



(Stock Code: 763)

Articles of Association

Chapter 1 General Provisions

Article 1. These Articles of Association are formulated pursuant to the *Company Law of the China* (the “Company Law”), the *Securities Law* (the “Securities Law”) and other relevant laws and regulations as well as the regulatory documents in order to protect the lawful rights and interests of the Company, the shareholders and the creditors and to regulate the organisation and activities of the Company.

Article 2. ZTE Corporation (the “Company”) is a joint stock limited company established in accordance with the Company Law and other relevant laws and regulations of the State.

The Company was incorporated by subscription method on the basis of the approval document No. [1997] 42 issued by the Shenzhen Municipal People’s Government. The Company obtained an enterprise legal person business licence following its registration with the Shenzhen Administration for Industry and Commerce on 11 November 1997. The Company’s

Research Institute (formerly the Ministry of Post and Telecommunications No.7 Research Institute), Jilin Posts and Telecommunications Equipment Company and Hebei Posts and Telecommunications Equipment Company.

Article 3. On 6 October 1997, the Company issued, upon the approval by the China Securities Regulatory Commission (the “CSRC”), 65,000,000 shares of Renminbi-denominated ordinary shares to the public (including 6,500,000 shares of employee shares to the employees of the Company) of which 58,500,000 shares of Renminbi-denominated ordinary shares were listed on the Shenzhen Stock Exchange (the “SZSE”) on 18 November 1997 and 6,500,000 shares of employee shares were listed on the SZSE on 22 May 1998 upon approval by the CSRC and the SZSE.

Article 4. The registered name of the Company:

In Chinese is:

In English is: ZTE CORPORATION

Article 5. The place of domicile of the Company:

The place of domicile in full: ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen.

Postal code: 518057

Phone number: 86-755-26770000

Fax number: 86-755-26771009

Article 6. The Chairman of the Board of Directors of the Company is the legal representative of

Council, create other classes of shares.

Article 17. All shares issued by the Company shall have a par value of Renminbi 1 per share.

Telecommunications Equipment Company and Hebei Posts and Telecommunications Equipment Company acquired 2,500,000 shares by contribution in cash.

Upon verification by Zhonghua (Shekou) Certified Public Accountants, the aforementioned promoters have made their respective capital contribution before 14 October 1997.

Article 24. Subsequent to its establishment, the Company shall issue 4,613,434,898 ordinary shares, comprising 755,502,534 H Shares, accounting for 16.38% of the total number of ordinary shares issuable by the Company; and 3,857,932,364 Domestic Shares, accounting for 83.62% of the total number of ordinary shares issuable by the Company.

Article 25. The Company's proposal for the issuance of overseas-listed foreign shares and domestic shares, upon approval by the CSRC, may be implemented by the Board of Directors through separate offerings.

The Company may implement its proposal for separate offerings of overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph within fifteen months from the date of approval by the CSRC.

Article 26. Where the Company issues overseas-listed foreign shares and domestic shares within the total number of shares stated in the Company's proposal for the issuance of shares, such shares shall be fully subscribed for at one time respectively. If the shares cannot be fully subscribed for at one time due to special circumstances, the shares may be issued in separate offerings subject to the approval of the CSRC.

Article 27. The registered capital of the Company shall be RMB4,613,434,898.

Article 28. The Company may, according to its business and development needs, approve an increase of its capital in accordance with the relevant provisions of the Articles of Association.

The Company may increase its capital in the following ways:

- 1) by public share offering;
- 2) by non-public share offering;

The agreement for the repurchase of shares referred to in the preceding paragraph includes (without limitation) an agreement to assume the obligations of repurchasing shares or acquire the rights of repurchasing shares.

The Company may not assign an agreement for the repurchase of its shares or any right contained in such agreement.

Article 38. Shares which have been legally repurchased by the Company shall be cancelled within the period prescribed by the laws and administrative regulations, and the Company shall apply to the Company's original registration authority for registration of the change of its registered capital.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

Article 39. Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchasing its issued and outstanding shares:

- 1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose;
- 2) where the Company repurchases shares at a premium to the par value, payment up to the par value may be made out of the book surplus distributable profits of the Company or out of the proceeds from new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
 1. if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
 2. if the shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose, provided that the amount paid out of such proceeds shall not exceed the aggregate of the premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of

Article 40. The Company and its subsidiaries (including the entities under the Company) shall not, by way of a gift or by granting an advance, guarantee, compensation, loan or otherwise at any time, provide any form of financial assistance to a person who acquires or proposes to acquire shares in the Company. The person who acquires shares in the Company set forth above includes any person who directly or indirectly assumes any obligations as a result of the acquisition of shares in the Company.

Neither the Company nor its subsidiaries (including the entities under the Company) shall, by any means at any time, provide financial assistance to such person for the purposes of reducing or discharging the obligations assumed by such person.

This Article shall not apply to the circumstances referred to in Article 42 in this Chapter.

Article 41. For the purposes of this Chapter, the term “financial assistance” shall include (without limitation):

- 1) gifts;
- 2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company’s own default) or release or waiver of any rights;
- 3) provision of a loan or entering into any other agreement under which the obligations of the Company are to be fulfilled prior to the fulfilment of obligations of another party to the agreement, or a change in the parties to, or the assignment of rights under, such a loan or agreement;
- 4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purposes of this Chapter, the “assumption of obligations” means the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the Company’s financial position.

Article 42. The following activities shall not be treated as activities prohibited under Article 40 of this Chapter:

- 1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company and the principal purpose of which is not for the acquisition of shares in the Company, or where the provision of financial assistance is an incidental part of some overall plan of the Company;
- 2) the lawful distribution of the Company’s assets by way of dividends;
- 3) the allotment of bonus shares as dividends;
- 4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holder of overseas-listed foreign shares at all times.

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

once every thirty days for a period of ninety days.

- 4) The Company shall have, prior to the publication of its intention to issue a replacement share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

- 5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant accordingly.
- 6) Where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the Original Certificate and record the cancellation and replacement matters in the register of members accordingly.
- 7) All expenses relating to the cancellation of an Original Certificate and the issuance of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Article 54. After the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be deleted from the register of members.

