board of directors;
- (II) profit distribution plan and loss make-up plan formulated by the board of directors;

- (III) appointment and dismissal of members of the board of directors, their remuneration and payment terms;
- (IV) matters other than those to be approved by special resolutions as stipulated in the laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed or the Articles.

... **82** The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or reduction of the registered capital of the Company;
- (II) division, spin-off, merger, dissolution and liquidation of the Company;
- (III) amendments to the Articles;
- (IV) purchase or disposal of material assets by the Company within one year, or any guarantee provided to others with an amount exceeding 30% of the latest audited total assets of the Company;
- (V) equity incentive plans;
- (VI) other matters that need to be approved by special resolutions as stipulated by laws and regulations, securities regulatory rules of the places where the Company's shares are listed, the Articles of Association and the rules of procedure for the general meeting.

... **83** Shareholders shall exercise their voting rights in respect of the number of voting shares they represent, and each share shall have one vote. When a poll is held, shareholders (including their proxies) having the right to cast two or more votes need not use all of their voting rights in the same way as "for", "against" or "abstain".

When material matters affecting the interests of the small and medium-sized investors are considered at a general meeting, the votes of the small and medium-sized investors shall be counted separately. The separate voting results shall be disclosed to the public in a timely manner.

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

The shares of the Company held by the Company do not have voting rights, and such shares shall not be included in the total number of voting shares present at the general meeting. Pursuant to the applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a particular resolution or restricted to voting only for (or against) a particular resolution, the number of votes cast by such shareholder or his/her proxy in breach of the relevant requirements or restrictions shall not be included in the total number of voting shares.

The board of directors, independent directors and shareholders holding more than 1% of the voting shares or the investor protection institutions established in accordance with laws, administrative regulations or the requirements of the CSRC may solicit shareholders' voting rights. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or disguised consideration for soliciting shareholders' voting rights is prohibited. Except for legal conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

... **84** When a related-party transaction is considered at a general meeting, the related shareholders shall abstain from voting, and the voting shares represented by them shall not be included in the total number of valid voting shares. The announcement of resolutions of the general meeting shall fully disclose the voting results of non-related shareholders. If a related shareholder is unable to abstain from voting due to any special circumstances, voting may proceed according to the normal procedures after the Company obtains an approval from relevant authorities, provided that a detailed explanation shall be included in the announcement of resolutions of the general meeting.

The abstaining and voting procedures for related shareholders are as follows:

- (I) The board of directors shall make a judgement as to whether the related matters to be proposed at a general meeting for consideration constitute related party transactions pursuant to the Articles and the requirements of the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange, and in making such judgement, the number of shares held by the shareholders shall be subject to that recorded on the record date for share registration.
- (II) If the board of directors considers that the related matters to be proposed at the general meeting for consideration constitute related-party transactions, the board of directors shall notify the related shareholder(s) in writing, and obtain a written reply on whether the shareholder(s) will apply for exemption.
- (III) The board of directors shall complete the work specified above before giving the notice of the general meeting, and make an announcement in respect of the result of such work in the notice of general meeting.

The cumulative voting system referred to in the preceding paragraph means that when directors are being elected at a general meeting, each share shall carry the same number of voting rights as the number of directors to be elected, and the voting rights held by shareholders may be used collectively. Details for the implementation of the cumulative voting system shall be as follows:

(I) Calculation of the number of votes in the cumulative voting:

1. The product of the number of voting shares held by each shareholder multiplied by the number of directors to be elected at the general meeting shall be the cumulative votes cast by such shareholder for this vote.
2. In the event that multiple rounds of elections are held at the general meeting, the cumulative votes of shareholders shall be recalculated based on the number of directors to be elected in each round of election.
3. The secretary to the board of directors of the Company shall announce the cumulative votes of each shareholder before each round of cumulative voting. Any shareholders, independent directors of the Company, scrutineers of the current general meeting, witness lawyers or notaries who have any objection to the announced results shall check the results immediately.

(II) Voting methods:

1. Uncontested election
 - (1) A candidate for director shall be elected if he or she receives more than half of the votes of the shares validly voted at the meeting;
 - (2) If the number of elected directors is less than the number of directors to be elected, but the number of elected directors exceeds more than two-thirds of the number of members of the board of directors as stipulated in the Articles, the vacancy shall be filled at the next general meeting;
 - (3) If the number of elected directors is less than the number of directors to be elected, as a result of which the number of members of the board of directors is less than two-thirds of the number as stipulated in the Articles, a second round of election shall be held for the director candidates who have not been elected.

2. Competitive election

- (1) A candidate for director shall be elected if he or she receives more than half of the votes of the shares validly voted at the meeting and the number of such candidates is equal to or less than the number of directors to be elected;
- (2) If the number of director candidates receiving more than half of the votes of the shares validly voted at the meeting exceeds the number of directors to be elected, the one who receives more votes shall be elected in order of the number of votes received;
- (3) In the event that two and more candidates receive the same number of votes and it is not possible to decide which of them is to be elected, a second round of election shall be held for those candidates;
- (4) In the event that the second round of election still fails to decide on the elected person, a separate election shall be held at the next general meeting;
- (5) If the number of members of the board of directors is less than two-thirds of the number as stipulated in the Articles as a result, the next general meeting shall be held no later than two months after the conclusion of the current general meeting.

Regardless of the nomination methods of candidates for directors and the election methods of directors, and regardless of the term expiration of the board of directors or any change of directors before their term expiration, in any case, the Company may only replace up to one-third of its directors each year.

88 Except for the cumulative voting system, the general meeting shall resolve on all proposals separately. If there are different proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution is passed for special reasons such as force majeure, the general meeting will not set aside or refrain from voting on the proposals.

8 When a proposal is considered at a general meeting, no amendments shall be made thereto. Otherwise, any changes made thereto shall be considered as a new proposal, and no voting shall be carried out on that proposal at that general meeting.

0 The same voting right may only be exercised once at a general meeting, either by onsite voting, online voting or other means. In the event of multiple casting of the same vote, only the first casting of such vote shall be counted as valid.

1 Voting at general meetings shall be carried out with open ballot.

... 2 Before the proposal is voted on at a general meeting, two shareholder representatives shall be elected for vote counting and scrutinizing. Shareholders who has connected relationship with the matter under consideration and their proxies shall not count the votes and scrutinize the poll.

When a proposal is voted on at the general meeting, the lawyers, the representatives of the shareholders (or other relevant persons appointed in accordance with the Hong Kong Listing Rules) shall be jointly responsible for vote counting and scrutinizing, and the voting results shall be announced promptly at the meeting. The voting results of such resolution shall be recorded in the minutes of the meeting.

Shareholders of a listed company or their proxies who vote online or by other means shall be entitled to verify their voting results in the corresponding voting system.

... 3 The onsite general meeting shall not be concluded earlier than the online meeting or that held by other means, and the presider of the meeting shall announce the voting and results of each proposal and whether the proposal is passed according to the voting results.