Article 55. The Company shall not have any obligation to indemnify any person for any damages suffered arising out of the cancellation of the Original Certificate or the issuance of a replacement share certificate, unless the person concerned can prove that the Company has committed a fraudulent act.

Chapter 7 Rights and Obligations of Shareholders

Article 56. A shareholder of the Company is a person who lawfully holds shares of the Company and has his name recorded in the register of members.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Holders of the same class of shares shall enjoy the same rights and assume the same obligations.

In case of joint holders, if one of the joint holders dies, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board of Directors shall have the right, for the purpose of making amendments to the register of members, to demand a death certificate where it deems appropriate to do so. In case of joint holding of shares, only the joint holder whose name appears first in the register of members is entitled to receive the Relevant Shares and the Company's notices, and to attend and exercise voting rights at a general meetings of the Company. Any notice delivered to that person shall be deemed as having been delivered to all joint holders of the Relevant Shares.

Article 57. Holders of the ordinary shares of the Company shall enjoy the following rights:

- 1) the right to dividends and other profit distributions in proportion to the number of shares held;
- 2) the right to propose, convene and preside over the general meetings of shareholders, to attend or appoint a proxy to attend and to exercise the corresponding voting right thereat in accordance with the law;
- 3) the right to supervise the Company's business operations, and the right to present proposals or raise enquiries;
- 4) the right to transfer, give as a gift or pledge the shares in their possession in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- 5) the th th

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents

Article 63. The term “controlling shareholder” as referred to in the preceding provision means a person who satisfies any one of the following conditions:

- 1) he alone or acting in concert with others has the power to elect not less than half of the Board of Directors;
- 2) he alone or acting in concert with others has the power to exercise or to control the exercise of not less than 30% of the voting rights;
- 3) he alone or acting in concert with others holds not less than 30% of the issued and outstanding shares of the Company; or
- 4) he alone or acting in concert with others in any other manner has de facto control over the Company.

For the purposes of this Article, the term “acting in concert” means two or more than two persons reaching an unanimous agreement (either in verbal or written form) to achieve or strengthen their control over the Company by way of obtaining the voting rights by any such person.

Article 64. The controlling shareholder and persons who exercise effective control over the Company have a fiduciary duty towards the Company and its public shareholders. They shall not take advantage of their connected relationship with the Company to act in detriment to the interests of the Company. If they have violated the aforesaid provision and caused damage to the Company, they are liable for damage to the Company. The controlling shareholder shall execute its rights as an investor in strict compliance with the law. The controlling shareholder shall not adversely affect the legal interests of the Company and its public shareholders through connected transactions, profit distribution, asset restructuring, foreign investment, use of capital, lending guarantees and shall not exercise its powers against the interests of the Company and public shareholders.

For the purposes hereof, the term “persons who exercise effective control over the Company” means the persons, not being shareholders of the Company, who are able to exercise control over the acts of the Company through an investment relationship, agreement or other

the management of investor relationships of the
Company.

- 2) to elect and replace directors and decide on matters relating to their remuneration;
- 3) to elect and replace supervisors who are appointed from the shareholders' representatives and decide on matters relating to their remuneration;
- 4) to consider and approve the reports of the Board of Directors;
- 5) to consider and approve the reports of the Supervisory Committee;
- 6) to consider and approve the Company's proposed annual financial budgets and final accounts;
- 7) to consider and approve the Company's profit distribution plans and loss recovery plans;
- 8) to consider and approve the provision of guarantees in accordance with relevant provisions of the Articles of Association;
- 9) to decide on the increase or reduction of the Company's registered capital;
- 10) to decide on matters such as merger, division, changing in the form, dissolution and liquidation of the Company;
- 11) to decide on the issue of debentures by the Company;
- 12) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;
- 13) to amend the Articles of Association of the Company;
- 14) to consider motions raised by shareholders who represent not less than 3% of the total number of voting shares of the Company;
- 15) to consider the Company's significant acquisition or disposal of material assets with a value exceeding 30% of the latest audited total assets of the Company during the year;
- 16) to consider and approve changes in the use of proceeds;
- 17) to consider and approve share incentive schemes; and
- 18) to decide on other matters which, according to the laws, administrative regulations and the Articles of Association, should be resolved by the shareholders in general meetings.

Article 68. Unless the Company is in a critical situation or under other special circumstances, the Company shall not, without the prior approval of shareholders in general meeting, enter into any contract with any person (other than a director, supervisor, president or other senior officers) pursuant to which such person shall be responsible for the management of the whole or any substantial part of the Company's business.

Article 69. General meetings of shareholders are divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board of Directors. Annual general meetings shall be convened once every year and within six months from the end of the preceding accounting year.

The Board of Directors shall convene an extraordinary general meeting within two months of

the occurrence of any of the following events:

- 1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- 2) where the unrecovered losses of the Company amount to one-third of the total amount of its paid-up capital;
- 3) where shareholder(s) holding not less than 10% of the Company's issued and outstanding voting shares request(s) in writing for an extraordinary general meeting to be convened;
- 4) where the Board of Directors deems it necessary or the Supervisory Committee so requests;
- 5) whenever not less than half of the independent non-executive directors so request; and
- 6) other circumstances prescribed by laws, administrative regulations and Articles of Association.

Article 70. The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through online voting. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

Section 2 Summon of the General Meetings of Shareholders

Article 71. Unless otherwise stipulated in the laws and regulations as well as the Articles of Association, the general meetings of shareholders shall be convened by the Board of Directors.

Article 72. Independent Non-executive Directors shall be entitled to propose the convening of extraordinary general meetings of shareholders to the Board of Directors. The Board of Directors shall, in accordance with provisions of the laws, administrative regulations and the

shareholder registers as of the date of shareholding confirmation.

If a general meeting of shareholders is convened by the Supervisory Committee or the shareholders on their own, all necessary expenses arising therefrom shall be borne by the Company.

Section 3 Proposing Motion at and Notice of General Meeting of Shareholders

Article 77. The substance of the motion proposed shall fall within the terms of reference of the general meeting of shareholders, which shall have a clear subject for discussion and specific issues for resolution and shall be in compliance with the laws, administrative regulations and the Articles of Association.

Article 78. Whenever the Company convenes a general meeting of shareholders, the Board of Directors, the Supervisory Committee and shareholder(s) alone or in aggregate holding 3% or

All domestic shareholders shall be deemed to have received the relevant notices of general meetings once such announcements have been published.

Where notices of general meetings and relevant documents are delivered by the Company to holders of overseas-listed foreign shares, such notices of general meetings and relevant documents may be delivered in either the English or Chinese version in accordance with the requirements and procedures set out in the Listing Rules.

Article 84. An accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted thereat.

Article 85. Upon issuance of the notice of general meeting of shareholders, the general meeting shall neither be delayed nor cancelled without proper reasons.

Motions listed in such notice shall not be revoked. Once the general meeting is delayed or cancelled, the convenor shall make a public announcement stating the reasons therefor at least two working days prior to the date originally scheduled for convening the meeting.

Section 4 Convening of the General Meetings of Shareholders

Article 86. The Board of Directors of the Company together with other convenors thereof shall adopt necessary measures to maintain the normal order of the general meeting of shareholders. Measures shall also be adopted to stop any acts from interfering with the general meeting, creating quarrels and nuisance as well as infringing the lawful interests of the shareholders while timely reports shall be made to the relevant authorities.

Supervisory Committee shall deliver their respective working reports for the previous year at the general meeting. Each of the independent non-executive directors shall also deliver their respective working reports.

Article 100. Directors, supervisors and senior officers present at the general meeting of shareholders shall provide response or explanation in connection with any query or recommendation raised by the shareholders, except for those relating to business secrets of the Company which shall not be disclosed during the general meeting of shareholders.

Article 101. The convenor of the meeting shall, prior to voting, declare the number of shareholders and proxies present at the meeting in person as well as the total number of voting shares in their possession. The number of shareholders and proxies present at the meeting in person as well as the total number of voting shares in their possession shall be subject to those recorded during the meeting.

Article 102. A general meeting of shareholders shall have minutes which shall be prepared by

resolution can be adopted due to force majeure or other special reasons, requisite measures shall be adopted so as to promptly

- 7) the share incentive schemes; and
- 8) any other matters that, if resolved by way of an ordinary resolution of the general meeting, may have a material impact on the Company and shall be adopted by a special resolution.

Article 108. When voting at a general meeting of shareholders, a shareholder (including proxies) shall exercise his voting rights based on the number of voting shares represented by him. Each share shall carry one vote, provided that shares of the Company held by the Company shall have no voting rights and shall not be counted in the total number of voting shares represented at the general meeting.

Article 109. The Board of Directors, independent non-executive directors, shareholders holding voting shares of more than one percent, or investor protection institutions established in accordance with laws, administrative regulations, or regulations of the securities regulatory agency of the State Council may solicit from other shareholders their rights to vote in general meetings. The solicitation shall be without consideration and information shall be fully disclosed to such shareholders.

Article 110. In the course of considering matters relating to connected transactions at a general meeting of shareholders, the connected shareholders shall abstain from voting. The voting rights represented by the number of shares held by such shareholders shall be excluded from the total number of valid votes. The voting result of the non-connected shareholders shall be fully disclosed in the announcement of the resolution of the general meeting.

If, pursuant to the Listing Rules, a shareholder is required to abstain from voting or is restricted in voting only in favour of or against a particular motion, any vote cast by such shareholder (or its agent) which is in breach of the relevant provisions or restriction shall not be taken into account in the total number of valid votes.

Article 111. The list of directors' and supervisors' candidates shall be proposed in form of a motion to the general meeting of shareholders for resolution.

The Board of Directors shall make a public announcement to the shareholders concerning the biographies and gener

Article 116. A poll demanded on the election of the chairman of the meeting or on a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting directs and the meeting may proceed to discuss other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 117. On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 118. In case of an equality of votes, the chairman of the meeting shall have a casting vote.

Article 119. Before a resolution is decided on a motion at a general meeting of shareholders, two representatives of the shareholders shall be nominated to participate in counting the votes as well as supervising the counting process. If a shareholder is interested in the matters under consideration, the relevant shareholder and his proxies shall not participate in counting the votes or supervising the counting process.

At the time of deciding on a motion by voting at a general meeting, the legal advisers, shareholders' representative and supervisors' representative shall participate in counting the votes as well as supervising the counting process and declare the voting results at the meeting. The voting results in connection with the resolution shall be recorded in the minutes.

Shareholders of the listed company or their proxies who cast their votes via the Internet or otherwise shall have the right to check their voting results by the corresponding voting system.

Article 120. The timing for the adjournment of the general meeting of shareholders for attendees attended in person shall not be earlier than those conducted via the Internet or otherwise. The convenor of the meeting shall make an announcement concerning the voting details and results of each motion and shall declare whether or not the motion is adopted on the basis of the relevant voting result.

Article 121

meeting, he shall be entitled to request the counting of the votes immediately after the announcement and the chairman of the meeting shall count the votes immediately upon request.

Article 125. In the event the votes of a general meeting of shareholders are counted, the results of the count shall be included in the minutes of the meeting.

The minutes of the meeting together with the shareholders' attendance registers and the proxy forms shall be kept at the Company's place of domicile.

Article 126. Shareholders may inspect copies of the minutes free of charge during the Company's office hours. If any shareholder requests from the Company a copy of the relevant minutes, the Company shall delivery such copy within seven days after the receipt of reasonable fees.

Article 127. The Board of Directors of the Company shall retain a qualified legal counsel to attend the general meeting of shareholders, who shall give advice and make an announcement on the following issues:

- 1) whether or not the procedures for convening and holding a general meeting comply with the requirements of the laws and regulations and the Articles of Association;
- 2) the legal eligibility of persons present at and the convenor of the meeting;
- 3) whether or not the voting procedures for and the voting results of the general meeting are lawful and valid; and
- 4) issuance of the legal opinion on other relevant issues at the request of the Company.

Article 128. Public announcement in respect of the resolutions adopted at a general meeting of shareholders shall be made on a timely fashion, which shall specify the number of shareholders

Class shareholders shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

Article 133. Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting of shareholders and approval by the affected shareholders of that class at a separate meeting convened in accordance with Articles 135 to 139.