Before the voting results are officially announced, the listed company, vote counters, scrutineers, shareholders, Internet services providers and other relevant parties involved in the onsite general meeting, online meeting or that held by other means shall be under an obligation to keep the voting results strictly confidential.

... 4 Shareholders attending the general meeting shall provide one of following opinions on the proposals to be voted on: for, against or abstain, except for the securities registration and clearing institution which, as the nominee of shares under the stock connect mechanism between Mainland China and Hong Kong stock markets, shall make declaration according to the intentions of actual holders.

Unfilled, incorrectly filled, illegible or uncast votes shall be regarded as the voters waiving their voting rights and the voting results of the shares held by them shall be counted as “abstention”.

... 5 If the presider of the meeting has any doubt as to the result of a resolution put to vote, he or she may demand the votes to be counted. If the presider of the meeting does not have the votes counted, any shareholder or proxy attending the meeting who disagrees with the result announced by the presider may demand the votes to be counted immediately after the announcement of the voting result, and the presider shall have the votes counted immediately.

... 6 The resolutions passed at the general meeting shall be announced timely. The announcement shall contain the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of such share to the total number of voting shares of the Company, the voting method, the voting result of each proposal and the details of each resolution passed.

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

... **8** Where a proposal in relation to the election of directors is passed at a general meeting, the term of office of the new directors shall commence on the date on which the proposal is passed.

... Where a proposal in relation to the payment of cash dividends, the issue of bonus shares or increase in the share capital by way of capitalization of capital reserves is passed at a general meeting, the Company shall implement the specific plan within two months after the conclusion of such general meeting. If the specific plan cannot be implemented within two months due to the requirements of the laws, regulations and the securities regulatory rules of the places where the Company's shares are listed, the implementation date of the specific plan may be adjusted in accordance with such requirements and the actual situation.

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... **1** ...

... **100** Directors of the Company may include executive directors, non-executive directors and independent directors. Non-executive directors refer to directors who do not hold operational management positions in the Company, and independent directors refer to persons who meet the provisions of Article 131 of the Articles (consistent with the meaning of "independent non-executive director" in the Hong Kong Listing Rules). The director of the Company shall be a natural person. A person may not serve as a director of the Company if any of the following circumstances applies:

- (I) persons who have no or restricted capacity for civil conduct;
- (II) persons who were sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disrupting the socialist market economic order or who have been deprived of political rights due to any criminal offenses, where less than five years have lapsed since the expiration of the execution period, and less than two years have lapsed since the date of the expiration of the probation period if probation is announced;
- (III) persons who served as a director, factory manager or manager of a company or an enterprise that declared insolvent and liquidated and were personally liable for the insolvency of such company or enterprise, and less than three years have lapsed since the date of completion of the insolvency and liquidation of that company or enterprise;

- (IV) persons who served as the legal representative of a company or an enterprise of which the business license was revoked and was ordered to close down due to violation of laws and who was personally liable for such revocation and order, where less than three years have lapsed since the date of the revocation of the business license and closure, as ordered, of that company or enterprise;
- (V) persons who are listed as defaulters by a people's court since he/she has a substantial amount of personal debts due and unsettled;
- (VI) persons who are penalized by CSRC to be prohibited from participating in the securities markets with a period yet to be expired;
- (VII) persons who are publicly determined by a stock exchange as unsuitable to serve as directors or senior management of a listed company, etc. with a period yet to be expired;
- (VIII) other circumstances stipulated in laws, administrative regulations, departmental rules or the listing rules of the places where the Company's shares are listed.

If the election or appointment of a director is in violation of this article, such election, appointment or employment shall be invalid. If any of the circumstances under this article occurs during the period of employment of a director, the Company will dismiss the director from his/her duties, cease his/her duties and re-elect a director in accordance with the provisions of the Articles.

... 101 Directors shall be elected or replaced at a general meeting, and may be removed by the general meeting before expiry of the term of office. Each term of office of a director shall be three years. Upon the expiry of a director's term of office, the director may be re-elected and re-appointed in accordance with the provisions of the securities regulatory rules of the places where the Company's shares are listed.

The term of office of a director shall commence from the date of taking office, until the current term of office of the board of directors ends.

A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

The senior management may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as the senior management and directors who are employee representatives, shall not exceed 1/2 of all the directors of the Company.

The Company shall have 1 employee representative director. The employee representatives of the board of directors shall be elected at the employee representatives' meeting, employee meeting or otherwise democratically, which shall not be subject to the general meeting for deliberation.

... **102** The directors shall comply with the provisions of laws, administrative regulations and the Articles, and shall bear the fiduciary obligations towards the Company. The directors shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not use their powers to seek improper interests.

The directors shall bear the following fiduciary obligations towards the Company:

- (I) shall not embezzle the properties of the Company or misappropriate the Company's funds;
- (II) shall not deposit the Company's funds in an account under his/her own name or the name of other individuals;
- (III) shall not to abuse his/her position to accept bribes or other illegal income;
- (IV) shall not directly or indirectly enter into any contract or transaction with the Company without reporting to the board of directors or at the general meeting, and without being passed by the board of directors or general meeting by way of resolutions in accordance with the provisions of the Articles;
- (V) shall not make use of his/her position to procure business opportunities that should otherwise belong to the Company for himself/herself or others, but except those which have been reported to the board of directors or at the general meeting and passed by resolutions of the general meeting, or that the Company cannot make use of such business opportunities in accordance with the Company. Ts2of the Art0.5 (the)nistrative regulati.5 (u

- (X) other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the places where the Company's shares are listed and the Articles.

Income generated by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

The provisions of item (IV) of paragraph 2 of this Article shall apply to the close relatives of directors and senior management, enterprises directly or indirectly controlled by directors or senior management or their close relatives, and associated persons of other related relations with directors or senior management, who have entered into contracts or conduct transactions with the Company.

... 103 Directors shall abide by the provisions of laws, administrative regulations and the Articles, bear the duty of diligence towards the Company, and perform duties with reasonable care ordinarily exercised by managers in the best interests of the Company.

Directors shall bear the following duty of diligence towards the Company:

- (I) shall exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with the laws, administrative regulations and the requirements of various economic policies of the PRC, and the business activities shall not go beyond the scope of the business stipulated in the business license;
- (II) shall treat all shareholders fairly;
- (III) shall maintain a timely awareness of the operation and management of the Company;
- (IV) shall sign written confirmation on the regular reports of the Company, and to ensure the truthfulness, accuracy and completeness of information disclosed therein;
- (V) shall provide relevant information and materials to the audit committee truthfully, and shall not obstruct the exercise of powers by the audit committee;
- (VI) other duty of diligence stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the places where the Company's shares are listed and the Articles.

... 104 A director who fails to attend two consecutive meetings of the board of directors in person without authorizing another director to attend on his/her behalf, shall be deemed to be unable to perform his/her duties. The board of directors shall propose to the general meeting to remove such director.

... **105** A director may resign before expiry of his/her term of office. A resigning director shall submit a written resignation report to the Company. The resignation shall become effective on the date the Company receives the resignation report. The relevant information shall be disclosed by the Company as soon as practicable (no later than within two trading days). Where the number of members of the board of directors falls below the statutory minimum requirement due to the resignation of any director, before a newly elected director takes office, the original director shall perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles.

... **106** The Company shall establish a director resignation management system, clearly specifying safeguard measures for pursuing accountability and seeking recourse for unfulfilled public commitments and other outstanding matters. When a director's resignation takes effect or his/her term of office expires, he/she shall duly complete all handover procedures with the board of directors. His/her fiduciary obligations towards the Company and shareholders shall not necessarily cease after the expiry of his/her term of office. Within three months after his/her resignation takes effect or his/her term of office expires, the director's fiduciary obligations as set forth in the Articles shall continue to be in effect, and the obligation of confidentiality therein shall be perpetual. Liabilities that directors should bear during their tenure for the execution of duties shall not be exempted or terminated due to their resignation.

... **107** The general meeting may remove any director through resolutions, effective as of the date when the resolutions take effect.

Where a director is removed before expiration of his/her term of office without justifiable reasons, the director may demand indemnification from the Company.

... **108** Unless provided for under the Articles or legally authorized by the board of directors, no director may act in his/her own capacity on behalf of the Company or the board of directors. When a director acts in his/her own capacity and a third party would reasonably believe that the director is acting on behalf of the Company or the board of directors, the director shall declare his/her position and capacity in advance.

... **10** If a director, in the performance of his/her duties, causes damage to others, the Company will be liable for compensation; if the director acts with intent or gross negligence on his/her part, he/she shall also bear liability for compensation.

If a director violates laws, administrative regulations, departmental rules or the provisions of the Articles when performing his/her duties and causes losses to the Company, he/she shall be liable for compensation.

110 The Company shall have a board of directors, which shall be accountable to the general meeting.

111 The board of directors shall consist of eleven directors, comprising four executive directors, three non-executive directors and four independent non-executive directors. The Company shall have one chairman, who shall be elected by a majority of all directors of the board of directors.

112 The board of directors shall exercise the following functions and authority:

- (I) convene general meetings and submit work reports to the general meetings;
- (II) implement resolutions of the general meetings;
- (III) determine the business plans and investment plans of the Company;
- (IV) formulate the Company's profit distribution plan and loss recovery plan;
- (V) formulate plans for the Company for increase or reduction of registered capital, issuance of bonds or other securities and listing;
- (VI) formulate plans for major acquisitions of the Company, acquisition of the Company's shares, or plans for merger, division, dissolution and change of corporate form;
- (VII) within the scope authorized by the general meeting or the Articles, decide on matters such as the Company's external investment, acquisition and sale of assets, asset pledges, external guarantees, entrusted financial management and related transactions;
- (VIII) decide on the establishment of the Company's internal management body;
- (IX) appoint or dismiss the Company's chief executive officer and secretary to the board of directors; appoint or dismiss the Company's president, chief engineer, financial director and other senior management based on the nomination of the chief executive officer, and decide on the matters in relation to their remuneration, rewards and punishments;
- (X) formulate the Company's basic management system;
- (XI) formulate proposed amendments to the Articles;
- (XII) manage the Company's information disclosure matters;

- (XIII) make proposal to the general meeting on the engagement or change of the accounting firm performing audits for the Company;
- (XIV) listen to the work reports from the chief executive officer of the Company and review the work of the chief executive officer;
- (XV) subject to compliance with the provisions of the securities regulatory rules of the places where the Company's shares are listed, decide on the acquisition of the Company's own shares by the Company under the circumstances stipulated in Article 24(III), (V) and (VI) of the Articles as passed by a resolution by more than two-thirds of the directors attending the board meeting;
- (XVI) the board of directors of the Company shall establish special committees for audit, strategic management and ESG, nomination, remuneration and evaluation, and formulate the working procedures for special committees. Special committees shall be accountable to the board of directors and perform their duties in accordance with the Articles and the authorization by the board of directors, and the proposals shall be submitted to the board of directors for consideration and approval. The members of the special committees shall be entirely composed of directors, among which independent directors constitute the majority of the audit committee, nomination committee, remuneration and evaluation committee and serve as the conveners. The convener of the audit committee shall be an accounting professional, and the members of the audit committee shall be directors who do not serve as a senior management of the Company. The board of directors shall be responsible for formulating the working procedures of the special committees and regulating the operation of the special committees;
- (XVII) other functions and authority conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the places where the Company's shares are listed or the Articles.

Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

... **113** The Company's board of directors shall explain to the general meeting about the non-standard audit opinions issued by certified public accountants on the Company's financial report.

... **114** The board of directors shall formulate the rules of procedure for the board meetings to ensure that the board of directors implement the resolutions of the general meetings, improve work efficiency and ensure scientific decision-making.

Unless otherwise specified by the securities regulatory rules of the places where the Company's shares are listed, matters under items (I) to (V) above that do not meet any of standards for board approval shall be approved by the chairman.

... 116 The board of directors shall have one chairman. The chairman shall be elected by more than half of all the members of the board of directors.

... 117 The chairman shall exercise the following functions and authority:

- (I) preside over the general meetings and convene and preside over the board meetings;
- (II) supervise and inspect the implementation of resolutions of the board of directors;
- (III) sign on the shares, corporate bonds and other securities issued by the Company;
- (IV) sign on the important documents of the board of directors and other documents to be signed by the legal representative of the Company;
- (V) exercise the functions and authority of the legal representative;
- (VI) when a force majeure emergency such as an extreme natural disaster occurs, exercise the special authority to handle company affairs in compliance with legal provisions and in the interests of the Company, and report to the board of directors of the Company and the general meeting subsequently;
- (VII) other functions and authority conferred by the board of directors.

The above matters shall exclude matters that necessarily require consideration and approval by the general meeting pursuant to the Company Law and other relevant laws and regulations as well as the securities regulatory rules of the places where the Company's shares are listed.

... 118 If the chairman is unable to perform his/her duties or fails to perform his/her duties, a director jointly nominated by a majority of the directors shall perform such duties.

... 11 The board of directors shall hold at least four meetings each year, which shall be convened by the chairman and shall notify all directors in writing 14 days prior to the meeting.

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

... 121 The board of directors shall notify all directors in writing three days prior to the extraordinary meeting of the board of directors.

... **122** A notice of board meeting shall contain the following:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons and subjects for discussion;
- (IV) date of notice.

... **123** The board meetings shall be held only when more than half of the directors are present. Resolutions made by the board of directors must be passed by more than half of all directors.

Resolutions of the board of directors are voted by way of poll with each director having one vote.