Article 134. The following acts shall be deemed to be a variation or abrogation of the rights attaching to a particular class of shares:

- 1) to increase or decrease the number of shares of that class or increase or decrease the number of shares of a class having voting rights, rights to receive distributions or other privileges equal or superior to those of shares of that class;
- 2) to exchange all or part of the shares of that class for shares of another class, or to exchange or grant a right to exchange all or part of the shares of another class for shares of that class;
- 3) to remove or reduce rights to any accrued or cumulative dividends attached to shares of that class;
- 4) to reduce or cancel the preference rights attached to shares of that class to have priority in receiving dividends or in distribution of assets in the event that the Company is liquidated;
- 5) to add, cancel or reduce the conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire the Company's securities attached to shares of that class;
- 6) to cancel or reduce the rights to receive payments payable by the Company in particular currencies attached to shares of that class;
- 7) to create a new class of shares having voting rights or rights to receive distributions or other privileges equal or superior to those of the shares of that class;
- 8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- 9) to issue rights to subscribe for, or convert into, shares in the Company of that class or another class;
- 10) to increase the rights and privileges of shares of another class;
- 11) to restructure the Company in such a way so as to result in a disproportionate distribution

- 1) in the event that the Company makes a repurchase offer to all shareholders in the same proportion or the Company repurchases its own shares by way of public dealings on a stock exchange pursuant to Article 36 hereof, a “controlling shareholder” within the meaning of Article 63 hereof;
- 2) in the event that the Company repurchases its own shares by an off-market agreement pursuant to Article 36 hereof, a holder of the shares to which the proposed agreement relates; or
- 3) in the event of a restructuring of the Company, a shareholder within a class who assumes a relatively lower proportion of obligations than the obligations imposed on shareholders of that class or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

Article 136. Resolutions of a class meeting shall be passed by not less than two-thirds of the votes cast by class shareholders carrying voting rights and attending the class meeting in accordance with Article 1

re-election serves the directorship, the original director shall continue to perform the director's duties in accordance with the laws, administrative regulations, departmental rules and regulations as well as the Articles of Association. The remaining members of the Board of Directors shall convene an extraordinary meeting of shareholders as soon as possible in order to appoint a director to fill the vacancy caused by the resignation. Prior to the resolution of the general meeting of shareholders to elect the director, the functions and power of the resigning

- 6) any other matters which the CSRC, SZSE and SEHK requires independent non-executive director to issue an independent opinion; and
- 7) any other matters required by the Articles of Association.

Independent non-executive directors shall give one of the following opinions in relation to the above matters: agree; qualified opinion and reasons therefor; oppose and reasons therefor; unable to form an opinion and the impediments to doing so.

If the matter is a matter requiring disclosure, the Company shall announce the opinions of the independent non-executive directors. If the independent non-executive directors are divided and are unable to provide a unanimous opinion, the Board of Directors shall separately disclose the opinions of each independent non-executive director. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations.

Article 155. An independent non-executive director shall attend the meetings of the Board of Directors as scheduled, have an understanding of the production and operation of the Company, and take initiative to conduct investigation and obtain information necessary for decision-making. Independent non-executive directors shall submit their report to the annual general meeting of the Company, describing the discharge of their duties.

Article 156. The Company shall establish a system of work for independent non-executive directors with the secretary to the Board of Directors actively assisting the independent non-executive directors as to the fulfilment of their duties. The Company shall ensure that an independent non-executive director has the same rights to information as other directors, and shall provide independent non-executive directors with relevant materials and information in a timely manner, report on the performance of the Company regularly and, when necessary, arrange for independent non-executive directors to conduct on-site investigations.

Section 3 Board of Directors

Article 157. The Company shall establish a Board of Directors. The Board of Directors shall consist of seven to fourteen directors, including one Chairman, two Vice Chairmen. Independent non-executive directors shall account for at least one-third of the Board of Directors and shall be no less than three. A balanced composition of executive directors and non-executive directors (including independent non-executive directors) shall be maintained.

Article 158. The Board of Directors shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers:

- 1) to be responsible for convening the general meeting and reporting its work to the shareholders in general meeting;
- 2) to implement the resolutions passed by the general meeting;
- 3) to determine the Company's business plans and investment proposals;
- 4) to formulate the Company's proposed annual financial budgets and final accounts;
- 5) to formulate the Company's profit distribution proposals and loss recovery proposals;
- 6) to formulate proposals for the increase or reduction of the Company's registered capital, the

compliance;

4. Formulating, reviewing and monitoring the code of conduct and compliance manual (if any) for employees and directors; and

5. Reviewing the Company's compliance with Appendix 14 "Code of Corporate Governance" of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and disclosures made in the corporate governance report.

21) to exercise any other powers under the provisions of laws, regulations or the Articles of Association or conferred by the general meeting.

Matters involving an amount which is not less than such limits as set out in sub-paragraphs (16), (17) and (19) of the preceding provision shall be considered and adopted at a general meeting.

Except the board resolutions in respect of the matters specified in sub-paragraphs (6), (7), (11) and (17) of the first paragraph above which shall be passed by an affirmative vote of not less than two-thirds of all directors, the board resolutions in respect of all other matters shall be passed by an affirmative vote of not less than half of all directors.

The Company shall comply with the following requirements when determining matters relating to the provision of a guarantee in favour of a third party as set out in sub-paragraph (17) of the first paragraph hereof:

- 1) With respect to matters relating to the provision of a guarantee in favour of a third party considered by the Board of Directors, an affirmative vote of not less than two-thirds of all members of the Board of Directors shall be obtained therefor; with respect to matters relating to the provision of a guarantee in favour of a third party considered at a general meeting of shareholders, the Board of Directors shall prepare a proposal related thereto and submit the same to the general meeting for approval. The provision of a guarantee in favour of a shareholder or a person who exercises effective control over the Company is subject to the approval at a general meeting.
- 2) The Company shall neither provide a guarantee in favour of a unit without legal person status nor an individual. The maximum amount of any single guarantee provided by the Company in favour of a third party other than its wholly-owned subsidiary shall not be more than 5% of the net asset value recorded on the consolidated financial statements for the most recent accounting year, the maximum accumulated amount of guarantees provided by the Company to any one party other than its wholly-owned subsidiary shall not be more than 10% of the net asset value recorded on the consolidated financial statements for the most recent accounting year.

- 2) the duration for the meeting;
- 3) particulars of the matters and business to be discussed; and
- 4) the date of such notice.

Article 166. Notice of a board meeting shall be served on all directors and supervisors fourteen days before the date of the meeting. Notice of an extraordinary board meeting shall be served on all directors and supervisors three days before the date of the meeting.

Article 167. Board meetings shall be held only if more than half of the directors are present.

Each director shall have one vote. Unless otherwise provided for in the Articles of Association, a resolution of the Board of Directors shall be passed by a simple majority vote of all directors.

Article 168. As long as all directors can fully express their opinions, an extraordinary meeting of the Board of Directors may be held and resolutions may be passed by way of video conference, conference call and facsimile, and such resolutions may be signed by the participating directors.

Article 169. The directors shall attend the meeting of Board of Directors in person. In the event a director cannot attend the meeting for any reason, he may appoint in writing another director to attend the meeting on his behalf. Such proxy instrument shall indicate the scope of authorization.

A director attending the meeting on his behalf shall exercise the director's rights within the scope authorized by the proxy. Directors who fail to attend the board meeting in person or by proxy shall be considered as having their voting rights in the meeting waived.

Article 170. Resolutions of the board meeting may be passed by a show of hands. Each director shall have one right to vote.

Article 171. The Board of Directors shall keep minutes of all the decisions on the matters considered at the board meetings. The minutes shall be signed by the directors attending the meeting and the person taking the minutes. Directors shall bear responsibility in connection with the resolutions of the board meeting. In the event the resolutions of the board meeting are in breach of the provisions of the laws, administrative regulations and the Articles of Association, and as a result of which the Company suffers substantial losses, the directors taking part in the resolutions shall indemnify the Company. However, the directors may be exempted from any liability if it can be proven that those directors have expressly objected to the resolution at the time of voting and such vote has been recorded in the minutes of the meeting.

Article 172. The board minutes shall include the following:

- 1) the date and place of the meeting and the name of the convener of the meeting;
- 2) names of the directors attending the meeting and of other directors (proxies) who attended the meeting on their behalf;
- 3) agenda of the meeting; and

- 4) the key points expressed by the directors at the meeting as well as the methods and results of voting for each resolution (in which the results shall include the number of votes cast for and against the resolution and the number of abstain votes).

Chapter 11 Secretary to the Board of Directors

Article 173. The Company shall appoint a secretary to the Board of Directors. The secretary to the board shall be a senior officer of the Company.

Article 174. The secretary to the Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and is appointed by the Board of Directors.

Article 175. The primary responsibilities of the secretary to the Board of Directors include the following: assist the directors in the day-to-day work of the Board of Directors; continuously provide the directors with, remind the directors of and ensure that the directors understand the laws, regulations, policies and requirements of the domestic and foreign regulatory authorities concerning operation of the Company; assist the directors and the president in performing their functions and exercising their powers in compliance with relevant domestic and foreign laws and regulations, the Articles of Association and other relevant regulations; organise and prepare documents for board meetings and general meetings of shareholders, take proper minutes of the meetings, ensure that the meetings are conducted in accordance with statutory legal procedures, and oversee the implementation of the board resolutions; be responsible for the organisation and coordination of information disclosure, coordinate the relationship with investors, and enhance transparency of the Company; participate in the structuring of financing through capital markets; liaise with intermediaries, regulatory authorities and media, and maintain good public relations.

The main functions of the secretary to the Board of Directors are:

- 1) to ensure that the Company will have a complete set of constitutional documents and records;
- 2) to ensure that the Company will prepare and deliver according to law such reports and documents as required by the competent authorities;
- 3)

- 6) to act as the contact person of the Company with securities regulatory authorities, to be responsible for the organisation and preparation and timely submission of documents required by the regulatory authorities, to be responsible for undertaking and organising completion of the tasks entrusted by the regulatory authorities;
- 7) to be responsible for coordinating and organizing the Company's information disclosure matters, setting up a sound information disclosure system, participating in all meetings of the Company in relation to information disclosure, to gain in a timely manner knowledge of important business decisions and relevant information of the Company;
- 8) to be responsible for keeping confidential price-sensitive information of the Company and formulating effective confidentiality rules and measures; in the event of the disclosure of any price-sensitive information of the Company for whatever reason, to take necessary remedial measures, make prompt explanation and clarification of such matters and notify the regulatory authority at the place of relevant overseas listing and the CSRC;
- 9) to be responsible for the coordination and organisation of market promotions, to coordinate visits to the Company, to deal with investor relationships, to maintain contact with investors, intermediaries and the media, to be responsible for coordinating and answering questions raised by the public, to ensure that investors can promptly obtain the information disclosed by the Company, to organise and prepare for marketing and promotion activities within and outside the PRC, to draw up summary reports on market promotion activities and important visits to the Company and

capacity.

Chapter 12 Operation and Management Organization

Article 177. The Company shall have one president who shall be appointed or dismissed by the Board of Directors.

The Company shall have a number of executive vice presidents and one chief financial officer to assist the president in his work. The executive vice presidents and the chief financial officer shall be be(1(a)4(nd)-69(one)1)304.73 656.26 r

Article 180. The president of the Company shall attend meetings of the Board of Directors; the president shall have no voting rights at the board meetings unless he is also a director.

Article 181. The president shall, upon request by the Board of Directors or Supervisory

Article 189. The Supervisory Committee shall be composed of two shareholders' representatives who shall be elected or removed by the general meeting of shareholders and three employee representatives of the Company who shall be elected or removed by the employees democratically.

- 6) to propose resolutions at a general meeting of shareholders;
- 7) to initiate proceedings against the directors, president, and other senior officer in accordance with the relevant laws;
- 8)

supervisors, president or other senior officers of the Company owes the following obligations to each shareholder, in the exercise of the functions and powers entrusted to them by the Company:

1)

Company's interests, and not to exploit his position and functions and powers in the Company to advance his personal interests;

- 10) not to compete with the Company in any form without the approval of the informed consent of the general meeting of shareholders;
- 11) not to misappropriate the Company's funds or lend such funds to any other person(s), and unless otherwise stipulated in the laws and regulations and the Articles of Association, not

circumstances and terms under which the relationship between any of them and the Company was terminated.