... **124** If any director is related to the enterprise or any individual involved in the resolution at a board meeting, such director shall promptly file a written report to the board of directors. The related director shall not exercise his/her voting rights on the said resolution for himself/herself or on behalf of another director. Such board meeting may be held when more than half of the non-related directors attend the meeting. The resolution of such board meeting shall be passed by more than half of the non-related directors. If the number of non-related directors attending the board meetings is fewer than three, the matters shall be submitted to the general meeting for consideration. Where the laws and regulations and securities regulatory rules of the places where the Company's shares are listed have any additional restrictions in respect of the participation and voting by directors in board meetings, such provisions shall prevail.

... **125** Resolutions of the board of directors shall be voted by way of casting written votes or a show of hands.

To the extent that the directors are guaranteed the right to fully express their opinions, the extraordinary meetings of the board of directors may be conducted and resolutions be made by means of telecommunication, and such resolutions shall be signed by the directors in attendance.

... **126** Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he/she may authorize another director to attend the meeting on his/her behalf in writing. The authorization letter shall set out the name of the authorized person, the matters to be authorized, scope of authorization and valid period, which shall be signed or sealed by the director who authorizes. The directors who attend the meeting on behalf of another director shall exercise the rights as directors within the scope of authorization. If a director fails to attend a board meeting and does not authorize a representative to attend on his/her behalf, he/she shall be deemed to have waived his/her voting rights at such meeting.

... 127 The board of directors shall keep minutes of its decisions on the matters discussed at the meeting. The minutes shall be signed by the attending directors.

The meeting minutes of the board of directors shall be kept as company files for no less than ten years.

... 128 Minutes of a board meeting shall include the following:

- (I) date and venue of the meeting and name of the convener;
- (II) names of the attending directors and names of the directors (proxies) appointed by others to attend the board meeting;
- (III) agenda of the meeting;
- (IV) key points of directors' speeches;
- (V) the voting method and result for each resolution (the voting result should specify the number of votes for and against the proposal or abstention).

Directors shall be accountable for the resolutions of the board of directors. Where the board resolution is in violation of laws, administrative regulations or the Articles of Association resulting in significant loss to the Company, directors taking part in passing the resolution shall be liable for compensation to the Company. Directors who have been proved to have indicated their opposition during the voting and recorded in the minutes may be waived from such liabilities.

3 董事及高级管理人员

... 12 Independent directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles, earnestly perform their duties, play the roles of participating in decision-making, supervising, checking and balancing, and professional consultation in the board of directors, safeguard the interests of the Company as a whole and protect the legitimate rights and interests of minority shareholders.

... 130 Independent directors shall maintain their independence. The following persons shall not serve as independent directors:

- (I) employees of the Company or its subsidiaries, and their spouse, parents and children, and major social relatives;

- (II) natural person shareholders who directly or indirectly hold more than 1% of the issued shares of the Company or who rank among the top ten shareholders of the Company, as well as their spouses, parents and children;
- (III) employees of those shareholders who directly or indirectly hold more than 5% of the issued shares of the Company or employees of the top five shareholders of the Company, as well as their spouses, parents and children;
- (IV) employees of the subsidiaries of the Company's controlling shareholders or de facto controllers, and their spouses, parents and children;
- (V) employees who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or employees of the entities which have significant business dealings with the Company and their controlling shareholders or de facto controllers;
- (VI) employees providing financial, legal, consulting and sponsorship and other services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the reports, partners, directors, senior management and principal responsible persons;
- (VII) any employees who fell within the categories stated in (I) to (VI) during the past twelve months;
- (VIII) any other employees who do not possess independence as stipulated under the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles.

The subsidiaries of the controlling shareholders and de facto controllers of the Company mentioned in items (IV) to (VI) of the preceding paragraph do not include those enterprises which are controlled by the same state-owned assets management authority as the Company and do not constitute any related relations with the Company under the relevant provisions.

The independent directors shall conduct an annual self-examination of their independence and submit the findings of their self-examination to the board of directors every year. The board of directors shall annually assess the independence of the incumbent independent directors and issue special opinions, which shall be disclosed at the same time in the annual report.

. . . **131** An independent director of the Company shall meet the following conditions:

- (I) having the qualifications to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;
- (II) complying with the independence requirements set forth in the Articles;
- (III) having basic knowledge about the operation of a listed company and being familiar with the relevant laws, regulations and rules;
- (IV) having at least five years of work experience in law, accounting or economics necessary to perform the duties of an independent director;
- (V) possessing good personal integrity and having no record of major breaches of trust or other adverse conduct;
- (VI) complying with the independence requirements under the listing rules of the place where the shares of the Company are listed;
- (VII) complying with any other conditions as stipulated under the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles.

. . . **132** Independent directors, as members of the board of directors, shall be loyal and diligent to the Company and all shareholders, and shall perform the following duties prudently:

- (I) to participate in the decision-making of the board of directors and express clear opinions on the matters under consideration;
- (II) to supervise the matters with potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, and senior management, and protect the legitimate rights and interests of minority shareholders;
- (III) to provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the board of directors;
- (IV) to perform other duties as stipulated under the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles.

... 133 Independent directors shall exercise the following special functions and powers:

- (I) independently engaging an intermediary organization to audit, consult or verify specific matters of the Company;
- (II) proposing to the board of directors the convening of an extraordinary general meeting;
- (III) proposing the convening of a meeting of the board of directors;
- (IV) openly soliciting shareholders' rights in accordance with the law;
- (V) expressing independent opinions on matters which may prejudice the interests of the Company or minority shareholders;
- (VI) performing other functions and powers as stipulated under the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles.

Independent directors shall obtain the consent of more than half of all the independent directors before exercising the functions and powers listed in items (I) to (III) of the preceding paragraph.

If an independent director exercises the powers listed in the first paragraph, the Company shall disclose it in a timely manner. If the above-mentioned powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

... 134 The following matters shall be submitted to the board of directors for consideration with the consent by more than half of all independent directors of the Company:

- (I) related transactions that shall be disclosed;
- (II) any plans of the Company and related parties to change or waive their commitments;
- (III) the decisions made and measures taken by the board of directors of the acquired listed company regarding the acquisition;
- (IV) other matters as stipulated under the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles.

... 135 The Company shall establish a mechanism of special meetings attended entirely by independent directors. Where the board of directors considers matters such as related transactions, it shall be approved in advance by a special meeting of independent directors.

The Company shall hold regular or ad hoc meetings attended by all independent directors. Matters listed in items (I) to (III) of the first paragraph of Article 133 and Article 134 of the Articles shall be considered at a special meeting of independent directors.

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

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by more than half of the independent directors. Where the convener does not perform or fails to perform his/her duties, two and more independent directors may convene and elect one representative to preside over the meeting.

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

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

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... **136** The board of directors of the Company shall establish an audit committee to exercise the powers and functions of the board of supervisors as stipulated in the Company Law.

... **137** Members of the audit committee shall consist of three directors who do not hold senior management positions in the Company. More than half of them shall be independent directors, and an accounting professional among the independent directors shall serve as the convenor. The members and convenor of the audit committee shall be elected by the board of directors.

... **138** The audit committee is responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the board of directors for consideration with the consent by more than half of all members of the audit committee:

- (I) disclosure of financial information in the financial accounting reports and regular reports, and the evaluation reports on internal control;
- (II) engagement or dismissal of the accounting firm that conducts auditing for the listed company;
- (III) appointment or dismissal of the financial director of the listed company;
- (IV) changes in accounting policies, accounting estimates or correction of significant accounting

(V) other matters as stipulated under the laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the places where the Company's shares are listed and the Articles.

... 13 The audit committee shall meet at least once every quarter. The audit committee may convene an extraordinary meeting upon the proposal of two or more members, or when the convener deems necessary. Meetings of the audit committee shall be held with the attendance of more than two-thirds of the members.

Resolutions of the audit committee shall be passed by more than half of the members of the audit committee.

Each member of the audit committee shall have one vote for any voting to be resolved by the audit committee.

The resolutions of the audit committee shall be recorded in minutes as required, and the members of the audit committee attending the meeting shall sign the minutes.

The working procedures of the audit committee shall be formulated by the board of directors.

... 140 The board of directors of the Company shall establish a strategic management and ESG, nomination, remuneration and evaluation, and other special committees, which shall perform their duties in accordance with the Articles and the authorization of the board of

... **142** The remuneration and evaluation committee shall be responsible for formulating the performance assessment criteria for directors and senior management, conducting their evaluations, and formulating and reviewing the remuneration determination mechanisms, decision-making procedures, payment and clawback arrangements, and other remuneration policies and plans for directors and senior management. It shall make recommendations to the board of directors on the following matters:

- (I) the remuneration of directors and senior management;
- (II) the formulation of or amendment to equity incentive schemes, employee share schemes, and the achievement of conditions for the grant and exercise of rights by incentive participants;
- (III) the arrangements made by directors and senior management for shareholding plans in connection with the proposed spin-off of subsidiaries;
- (IV) other matters as stipulated by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the places where the Company's shares are listed and the Articles.

Where the board of directors does not adopt or fully adopt the recommendations of the remuneration and evaluation committee, it shall record the committee's opinions and the specific reasons for not adopting them in the board resolution, and make disclosure.

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... **143** The Company has one chief executive officer who is appointed or dismissed by the board of directors.

... **144** The circumstances set forth herein under which a person may not serve as a director and the requirements of the management system for resignations also apply to senior management.

Requirements hereof with respect to the directors' obligations of fiduciary and diligence also applies to senior management.

... **145** Persons who hold administrative positions other than directors or supervisors in any entity of the controlling shareholder of the Company shall not be appointed as senior management of the Company.

The Company's senior management is paid only by the Company and is not paid by the controlling shareholders on behalf of the Company.

... **146** The term of office of a chief executive officer shall be three years, and renewable upon re-election.

... **147** The chief executive officer shall be accountable to the board of directors and shall exercise the following functions and authority:

- (I) be in charge of the production, operation and management of the Company, organize the implementation of the resolutions of the board of directors, and report to the board of directors;
- (II) arrange the implementation of the Company's annual business plans and investment plans;
- (III) draft plans for the establishment of the internal management structure of the Company;
- (IV) propose the basic management system of the Company;
- (V) formulate detailed rules and regulations of the Company;
- (VI) propose the appointment or dismissal by the board of directors of the Company's president, chief engineer and financial director;
- (VII) decide on the appointment or dismissal of the executive officers other than those who shall be appointed or dismissed by the board of directors;
- (VIII) other functions and authority conferred by the Articles or the board of directors.

The chief executive officer shall attend meetings of the board of directors.

... **148** The chief executive officer shall formulate his/her working rules, which shall be implemented upon approval by the board of directors.

... **14** The working rules for the chief executive officer include the following:

- (I) conditions, procedures for convening and participants of the chief executive officer meetings;
- (II) respective duties and division of responsibilities between chief executive officer and other senior management;
- (III) the use of funds and assets of the Company, limits of authority to enter into material contracts and systems for reporting to the board of directors;
- (IV) other matters deemed necessary by the board of directors.

... **150** The chief executive officer may resign before expiry of his/her term of service. The specific procedures and methods for resignation of the chief executive officer shall be stipulated in the labor contract between the chief executive officer and the Company.

... **151** The Company shall, according to its own conditions, specify the procedures for the appointment and dismissal of the president, the relationship between the president and the chief executive officer as well as the functions and authority of the president in the Articles.

... **152** The Company shall have a secretary to the board of directors, who is responsible for the organization of the Company's general meetings and meetings of the board of directors, custody of documents as well as information management regarding the shareholders of the Company, dealing with information disclosure and other matters.

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

... **153** If a senior management officer causes damage to others while performing his/her duties for the Company, the Company shall bear liability for compensation; if a senior management officer acts with intent or gross negligence, he/she shall also bear liability for compensation.

If a senior management member violates the laws, administrative regulations, departmental rules or the Articles when performing his/her duties that result in loss to the Company, he/she shall be liable for compensation.

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

If the senior management of the Company fails to perform their duties faithfully or violates their obligations of integrity and causes damage to the interests of the Company and the public shareholders, they shall be liable for compensation in accordance with the law.

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... **155** The Company shall formulate its financial accounting system in accordance with the laws, administrative regulations and the requirements of relevant state departments.

... **156** The Company shall submit to the CSRC branch and the stock exchanges where the Company's shares are listed and disclose the annual report as required within four months from the end of a fiscal year, as well as submit to the CSRC branch and the stock exchanges and disclose the interim report within two months from the end of the first six months of a fiscal year.

The aforesaid annual report and interim report shall be prepared in accordance with the relevant laws, administrative regulations, departmental rules, the securities regulatory rules of the places where the shares are listed.

... **157** The Company shall not establish account books other than the statutory account books. The funds of the Company shall not be deposited into any personal account.

... **158** The Company shall, when allocating its after-tax profits for the current year, allocate 10% of its profits to the Company's statutory reserve. When the cumulated amount of the statutory reserve of the Company reaches 50% of its registered capital, no further allocations is required.

If the statutory reserve of the Company is insufficient to make up for its losses for the previous years, the profits for the current year shall first be used to cover the losses before any statutory reserve is allocated according to the preceding paragraph.

After allocating the statutory reserve out of its after-tax profits, the Company may also, subject to the resolution at a general meeting, allocate its after-tax profits to its discretionary reserve.

The remaining after-tax profits shall, after covering the losses and making allocations to the reserve, be distributed to the shareholders in proportion to their respective shareholdings, except those which shall not be distributed in accordance with the shareholding proportion under the Articles.

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

The Company's shares held by the Company are not entitled to any profit distribution.

The Company shall appoint one or more payment receiving agent(s) in Hong Kong for shareholders of H Shares. The payment receiving agent(s) shall, on behalf of relevant shareholders of H Shares, receive dividends and other amounts payable by the Company in respect of H Shares and keep such payments for future payments to such shareholders of H Shares. The payment receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the places where the Company's shares are listed.

... 15 Reserves of the Company are used for covering the Company's losses, expanding the Company's production and operation or being converted to increase the registered capital of the Company.

In the case that reserves are used to cover the Company's losses, the discretionary reserve and the statutory reserve shall be first used; if they still cannot cover the Company's losses, the capital reserve may be used in accordance with the regulations.

When the statutory reserve is converted to increase the registered capital, the balance of the statutory reserve shall not fall below 25% of the Company's registered capital before the conversion.

... 160 After the profit distribution plan has been resolved at the Company's general meeting, or after formulation by the board of directors of the Company of a specific plan in accordance with the conditions and cap of the interim dividend distribution for the following year considered and approved at the annual general meeting, the Company shall complete the distribution of dividends (or shares) within two months. If the specific plans are not able to be implemented within two months under the laws and regulations and the securities regulatory rules of the places where the Company's shares are listed, the implementation date of the specific plan may be correspondingly adjusted in accordance with such regulations and actual circumstances.

... 161 The Company's profit distribution policy is as follows:

(I) Principles for profit distribution

1. Profit distribution by the Company shall emphasize a reasonable return on investment for shareholders. The profit distribution policy shall maintain consistency and stability.
2. Profit distribution by the Company shall neither exceed the scope of the cumulative distributable profits, nor shall it harm the Company's ability to continue as a going concern. The board of directors, the audit committee and the general meeting of the Company shall give due consideration to the opinions of small and medium-sized investors in deciding and demonstrating its profit distribution policy.

(II) Form of profit distribution

The Company may distribute dividends in the form of cash, stocks, or a combination of both, or other methods permitted by laws and regulations. The Company shall prioritize the use of cash dividends for profit distribution. The Company shall adopt cash dividends for profit distribution provided that the conditions for cash distribution are satisfied. Where the Company distributes profit in the form of stock dividends, true and reasonable factors such as the growth of the Company and the dilution to net assets per share shall be taken into account.

(III) Conditions for cash dividends

The Company records distributable profits (i.e. the remaining after-tax profits after covering the Company's losses and making allocations to the reserve) during the year, and there is sufficient cashflow so that payment of cash dividends would not affect the Company's subsequent continuing operation.

(IV) Ratios and intervals for cash dividends

Subject to the principles of profit distribution and the above conditions for cash dividends, the Company shall, in principle, distribute cash dividends once a year. Within any three consecutive years, the cumulative profits distributed by the Company in cash shall not be less than 30% of the average distributable profits realized in the most recent three years. The specific dividend ratios shall be determined by the board of directors of the Company according to relevant regulations and the Company's operating conditions, and considered and resolved at the general meeting of the Company.

(V) Conditions for the distribution of stock dividends

The Company may, when necessary, distribute profits in the form of stock dividends based on its accumulated distributable profits, reserves and cash flow conditions, providing that sufficient distribution in cash dividends and the reasonable capital size of the Company are ensured. The specific dividend ratios shall be considered and approved by the board of directors of the Company, before submitting to the general meeting for consideration and resolution.

(VI) In the event that a shareholder misappropriates the Company's funds in violation of the regulations, the Company shall deduct the cash dividends distributed to that shareholder to repay the funds he/she has misappropriated.

(VII) Decision-making procedures for profit distribution

1. The annual dividends distribution plan of the Company shall be proposed and budgeted by the management and board of directors of the Company based on factors such as the Company's profitability, fund demand, and shareholder return plan for every accounting year;

4. Before considering the specific plan for cash dividends at the general meeting, the Company shall actively communicate and interact through various channels with shareholders, especially small and medium-sized shareholders, fully listen to their opinions and demands, and promptly answer the questions which concern small and medium-sized shareholders;
5. The Company shall disclose the details about the formulation and implementation of the cash dividend policy in the annual report, and make specific explanations on the following matters:
 - (1) Whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting;
 - (2) Whether the basis and ratio of the dividend distribution are specific and clear;
 - (3) Whether the relevant decision-making procedure and system are sound;
 - (4) The Company shall disclose specific reasons for not distributing cash dividends, and measures to be taken to enhance the investors' return;
 - (5) Whether there are opportunities for small and medium-sized shareholders to fully express their views and demands, and whether their legal rights and interests are sufficiently protected, etc.
6. The formulation or modification of the Company's profit distribution policy shall be proposed by the board of directors to the general meeting, and the profit distribution policy proposed by the board of directors shall be approved by more than half of all directors; independent directors shall have the right to express opinions if they consider that the cash dividend plan may damage the benefits of the Company and small and medium-sized shareholders. If the opinions of the independent directors are not adopted or not fully adopted by the board of the directors, the opinions of the independent directors and the specific reasons for not adopting shall be recorded in the resolutions of the board of the directors and shall be disclosed;
7. If the formulation or modification of the Company's profit distribution policy is submitted to the general meeting for consideration, it shall be approved by more than half of the voting rights held by the shareholders (including the shareholders' proxies) who attend at the general meeting; any adjustment or alteration to the cash dividend policy determined in the Articles shall satisfy the conditions stipulated in the Articles of Association, and undergo appropriate decision-making procedures after substantiation, and shall be approved by more than two third of the voting rights held by the shareholders who attend at the general meeting;

8. The board of directors shall explain its proposed applications for the retained undistributed profits in the profit distribution plan;
9. When the Company holds an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, proportion cap and amount cap of interim cash dividends for next year. The dividend cap of the interim dividend for next year considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the Company for the corresponding period. The board of directors shall formulate a specific interim dividend plan in accordance with the resolutions of the general meeting and subject to the conditions of profit distribution;
10. If the Company needs to adjust its dividend policy and shareholder return plan due to significant changes in external business environment or its own trading position, for the purpose of protecting the interests of the shareholders, the Company shall carefully examine and explain the reasons, and subject to consideration and approval at the general meeting submitted by the board of directors.

2 内部监督

162 The Company shall implement an internal audit system, and define the leadership system, responsibilities and authority, staffing, financial guarantee, application of audit results and accountability of internal audit work.

The Company's internal audit system is implemented after being approved by the board of directors and disclosed to the public.

163 The internal audit institution of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters.

164 The internal audit institution shall be accountable to the board of directors.

The internal audit institution shall accept the supervision and guidance of the audit committee in the process of supervision and inspection of the Company's business activities, risk management, internal control and financial information. If the internal audit institution finds relevant major problems or clues, it shall immediately report directly to the audit committee.

165 The internal audit institution is responsible for the specific organization and implementation of the Company's internal control evaluation. According to the evaluation report and relevant information issued by the internal audit institution and reviewed by the audit committee, the Company issues the annual internal control evaluation report.

... **166** When the audit committee communicates with external audit units such as accounting firms and national audit institutions, the internal audit institutions shall actively cooperate and provide necessary support and cooperation.

... **167** The audit committee shall participate in the assessment of the person in charge of internal audit.

... **168** The Company shall appoint an accounting firm which complies with the Securities Law to conduct financial statements audit, net assets verification and other related consulting services, etc. The term of appointment is one year and can be renewed.

... 16 The appointment and removal of an accounting firm by the Company shall be determined by the general meeting, and the board of directors shall not appoint an accounting firm before the decision of the general meeting is made.

... **170** The Company shall guarantee to provide the accounting firm it appoints with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse, conceal or make false statements.

... **171** The audit fees payable to the accounting firm shall be determined by the general meeting.

... **172** The Company shall notify the accounting firm 30 days in advance when it dismisses or no longer renews the accounting firm. The accounting firm may express its opinions when the resolution regarding the dismissing of the accounting firm is voted at the general meeting of the Company.

Where the accounting firm proposes to resign, it shall explain to the general meeting whether the Company has any improper situation.

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... **173** Notices of the Company shall be made in the following forms:

- (I) by e-mail;
- (II) by hand;
- (III) by mail;

(IV) by way of announcement;

(V) by any other means stipulated by securities regulatory rules of the places where the Company's shares are listed or the Articles.

... **174** Where a notice is served by way of an announcement, upon the publication of such announcement, all relevant persons shall be deemed to have received the notice.

Unless the context otherwise requires, the "announcement" referred to in the Articles shall mean, in respect of an announcement issued to the shareholders of A Shares or issued within the PRC as required under relevant regulations and the Articles, the publication of information on the website of the Shenzhen Stock Exchange and media that meets the conditions stipulated by the CSRC; in respect of an announcement issued to the shareholders of H Shares or issued in Hong Kong as required under relevant regulations and the Articles, the publication of an announcement on the Company's website, the website of the Hong Kong Stock Exchange, and other websites as stipulated by the Hong Kong Listing Rules from time to time in accordance with the relevant requirements of the Hong Kong Listing Rules.

For the purpose of providing and/or distributing corporate communication to shareholders of H Shares in accordance with requirements under the listing rules of the places where the Company's shares are listed, to the extent that the Company complies with such listing rules of the places where the Company's shares are listed, the Company may also provide or distribute corporate communication to shareholders of H Shares by electronic means or by publishing information on the Company's website or the websites of the stock exchanges of the places where the Company's shares are listed, in lieu of delivery by hand or prepaid mail.

... **175** The notice of meeting for the general meetings of the Company shall be served by announcement.

... **176** The notice of meeting for the meeting of board of directors shall be served by any means prescribed in Article 173.

... **177** For the Company's notice delivered by e-mail, it shall be deemed to have been received on the date it is sent. Where the Company's notice is delivered by hand, it shall be deemed to have been received upon signing (or affixing the seal) by the recipient on the note of receipt and the receipt date shall be the date of serving. Where the Company's notice is delivered by post, it shall be deemed to have been received on the fifth working day from the date the notice is delivered to the post office. Where the Company's notice is delivered by way of an announcement, it shall be deemed to have been received on the date on which the announcement is first published.

... **178** Where a notice of meeting is not sent to a person who is entitled to receive due to accidental omission or such person fails to receive the notice of meeting, the validity of the meeting and the resolutions of the meeting shall not be affected solely on that account.

... **17** The information of the Company shall be disclosed by the Company in newspaper(s) and on the website(s) (including the HKEX news website (www.hkexnews.hk)) designated by securities regulatory authorities.

... **1** ...

... **180** A merger may be in the form of merger by absorption or merger by establishment of a new company.

In the case of merger by absorption, the company being absorbed shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and the merger parties shall be dissolved.

... **181** The payment for the Company's merger that does not exceed 10% of the Company's net assets may be made without a resolution from the general meeting, unless otherwise provided for by the Articles.

If the Company merges in accordance with the aforesaid paragraph without a resolution from the general meeting, it must be resolved by the board of directors.

... **182** In the event of merger, the merger parties shall enter into a merger agreement, and prepare a balance sheet and an inventory list of assets. The Company shall notify its creditors within ten days from passing of the resolution on merger, and make an announcement on the newspaper(s) and website(s) (including the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk)) designated by securities regulatory authorities or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may require the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive the notification.

... **183** Upon merger, the creditor's rights and debts of the merger parties shall be succeeded by the company which subsists after the merger or the newly-established company.

... **184** In the event of division, assets of the Company shall be divided correspondingly.

In the event of a division, a balance sheet and an inventory list of assets shall be prepared. The Company shall notify its creditors within ten days from passing of the resolution on division, and make an announcement on the newspaper(s) and website(s) (including the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk)) designated by securities regulatory authorities or on the National Enterprise Credit Information Publicity System within 30 days.

... **185** The companies after division shall jointly assume liabilities for debts of the Company prior to the division, save as otherwise agreed in the written agreement between the Company and its creditors on repayment of debts prior to the division.

... **186** If the Company reduces its registered capital, it shall prepare a balance sheet and an inventory list of assets.

The Company shall notify its creditors within ten days from passing of the resolution on reduction of registered capital at the general meeting, and make an announcement on the newspaper(s) and website(s) (including the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk)) designated by securities regulatory authorities or on the National Enterprise Credit Information Publicity System within 30 days. Creditors are entitled to demand the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive the notification.

Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced correspondingly in proportion to the shares held by its shareholders, unless otherwise provided by law or the Articles.

... **187** If the Company still has losses after making up for them in accordance with the provisions of paragraph 2 of Article 159 of the Articles, it may reduce its registered capital to make up for such losses. Where the registered capital is reduced to make up for losses, the Company shall not make distributions to shareholders, nor shall it exempt shareholders from their obligations to make capital contributions or pay for shares.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 186 of the Article shall not apply. However, the Company shall announce the reduction on the newspaper(s) and website(s) (including the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk)) designated by securities regulatory authorities or on the National Enterprise Credit Information Publicity System within 30 days from the date on which the shareholders' meeting passes a resolution to reduce the registered capital.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the accumulated amount of the statutory common reserve fund and the discretionary common reserve funds reaches 50% of the Company's registered capital.

188 If the reduction of the registered capital is in violation of the Company Law and other relevant provisions, shareholders shall return the funds they have received and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the liable directors and senior management shall be liable for compensation.

18 When the Company issues new shares to increase its registered capital, the shareholders do not have any pre-emptive right unless otherwise provided in the Articles or the general meeting resolves that the shareholders shall have pre-emptive right.

10 Changes in particulars of the companies as a result of merger or division shall be registered with the company registration authorities in accordance with the laws. Deregistration of a company shall be performed in accordance with the laws when the Company is dissolved. Incorporation registration of a company shall be performed in accordance with the laws when a new company is incorporated.

When increasing or reducing the registered capital, the Company shall register such changes with company registration authorities in accordance with the laws.

Chapter 2

11 The Company shall be dissolved for the following reasons:

- (I) Expiry of term of business stipulated in the Articles or occurrence of any other causes for dissolution stipulated in the Articles;
- (II) A general meeting has resolved on the dissolution of the Company;
- (III) Dissolution due to the merger or division of the Company;
- (IV) The Company's business license is revoked, or the Company is ordered to close down or dissolve in accordance with the laws;
- (V) When the Company has serious difficulties in its operation and management and the Company's subsistence will cause material damages to the interests of its shareholders, and where the Company is unable to resolve the difficulties through any other means, the shareholders who hold more than 10% of the voting rights of the Company may apply to the People's Court for dissolution of the Company.

In case that any event of dissolution specified in the preceding paragraph occurs, the Company shall publish an announcement in relation to the reasons for dissolution on the National Enterprise Credit Information Publicity System within ten days.

... **1 2** Under the circumstances set out in item (I) and item (II) of Article 191 in the Articles and the property has not yet been distributed to shareholders, the Company may subsist through amendments to the Articles or a resolution of general meeting.

Where amendments to the Articles or a resolution of general meeting are made in accordance with the preceding paragraph, such amendments shall be passed by votes representing more than two-thirds of the voting rights held by shareholders attending the general meeting.

... **1 3** Where the Company is dissolved pursuant to items (I), (II), (IV) and (V) of Article 191 in the Articles, it shall be liquidated. The directors are the obligor of liquidation of the Company, and shall set up a liquidation team to commence liquidation within 15 days from the date of occurrence of event that causes dissolution.

The liquidation team shall consist of directors, unless otherwise provided in the Articles or other persons are elected by the general meeting.

If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, he/she shall be liable for compensation.

... **1 4** The liquidation team shall exercise the following authority during the liquidation period:

- (I) liquidate the Company's assets and prepare a balance sheet and an inventory list of assets respectively;
- (II) notify creditors and publish announcement;
- (III) handle outstanding businesses of the Company related to liquidation;
- (IV) settle all taxes in arrears and taxes arising in the course of liquidation;
- (V) liquidate creditor's rights and debts;
- (VI) distribute the Company's remaining assets after the debts are paid off;
- (VII) conduct civil lawsuits on behalf of the Company.

... **1 5** The liquidation team shall, within ten days from its establishment, notify the creditors, and make an announcement on the newspaper(s) and website(s) (including the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk)) designated by securities regulatory authorities or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their creditors' rights to the liquidation team within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive the notification.

Creditors declaring creditors' rights shall state the relevant information of the creditors' rights and provide proof materials. The liquidation team shall register the creditors' rights.

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

... **1 6** Upon sorting of the Company's assets and preparation of balance sheet and inventory list of assets, the liquidation team shall formulate a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

The Company's assets, after being used respectively for payment of liquidation expenses, employees' wages, social insurance premiums and statutory compensation, payment of tax in arrears and the Company's debts, shall be distributed in proportion to the shareholding of the shareholders.

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

The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

... **1 7** Upon sorting of the Company's assets and preparation of balance sheet and inventory list of assets, if the liquidation team is aware that the Company's assets are inadequate for repayment of debts, it shall apply to the People's Court for insolvency and liquidation.

After the application for insolvency is accepted by the People's Court, the liquidation team shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

... **1 8** Upon completion of liquidation, the liquidation team shall formulate a liquidation report and shall submit the same to the general meeting or the People's Court for confirmation and submit to the company registration authorities and apply for deregistration.

... 1 The members of the liquidation team shall perform the liquidation duties and have obligations of loyalty and diligence.

Where the members of the liquidation team neglect to perform the liquidation duties and cause any loss to the Company, he/she shall be liable to make compensation; where any members of the liquidation team cause any loss to any creditor with intention or due to material negligence, he/she shall be liable to compensation.

... 200 Where the Company is declared insolvent in accordance with laws, it shall implement insolvency liquidation in accordance with the relevant laws relating to insolvency of an enterprise.

10

... 201 Under any of the following circumstances, the Company will amend the Articles:

- (I) Following the amendment of the Company Law, the relevant laws, administrative regulations or the securities regulatory rules of the places 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 the securities regulatory rules of the places where the Company's shares are listed;
- (II) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;
- (III) A general meeting has decided on making amendments to the Articles of Association.

... 202 Where the approval from the competent authority is required for the amendments to the Articles resolved by the general meeting, such amendments shall be submitted to the competent authority for approval. Where an amendment to the Articles involves the particulars of the Company's registration, changes shall be made to the registration pursuant to the laws.

... 203 The board of directors shall amend the Articles pursuant to the resolution of the general meeting on such amendment and the clearance opinion from the competent authority.

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

... **205** Definitions

- (I) A controlling shareholder refers to a shareholder holding shares representing more than 50% of the total share capital of the Company; or a shareholder holding less than 50% of shares in the Company, but the voting rights vested by the shares held by him/her have a material influence on any resolutions of a general meeting, or a controlling shareholder as defined in the securities regulatory rules of the places where the Company's shares are listed.
- (II) A *de facto* controller refers to a natural person, legal person or other organization which can effectively control the Company through investments, agreements or other arrangements.
- (III) Related relations refer to relations between a controlling shareholder, *de facto* controller, director or senior management of the Company and the enterprise directly or indirectly controlled by the same, and other relations which may give rise to a transfer of interests of the Company. However, enterprises owned by the State shall not be regarded as having related relations only because they are owned by the State.
- (IV) An accounting firm also refers to the “auditor” in the Hong Kong Listing Rules.
- (V) An independent director also refers to the “independent non-executive director” in the Hong Kong Listing Rules.

... **206** The board of directors may formulate by-laws in accordance with the provisions of the Articles of Association. Such by-laws shall not conflict with the Articles of Association.

... **207** The Articles are written in Chinese. In case of any inconsistency between the Articles and the articles of association in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered with Zhejiang Provincial Administration for Market Regulation shall prevail.

... **208** The terms “above” or “within”, as stated in the Articles shall all include the given figure; the terms “over”, “beyond”, “lower than” or “more than” shall all exclude the given figure.

... **20** The board of directors of the Company shall be responsible for the interpretation of the Articles.

... 210 Appendixes to the Articles include the rules of procedure for general meetings and the rules of procedure for meetings of the board of directors. In case of any conflict between the Articles and the laws, administrative regulations, normative documents and securities regulatory rules of the places where the Company's shares are listed that are promulgated from time to time, such laws, administrative regulations, normative documents and securities regulatory rules of the places where the Company's shares are listed shall prevail.

... 211 The Articles shall take effect upon approval by the general meeting.

Zhejiang Sanhua Intelligent Controls Co., Ltd.
June 2026