Article 207. Any directors, supervisors, president and other senior officers of the Company may be relieved from liability for specific breaches of their duties with the informed consent of the general meeting of shareholders, except in situations as stipulated in Article 62.

Article 208. Where any directors, supervisors, president and other senior officers of the Company are in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement concluded or planned to be entered into with the Company, other than their employment contracts with the Company, they shall declare the nature and extent of their interests to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal requires the approval of the Board of Directors under normal circumstances.

The directors shall not be entitled to vote for the contracts, transactions or arrangements in which they or any of their associates are materially interested. They shall not be counted in the quorum of such meetings. The definition of the term “associates” mentioned above shall have the same meaning as those contained in the Listing Rules. Unless each of the interested directors, supervisors, president and other senior officers of the Company discloses his interests in accordance with the abovementioned requirement and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which each of the interested directors, supervisors, president and any other senior officers of the Company is neither counted in the quorum nor voted thereat, the Company shall have the right to cancel a contract, transaction or arrangement in which that director, supervisor, manager and senior officer is materially interested except as against a bona fide party thereto acting without

Company;

- 2) the provision by the Company of a loan or a guarantee in connection with the provision of a loan or any other funds to any of its directors, supervisors, president and other senior officers of the Company in accordance with the terms of an employment contract approved by the general meeting of shareholders to meet their expenditures incurred for the purpose of the Company or for the purpose of enabling them to perform their duties; and
- 3) the Company may make a loan to or provide a guarantee in connection with making of a loan to any of the relevant directors, supervisors, president and other senior officers or their respective Related Parties in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of guarantees.

Article 212. A loan made by the Company in breach of the requirement of the Article above shall be immediately repayable by the recipient of the loan regardless of the terms of the loan.

Article 213. A guarantee provided by the Company in breach of the requirement of first paragraph of Article 211 shall be unenforceable against the Company, unless:

- 1) the guarantee was provided in connection with a loan which was made to the Related Parties of any of the directors, supervisors, president and other senior officers of the Company or its holding company and at the time the loan was advanced the lender did not know the relevant circumstances; or
- 2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 214. For the purposes of this Chapter, the guarantee referred to in the preceding provision includes an undertaking or property provided by a guarantor to secure the performance of obligations by the obligor.

Article 215. Where any of the directors, supervisors, president and any other senior officers of the Company is in breach of his obligation to the Company, he shall liable for damages arising therefrom and, in addition to various rights and remedies provided by the laws and administrative regulations, the Company has the right to:

- 1) claim damages from such directors, supervisors, president and other senior officers in compensation for losses sustained by the Company as a result of such breach;
- 2) rescind any contract or transaction entered into by the Company with any director, supervisor, president and other senior officers or with a third party (where such third party knows or should know that there is such a breach of obligations by such director, supervisor, president and any other senior officers);
- 3) demand an account of the profits made by any director, supervisor, president and other senior officers in breach of their obligations;
- 4) recover any monies received by any director, supervisor, president and other senior officers for the use by the Company, including (but not limited to) commissions; and
- 5) demand payment of the interest earned or which may have been earned by any director,

supervisor, president and other senior officers on the monies that should have been paid to the Company.

Article 216. Shareholders may initiate proceedings in the People's Court if a director or any other senior officer violates the laws, administrative regulations or the Articles of Association and harms the interests of shareholders.

Article 217. The Company shall, with the prior approval of the general meeting of shareholders, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments include:

- 1) emoluments in respect of his/her service as director, supervisor or senior officer of the Company;
- 2) emoluments in respect of his/her service as director, supervisor or senior officer of any subsidiary of the Company;
- 3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- 4) payment by way of compensation to the director or supervisor for loss of office, or as consideration for or in connection with his retirement from office.

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the above matters unless the proceedings are brought pursuant to the aforementioned contract.

The Company shall disclose to its shareholders on a regular basis the remuneration of its directors, supervisors and senior officers given by the Company.

Article 218. The contract concerning the emoluments between the Company and its directors or supervisors shall provide that in the event of a takeover of the Company, the directors and supervisors of the Company shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A takeover of the Company referred to in this Article means any of the following:

- 1) an offer made by any person to all shareholders; or
- 2) an offer made by any person with a view to becoming a controlling shareholder within the meaning set out under Article 63 of the Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the acceptance of the said offer. The expenses incurred in distributing that sum pro rata among those persons shall be borne by the relevant director or supervisor and not paid out of that sum.

Chapter 15 Financial and Accounting System and Profit Distribution

Article 219. The Company shall develop its own financial accounting system in accordance with laws, administrative regulations and rules and the PRC accounting standards formulated by the financial regulatory authorities of the State Council.

Article 220. The Company shall prepare the financial statements at the end of each accounting year. The financial statements shall be examined and verified in a manner prescribed by laws.

Article 221. The Company shall submit its annual financial and accounting reports to the CSRC and stock exchange within four months from the ending date of each accounting year, its interim financial and accounting reports to the local office of the CSRC and stock exchange within two months from the ending date of the first six months of each accounting year, and the quarterly reports to the local office of the CSRC and stock exchange within one month from the ending dates of the first three and first nine months of each accounting year respectively.

The aforementioned financial and accounting reports shall be prepared in accordance with the e

- 1) Reasonable investment returns for investors should be a key consideration in the profit distribution of the Company and continuity and stability should be maintained in its profit distribution policy, which should be in compliance with laws and regulations and the relevant requirements of regulatory authorities such as the China Securities Regulatory Commission;
- 2) Cash dividends and other amounts payable by the Company to domestic shareholders shall be computed, declared and payable in RMB. Cash dividends and other amounts payable by the Company to H Shareholders shall be computed and declared in RMB and payable in Hong Kong Dollars. Foreign currency requirements of the Company for the payment of cash dividends and other amounts to holders of overseas-listed foreign shares shall be procured in accordance with the relevant foreign exchange administration regulations of the State;
- 3) Subject to the fulfillment of conditions for dividend distribution, the Company shall, in principle, distribute its profit on an annual basis by way of cash and/or shares, and may also carry out interim profit distribution. Accumulated distribution of profit by way of cash by the Company in the three preceding years shall be no less than 30% of the annual average profit available for distribution realized in the three preceding years;

The Company may conduct cash dividend distributions subject to the following conditions:

1. The Company having reported positive profit available for distribution for the year (namely profit after taxation after making up for losses and allocations for reserve funds) with ample cash flow and the distribution of cash dividends not affecting the normal operation and long-term development of the Company;
 2. The auditor having furnished a standard, unqualified audit report in respect of the Company's financial report for the year;
 3. The Company having reported a sound gear ratio and having no significant investment plans or significant cash expenditure for the next 12 months in relation to any proposed external investments, asset acquisitions or purchases of equipment with an aggregate expenditure reaching or exceeding 10% of the Company's latest audited net assets.
- 4) Profit distribution shall be carried out first and foremost in the form of cash distribution. Depending on the actual conditions of the Company, profit distribution may alternatively be carried out by way of bonus share distribution. Bonus share distribution may be implemented independently or in combination with cash dividend distribution. In determining the specific amount for profit distribution by way of bonus share distribution, sufficient consideration should be given to whether the total share capital after the distribution of profit by way of share issue will be compatible with the current scale of business and rate of profit growth is 0.134 (see 7.03 BFD - the 2L

retained by the Company should be disclosed in its periodic reports, and the Independent Non-executive Directors should furnish an independent opinion thereon; and

- 6) Where fund appropriation by a shareholder against regulation has been identified, deductions should be made by the Company against the cash dividend which should otherwise be distributed to such shareholder in reimbursement of the funds appropriated;
- 7) The Company shall implement the profit distribution policy stipulated in these Articles and profit distribution plans considered and approved at general meetings in a stringent manner. Where it becomes genuinely necessary to adjust the stated profit distribution policy and profit distribution plans considered and approved at general meetings, such adjustments shall be discussed at and approved by the Board of the Company (with the Independent Non-executive Directors furnishing an independent opinion) and then submitted to the general meeting for consideration and approval by way of a special resolution before implementation;
- 8) Following the statutory announcement of the profit distribution plan, the Company shall give sufficient consideration to the opinions and suggestions of shareholders in general and the minority shareholders in particular. When the profit distribution plan is being considered at the general meeting, the Company shall provide multiple means (including but not limited to attendance in person at the general meeting, the Internet and investors' hotline, etc) to receive suggestions in relation to the profit distribution plan furnished by shareholders in general and the minority shareholders in particular and shall give sufficient consideration to the opinions and demands of minority shareholders.

Article 233. The Company shall establish an internal audit system by employing professional auditing staff, who shall conduct internal audit and control on the income and expenses and economic activities of the Company.

Article 234. The Company's internal audit system and the auditing personnel's responsibilities shall become effective after the approval of the Board of Directors. The person in charge of the audit shall be accountable to the Board of Directors and shall report to the Board of Directors.

Article 235. The Company shall appoint a receiving agent for holders of the overseas-listed foreign shares. The receiving agent, on behalf of the relevant shareholders, shall receive the dividends distributed and other amounts payable to the shareholders in respect of overseas-listed foreign shares.

The receiving agent appointed by the Company shall meet the relevant requirements of the laws of the place where the Company's shares are listed or the relevant requirements of such stock exchange.

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

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If any shareholder breaches the laws by using such funds of the Company, the Company shall deduct the amount from the cash dividends payable to that shareholder until the amount is recovered.

Chapter 16 Appointment of Accounting Firm

Article 237

securities regulatory authority of the State Council.

Where a resolution is passed by the general meeting to appoint a non-incumbent accounting firm, to fill a casual vacancy in the office of the accounting firm, or to reappoint a retiring accounting firm that has been appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- 1) a copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposing to leave its post or the accounting firm which has left its post in the relevant accounting year (leaving includes leaving by removal, resignation or retirement);
- 2) if the accounting firm leaving its post makes representations in writing and requests the Company to give notice of such representations to the shareholders, the Company shall take the following measures (unless the representations are received too late):
 1. in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
 2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association;
- 3) if the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (2) above, such accounting firm may request for the representations be read out at the general meeting and may lodge further complaints;
- 4)

2) a statement of any such circumstances.

Such notice shall become effective on the date the notice is deposited at the Company's legal registered address or such later date as may be stipulated in such notice.

The Company shall, within fourteen days after receipt of the notice referred to in the preceding

agreement and prepare balance sheets and a list of assets. The Company shall notify its creditors of the resolution with respect to the division within ten days of the date of the Company's division resolution and make public announcements in newspapers which are in compliance with the relevant regulations within thirty days of the date of the Company's division resolution.

Article 249. Creditors shall have the right to request the Company to repay its debts or provide appropriate guarantees within thirty days of receipt of the notification, or where no such notification is received, within forty-five days from the date of the first public announcement.

The liabilities of the Company prior to the division shall be assumed in accordance with the agreement between the Company and the creditors. Where there is no agreement, the liabilities of the Company shall be assumed jointly and severally by the companies resulting from the division.

Article 250. The Company shall, in accordance with law, apply for change in its registration with the companies' registration authority where a change in any item in its registration arises as a result of any merger or division. In the event the Company is dissolved, the Company shall apply for the cancellation of its registration according to the law. In the event a new company is established, the Company shall apply for registration thereof in accordance with the law.

Chapter 18 Dissolution and Liquidation of the Company

Article 251. The Company shall be dissolved and liquidated according to law upon the occurrence of any of the following events:

- 1) a resolution for dissolution has been passed at a general meeting of shareholders;
- 2) the dissolution is necessary as a result of a merger or division of the Company;
- 3) the Company is declared bankrupt according to law due to its failure to repay debts as they become due;
- 4) the Company is dissolved by the People's Court in accordance with pertinent provisions of the Company Law;
- 5) the Company has its business licence revoked, or is ordered to shut down, or is cancelled in accordance with the law ; or
- 6) the term of operation of the Company set out in the Articles of Association is expired or one of the events which are grounds for dissolution as set out in the Articles of Association has been occurred.

The Company may survive by amending the Articles of Association in the event of the circumstance as set forth in sub-paragraph (6),

Article 252. When the Company is dissolved pursuant to sub-paragraph (1), (4), (5) or (6) of the preceding Article, a liquidation committee shall be set up within fifteen days commencing from the date on which the events being the grounds for dissolution has been occurred and the composition of which shall be determined by an ordinary resolution at a general meeting of shareholders. If no liquidation committee has been established to conduct liquidation within the time limit, the creditors may request the People's Court to designate the relevant personnel to

form a liquidation committee to conduct liquidation. If the Company is to be dissolved pursuant to sub-paragraph (2) of the first paragraph of the preceding Article, the liquidation process shall be handled by the parties to the merger or division in accordance with the contract entered into at the time of merger or division.

If the Company is to be dissolved pursuant to sub-paragraph (3) of the first paragraph of the

- 5) to settle the Company's claims and debts;
- 6) to dispose of the remaining assets of the Company after all its debts have been paid; and
- 7) to represent the Company in civil proceedings.

Article 257

Article 269. The Company shall establish a labour contract system. Employees of the Company must execute labour contracts with the Company according to law.

Article 270. The staff of the Company must comply with the rules and regulations in respect of labour management.

All staff of the Company must keep confidential trade secrets of the Company; otherwise, they shall indemnify the Company for the corresponding loss suffered by it.

The resignation of the staff of the Company must be subject to the completion of the relevant formalities in accordance with the procedures stipulated by the Company .

Article 271. The staff of the Company shall have the right to organize a labour union according to law. The labour union shall protect the lawful rights and interests of the staff of the Company according to law.

Article 272. When the Company examines issues involving the personal interests of the staff such as those concerning their wages, welfare benefits, production safety, labour protection and labour insurance, it shall first listen to the opinions of its labour union and the staff as well as inviting representatives of the labour union or the staff to attend the relevant meetings as non-voting attendees.

When the Company conducts studies on major production and operation issues and formulates important rules and regulations, it shall listen to the opinions and recommendations of its labour union and staff of the Company.

Chapter 22 Notices

Article 273. Notices of the Company shall be given by way of the following:

- 1) by courier;
- 2) by mail;
- 3) by announcement;
- 4) by electronic mails or by making them available on the websites designated by the Company and the relevant stock exchange(s), to the extent permitted under the laws, administrative regulations and rules of the securities regulatory authorities of the jurisdiction(s) where the shares of the Company are listed; or
- 5) other means stipulated in the Articles.

Article 274. Notices given by the Company by way of announcements shall be deemed to be received by all parties concerned once published.

Unless the context otherwise requires, “announcements” referred to in the Articles shall mean, in relation to announcements to holders of domestic shares or announcements required by the relevant provisions and the Articles to be published in the PRC, such announcements published in PRC newspapers designated under the PRC laws and regulations or by the securities regulatory authorities under the State Council; or, in relation to announcements to shareholders of H shares or announcements required by the relevant provisions and the Articles to be published in Hong Kong, such announcements that must be published in the Company’s

website, the website of the Hong Kong Stock Exchange and other websites stipulated by the Listing Rules from time to time in accordance with the requirements of the Listing Rules.

Article 275. Notices, circulars, relevant documents or written statements to be delivered by the Company to holders of overseas-listed foreign shares must be delivered by courier or by prepaid mail at the registered address of each such holder of overseas-listed foreign shares; notices, information or written statements may be delivered to such shareholders in either the English or

Article 281. The Company shall, strictly in accordance with the laws and regulations and the Articles of Association, disclose true, accurate and complete information on a timely basis.

Article 282. Under the leadership of the Board of Directors, the disclosure of information of the Company shall specifically be conducted by the secretary to the Board of Directors.

Article 283. Except for information disclosed in accordance with the mandatory requirements, the Company shall actively disclose on a timely basis any information which may create a substantial effect on the decisions made by a shareholder or any other interested party, and shall ensure that all shareholders shall have the equal opportunity to obtain such information.

Article 284. Information disclosed by the Company shall be easily comprehensible. The Company shall assure that any user will be able to obtain information in an economical and expedient manner (such as via the Internet).

Article 285. The Company shall disclose information relating to corporate governance in accordance with the laws, regulations and other relevant provisions, including but not limited to the following:

- 1) the members and composition of the Board of Directors and the Supervisory Committee;
- 2) the work performed by, and the assessment of, the Board of Directors and the Supervisory Committee;
- 3) the performance and assessment of the independent non-executive directors, including the attendance of the independent non-executive directors at the board meeting, details of their speech providing their independent opinions thereat as well as opinions on matters relating to connected transactions and the appointment and removal of directors and senior officers;
- 4) the composition and performance of various special committees;
- 5) actual circumstances on implementation of corporate governance, circumstances showing any deviation from the provisions of *Administration Standards Governing Listed Companies* and the reasons therefor; and
- 6) specific proposals and measures on improving the corporate governance.

Article 286. The Company shall, in accordance with the relevant provisions, timely disclose details of any shareholders holding a relatively large proportion of shareholdings and those who may have effective control over the Company when acting in concert with the others, or details of the persons who exercise effective control over the Company.

Article 287. The Company shall be aware of on a timely basis and disclose the change in the shareholdings of the Company together with other material issues which may result in such change.

Article 288. When a controlling shareholder of the Company increases or decreases his shareholding in, or pledges the shares of, the Company, or when there is a transfer of the controlling interest in the Company, the Company and its controlling shareholders shall timely and accurately disclose the relevant information to all shareholders.

Chapter 24 Dispute Resolution

Article 289. The Company shall comply with the following principles for dispute resolution:

- 1) Whenever any dispute or claim of rights arises between holders of the overseas-listed foreign shares and the Company, holders of the overseas-listed foreign shares and the Company's directors, supervisors, president or other senior officers, or holders of the overseas-listed foreign shares and holders of domestic shares, in respect of any rights or obligations conferred or imposed by the Articles of Association, the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such dispute or claim of rights shall be referred to arbitration by the relevant parties.

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regulations.

have the same meaning as an “auditor”.

Article 293. The Articles of Association are drafted in Chinese and English and the two versions are equally valid. In the event of any discrepancy, the Chinese version shall prevail.

Article 294. For the purpose of the Articles of Association, the terms “not less than”, “within”, “not more than” are all inclusive terms while “less than”, “beyond” and “more than” are exclusive terms.

Article 295. These Articles of Association shall be interpreted by the Board of Directors.

Shenzhen, the PRC 25 June 2021

Note: These Articles of Association has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail.