

# Articles of Association of BUZULUK a. s.

## Full text valid as of 20 April 2018

**Article 1 Founding of the Joint Stock Company**-----  
BUZULUK a. s. (the "Company") was incorporated on 31 May 1996 upon its entry in the Commercial Register of the Municipal Court in Prague, under file no. B 4059. -----

**Article 2 Name, Registered Seat and Official Website of the Company** -----  
1. The name of the Company is: BUZULUK a. s. -----  
2. The Company's registered seat is: Komárov, Buzulucká 108, postal code 267 62. -----  
3. Business ID (IČ): 25056301. -----  
4. The official website of the Company is [www.buzuluk.cz](http://www.buzuluk.cz), where invitation letters to the General Meeting are published and other relevant information posted for the shareholders. -----

**Article 3 Duration of the Company**-----  
The Company was founded for an indefinite period of time. -----

**Article 4 Company's Business Objects and Activities** -----  
The Company's business objects and activities include: -----  
1. Foundry, modelling. -----  
2. Machining. -----  
3. Galvanizing, enamelling. -----  
4. Road transport - haulage operated by vehicles with a maximum permissible weight of 3.5 tonnes inclusive, designated for animal and freight transportation. -----  
5. Installation, repair, inspection and testing of electrical equipment. -----  
6. Lease of real property, residential and non-residential premises. -----  
7. Manufacture, trade and services not specified in Annexes 1 to 3 to the Trade Licensing Act, fields of activity: -----  
a) Manufacture of electronic components, electrical equipment, and the manufacture and repair of electrical machinery, appliances and electronic equipment powered by low voltage. -----  
b) Manufacture of industrial machinery. -----  
c) Intermediation in trade and services. -----  
d) Wholesale and retail trade. -----  
e) Storage, packaging of goods, cargo handling and technical activities in transport. -----  
f) Provision of software, information technology consulting, data processing, hosting and related activities and web portals. -----  
g) Real estate services, facility management and maintenance. -----  
h) Design of electrical equipment. -----  
i) Research and development in natural and technical science or social science – research and development in the field of piston rings, car parts, rubber and plastics machinery. -----

**Article 5 Company's Registered Capital** -----  
1. The Company's registered capital is CZK 96,855,000 -----  
(in words: ninety six million eight hundred and fifty five thousand Czech crowns). -----  
2. The Company's shares have been paid up in full. -----  
3. The relevant provisions of Act on Business Corporations regulate the procedure of increase and reduction of the registered capital, unless stated otherwise. -----

**Article 6 Shares**-----  
1. The Company's registered capital defined in Article 5 hereof consists of three registered shares in the nominal value of CZK 96,855,000 (in words: ninety six million eight hundred and fifty five thousand Czech korunas). -----  
- ordinary share in the nominal value of CZK 6,975,000, -----  
- ordinary share in the nominal value of CZK 9,685,500, -----  
- ordinary share in the nominal value of CZK 80,194,500. -----  
2. The shares are issued as certificated securities to order. -----  
3. The shares may be issued as collective share certificates. The holder of a collective share certificate is entitled to exchange it for individual shares or other collective share certificates. The holder of the collective share certificate holds all shareholder rights. Rights ensuing from the collective share certificate are freely transferrable but may not be split in individual interests by the transfer. -----  
4. The shareholder may exercise the right to exchange the collective share certificate for individual shares or other collective share certificates by communicating to the Company in writing the number of shares required to be exchanged or replaced with other collective share certificates. Such communication shall mean delivery of such a request via registered mail to the Company's registered seat. The Company is obliged to determine a date and time on which the certificate holder can exchange the certificate at the Company's seat. Such date shall be determined upon an agreement

between the Company and the certificate holder, in any case no later than 30 after the delivery of the certificate holder's request. The Company shall determine and communicate the date to the collective share certificate holder in writing via registered mail delivered to the holder's address stated in the request -----

5. The holder of a collective share certificate is entitled to request that the Board of Directors discuss at the General Meeting consolidation of the shares replaced by the collective share certificate. The Board of Directors is obliged to include the matter in the agenda of the earliest General Meeting following the delivery of such request. -----
6. The shares are transferrable; the transfer is effected by endorsing and physically handing over the share. The endorsement shall contain the business name or name and registered seat of a legal entity, or the name and address of an individual to which/whom the share is transferred, and the date of transfer. Any legal acts concerning the disposition of the Company shares or individually transferrable rights annexed thereto, including transfer, lease, pledge, option, pre-emptive or any other rights of third persons, are subject to the prior written consent by shareholders whose aggregate nominal value of shares held exceeds 2/3 of the Company's registered capital. Other shareholders are obliged to post their position to the request for consent with the share(s) transfer within 10 days from the request receipt; a failure to post such position shall be deemed disapproval by such shareholder. The share(s) transfer is invalid without the consent of the mandatory quorum of other shareholders; a shareholder in breach of this provision shall be liable for damage incurred by the Company and other shareholders in result of such breach. -----
7. The Company shall keep a list of shareholders which shall contain the type and form of each share, its nominal value, business name or name and registered seat of a shareholding legal entity or the name and address of an individual shareholder, and, where applicable, also the number marking of the share and record of any changes thereto. Upon a shareholder's written request and for a compensation of administrative cost only, the Company is obliged to provide a copy of the complete list of shareholders holding registered shares, or its required part, no later than seven days from the receipt of such request. -----
8. A transfer of a registered share shall be deemed effective vis-à-vis the Company upon the entry of the name of the new shareholder in the list of shareholders. The Company shall enter such change in the shareholder's name without undue delay once such change is demonstrated to the Company. -----

**Article 7 Entry of the Company in the Commercial Register**-----  
The Company is entered in the Commercial Register kept by the Municipal Court in Prague under B 4059.-----

## II. COMPANY ORGANIZATION-----

**Article 8 Company Bodies**-----  
The Company chose a dualistic board structure. The Company has the following bodies: -----

- A. General Meeting (or a Sole Shareholder executing the General Meeting powers) -----
- B. Board of Directors -----
- C. Supervisory Board -----

### A. GENERAL MEETING -----

**Article 9 Role and Competencies of the General Meeting**-----

1. The General Meeting of Shareholders is the supreme body of the Company. It consists of all attending shareholders. ----
2. The General Meeting of Shareholders shall exercise its power within the scope of competence granted by legal regulations and this Articles of Association. The General Meeting shall have, including without limitation, the following powers: -----
  - a) to decide on amendments to the Articles of Association, unless the amendment is the consequence of an increase of the registered capital resolved by the authorized Board of Directors, or of other legal facts; -----
  - b) to approve the usufructuary lease of an enterprise of the Company or its part forming the separate organizational unit; -----
  - c) to instruct and approve functioning principle of the Board of Directors, to examine and approve report of the Board of Directors, unless it contravenes the legal regulations; the General Meeting may also forbid the Board of Directors to perform the definite legal act, if it is in the Company's interest; -----
  - d) to appoint or remove liquidators of the Company; -----
  - e) to approve an executive service agreement and performances pursuant to Section 61 of Act on Business Corporations; -----
  - f) to approve provision of mortgage, pledge, warranty and other guarantee by the Company; -----
  - g) to approve mergers and acquisitions of legal entities, all inward and foreign investment and assets disposal; -----
  - h) to determine the appointment or removal of the auditor and the accounting firm of the Company; -----
  - i) to elect and change the members of the Board of Directors and of the Supervisory Board of the Company, and approve their remuneration; -----
  - j) to review and approve Company's annual financial budget plans and final accounts, annual profit distribution plans and losses recovery plans; -----
  - k) to approve mid-term and long-term development and business strategies made by the Board of Directors; -----
  - l) to decide on increase and decrease of the registered capital of the Company; -----
  - m) to approve the merger, division, or change of corporate forms of the Company, and to decide on dissolution or liquidation of the Company; -----
3. The General Meeting may not make any resolution on matters not within its competency granted by law or the Articles of Association. -----

**Article 10 Participation in the General Meeting**

1. Participation in the General Meeting is allowed to all shareholders, and also to persons stipulated by law or by the decision of the Board of Directors or the Supervisory Board.
2. A shareholder may take part in the General Meeting either in person or by proxy under a power of attorney. It has to be clear thereof whether the power of attorney is only valid for the particular General Meeting or more General Meetings which are going to take place within a fixed time frame. A proxy to a shareholder shall hand in the power of attorney upon his/her presentation. Members of the Boards may act as proxies to shareholders under the provisions stipulated by law.

**Article 11 Convening the General Meeting**

1. The General Meeting is held at least once in a calendar year, in any case no later than on 30 June of the respective year. The General Meeting is convened by the Board of Directors (or by a convener) at least thirty (30) days prior to the date of its holding by publication of the invitation letter on the Company's official website and sending invitation letters to shareholders at the email address stated in the list of shareholders. If so requested by a shareholder, the e-mail address may be stated in the list of shareholders as a shareholder's correspondence address, which in case of the General Meeting is considered to be primary. The working day preceding the day of the General Meeting is determined as a record (decisive) date. Should the Board of Directors fail to resolve to call a General Meeting without undue delay while the law stipulates such obligation, or should the Board of Directors not be quorate for a longer term, the General Meeting shall be convened by a member of the Board of Directors, unless stipulated otherwise by applicable legislation.
2. The Board of Directors shall convene the General Meeting without undue delay if:
  - a) it establishes that the Company loss resulting from any financial statements is of such extent that its coverage from available Company means would leave an uncovered loss amounting to a half of the registered capital, or this can be anticipated in view of all circumstances; or if it establishes that the Company has gone bankrupt; the Board then proposes to the General Meeting winding up of the Company or another measure, unless stipulated otherwise by law;
  - b) other serious interests of the Company require so;
  - c) it is requested to do so by the Supervisory Board;
  - d) it is requested to do so by shareholders holding shares in the aggregate nominal value exceeding 3 per cent of the registered capital and they propose a specific matter to be discussed at the General Meeting.
3. In the latter case in paragraph above, the Board of Directors is obliged to convene the General Meeting for a date not later than forty days from the receipt of the request. Should the Board fail to convene the General Meeting, it shall be convened upon the motion of the above shareholders by a court.
4. A General Meeting may also be convened by the Supervisory Board, if Company interests require.
5. An invitation to the General Meeting shall contain all essentials stipulated by law, these Articles of Association and/or a resolution of the General Meeting.
6. The general meeting can be held without complying with the Act on Business Corporations only if all shareholders of the Company agree.

**Article 12 General Meeting**

1. The General Meeting elects its chairperson, minutes clerk, verifier of the minutes, and scrutinizer(s) by simple majority of attending votes; the first vote is on the proposal of the Board of Directors.
2. Until a chairperson of the General Meeting is elected, the meeting is opened and chaired by a member of the Board of Directors assigned by the Board. Then the General Meeting is chaired by the elected chairperson.
3. The course of the General Meeting is reported in minutes the essentials of which are stipulated by an applicable legal regulation.
4. The essentials of the General Meeting attendance list, list of attending shareholders, and the contents, form, and verification of the minutes, are governed by the relevant provisions of applicable legal regulations.

**Article 13 Decision-making of the General Meeting**

1. The General Meeting has a quorum if the attending shareholders hold shares whose aggregate nominal value exceeds 30 per cent of the Company's registered capital.
2. Unless the General Meeting is quorate within one hour from the determined beginning, the Board of Directors in compliance with the applicable regulations convenes an alternate General Meeting.
3. A matter which was not included in the announced agenda may be decided by the General Meeting only provided that all shareholders are present and unanimously agree to discuss such matter.
4. The total number of votes in the Company is 193,710. Each CZK 500 of the nominal value of a share represents one vote at the General Meeting.

That means that:

  - the share in the nominal value of CZK 6,975,000 represents 13,950 votes,
  - the share in the nominal value of CZK 9,685,500 represents 19,371 votes,
  - the share in the nominal value of CZK 80,194,500 represents 160,389 votes.
5. The General Meeting decides by a simple majority of votes of attending shareholders, unless the law or Articles require other type of majority.
6. Separate voting is admissible only in cases required by applicable legislation.
7. Notarial minutes must be taken of all decisions that are required by law.
8. Unless resolved otherwise by the General Meeting, the voting at the General Meeting is public and carrying out by acclamation. Voting at the General Meeting (or deciding outside the General Meeting) by technical devices shall be

permissible through the videoconferencing or transmission via Internet so that it could be possible to verify the identity of the person authorized to exercise the voting right and identify the shares to which the voting rights are permanently attached. The Board of Directors set down further relevant details. The postal voting shall be allowed. When the postal voting is taken place, the shareholder's signature must be officially certified. Instead of General Meeting, it possible to decide per rollam, using inter alia the above-mentioned technical devices. -----

9. A vote is cast on all proposals to items on the agenda which were presented in compliance with the law and the Articles; the voting takes place in the sequence in which the proposals were submitted. At a regular General Meeting, the Board of Directors' proposal is discussed first, then the counterproposal by a shareholder; should there be more than one counterproposals, the voting takes place in the sequence in which they were submitted to the chairperson of the General Meeting. -----
10. Once a submitted proposal is approved, no more voting takes place on other proposals to the same item on the agenda.--

## **B. BOARD OF DIRECTORS**-----

### **Article 14 Role and Competencies of the Board of Directors**-----

1. The Board of Directors is the statutory body which manages the operation of the Company and represents it.-----
2. The Board of Directors decides on all matters of the Company which are not reserved for the competencies of the General Meeting or the Supervisory Board by the law or Articles.-----
3. The Board of Directors represents the Company in the manner determined by Articles 29 and 30 of the Articles of Association.-----
4. Scope of competencies of the Board of Directors: -----
  - a) submit to the General Meeting a proposal for the profit distribution, losses recovery and issuance of bonds; -----
  - b) submit to the General Meeting an independent proposal for any resolution which requires other than simple majority of votes; -----
  - c) formulate the annual budget and investment plans for the following year, and their amendments; -----
  - d) formulate the mid-term and long-term business strategies of the Company; -----
  - e) convene the General Meeting and report to the General Meeting; -----
  - f) implement the resolutions of General Meeting; -----
  - g) determine the operation plans of the Company; -----
  - h) determine the establishment of internal management organisation; -----
  - i) formulate the basic management system of the Company; -----
  - j) manage the information disclosure matters of the Company; -----
  - k) propose to the General Meeting of Shareholders the appointment or removal of the auditor and accounting firm of the Company; -----
  - l) formulate the amendments of Articles of Association of the Company; submit a proposal of the amendments of Articles of Association of the Company to the shareholders; -----
  - m) conclude and terminate employment contracts with Company's management, to appoint the managerial staff to their positions, and to determine their salaries; -----
  - n) determine the appointment or dismissal of Company's general manager and his/her remuneration, to appoint or remove the deputy general manager(s) of the Company, CFO and their remuneration based on the general manager's nomination; -----
  - o) approve the conclusion of sales contracts with the contract price exceeding EUR 3,000,000, as well as other material and special contracts, agreements, affiliate transactions and etc.; -----
  - p) approve the conclusion of purchase contracts with the contract price exceeding EUR 1, 000,000; -----
  - q) determine all financing matters of the Company; -----
  - r) determine purchase and disposal of fixed and intangible assets with value from EUR 10,000 up to EUR 50, 000; -
  - s) formulate plans of the increase or decrease of the Company's registered capital; -----
  - t) formulate plans of merger, division, dissolution, liquidation and change of corporate forms of the Company; -----
  - u) other competencies granted by laws, regulations or the Articles of Association or entrusted by General Meeting.--

### **Article 15 Board of Directors' Composition, Appointment, and Term of Office**-----

1. The Board of Directors shall have five members.-----
2. Members of the Board of Directors are elected and removed by the General Meeting. A member of the Board of Directors may be either an individual or a legal person complying with the statutory requirements.-----
3. The term of office of any of the Board of Directors' members is five years. Members of the Board may be re-elected. ---
4. A member of the Board of Directors may resign from his (her/its) office by a written resignation delivered to the Board of Directors. The term of Director's office shall then terminate when two month period after receipt of this notice has expired, unless the competent authority approved on request of the resigning member another date of termination. -----
5. The Board of Directors elect a chairperson from among their members and determines the categorisation of a member of the Board of Directors in category B.-----
6. Competencies of Chairman of Board of Directors, as well as member of the Board of Directors category B, include: ----
  - a) approval of all businesses with value exceeding EUR 100,000, unless the trade is buying necessary material, components and sub deliveries for production or the trade is paying the principal and interests of bank loan; -----
  - b) approval of a single trade with value exceeding EUR 500,000 (which applies also on the purchase of necessary material, components and sub deliveries for production); -----
  - c) to approve the purchase and disposal of fixed and intangible assets with value less than EUR 10,000; -----
  - d) to approve the conclusion of sales contracts with the contract price exceeding EUR 100,000 but no more than EUR 3,000,000 (inclusive); -----

- e) to approve the conclusion of purchase contracts with contract price exceeding EUR 50,000 but no more than EUR 1,000,000 (inclusive). -----

**Article 16 Convening the Board of Directors' Meeting -----**

1. The Board of Directors meets at least twice a year. -----
2. The Board of Directors' meeting is convened by its chairperson by a written invitation which states the venue, date and time of the meeting and its agenda. The invitation shall be delivered to the Board members in writing, by e-mail, via telegraph or fax not less than four days prior to the meeting. -----
3. The Chairperson is obliged to convene the Board of Directors' meeting any time upon request by any member of the Board of Directors or the Supervisory Board stating the reasons. -----
4. A member of the Board of Directors shall carry out Director's functions personally, unless such a member empowered another Director for the individual case to vote in his (her/its) absence. -----
5. The Board of Directors may, at its own discretion, invite also members of other Company bodies, Company employees or shareholders to its meetings. Members of the Supervisory Board are entitled to participate in the Board of Directors' meetings. -----

**Article 17 Meeting of Board of Directors -----**

1. The Board of Directors' meeting is chaired by the Board's chairperson. In case of his/her absence, it is chaired by another member of the Board. -----
2. The course of the meeting and the adopted resolutions are reported in minutes signed by a Board-appointed minutes clerk and by the Board's chairperson. -----
3. Costs connected with the meeting and other activities of the Board are borne by the Company. -----

**Article 18 Decision-making of the Board of Directors -----**

1. The Board meeting has a quorum if more than one half of its members are present. -----
2. Adoption of a decision concerning any matter discussed at a meeting of the Board of Directors requires the majority of all the present Board members' votes. In case of a tie vote the chairperson has a casting vote. -----
3. When electing and recalling the Board chairperson, the nominee does not vote. -----

**Article 19 Decision-making of the Board of Directors outside a Meeting -----**

1. The Board of Directors may make decisions also outside a meeting if approved by all Board members. In such a case, voting members are considered as having been present at the meeting and adoption of a decision requires the majority of all Board members. It is admissible to vote in writing, or using communication technology. -----
2. A decision made outside a meeting shall be reported in minutes of the next meeting of the Board of Directors. -----
3. All organisational matters related to adopting a decision outside a meeting of the Board of Directors are arranged by the chairperson of the Board of Directors. -----

**Article 20 Duties of the Members of the Board of Directors -----**

1. Members of the Board of Directors shall exercise their powers in accordance with applicable legal regulations, with due care, and shall not disclose any confidential information and facts whose disclosure to third persons might be detrimental to the Company. -----
2. Members of the Board of Directors are also subject to the prohibition of competitive conduct ensuing from relevant provisions of applicable legal regulations. -----
3. Any breach of the duties under paragraphs 1 and 2 have the consequences set out in applicable legal regulations. -----
4. Under the terms and in the scope stipulated by the applicable legal regulations, members of the Board of Directors shall be liable to the Company for any damage that the Company may incur as a result of wilful violation of duties related to their office. Should such damage be caused by several members of the Board of Directors, they shall be liable to the Company jointly and severally. -----
5. As regards organisation of corporate matters, relationship between the Company and a member of a statutory or another body of the Company or any of its partners shall be governed adequately by provisions on an order contract included in the Civil Code, unless their agreement with the Company or other provisions of the said act governing their duties stipulate different rights and obligations. -----
6. By 30 June of each year the Board of Directors shall provide to the General Meeting a report of the Company's business operation and status of assets. -----

**Article 21 Remuneration and Royalties for Members of the Board of Directors -----**

For the performance of their tasks, members of the Board of Directors shall receive remuneration and royalties whose amount, date and method of payment shall be approved by the General Meeting. -----

**C. SUPERVISORY BOARD -----**

**Article 22 Role and Competencies of the Supervisory Board -----**

1. The Supervisory Board is the body of supervision the Company. -----
2. The Supervisory Board supervises the activities within the competencies of the Board of Directors and the business activities of the Company. -----
3. The competencies of the Supervisory Board include in particular the authority to: -----
  - a) inspect all documents and records relating to the Company; -----

- b) inspect whether bookkeeping entries are made correctly and truly and whether the business activities of the Company conform to legal regulations, Articles of Association and instructions of the General Meeting; -----
  - c) review ordinary financial statements and the proposal for the distribution of profit or coverage of loss and present its opinion thereon to the General Meeting; approve the financial plan of the Company;-----
  - d) convene the General Meeting whenever the interests of the Company so require; propose any appropriate measures to be adopted. -----
4. The Supervisory Board shall appoint one of its members to represent the Company in proceedings against a member of the Board of Directors before courts and other authorities. -----

**Article 23 Supervisory Board's Composition, Appointment, and Term of Office-----**

- 1. The Supervisory Board of the Company shall have three members.-----
- 2. Members of the Supervisory Board shall be elected and removed by the General Meeting. A member of the Supervisory Board shall be an individual who is not at the same time a member of the Board of Directors, a proxy of the Company, or a person registered in the Commercial Register as a person authorised to act on behalf of the Company.-----
- 3. The term of office of the Supervisory Board's members is five years. Members of the Board may be re-elected. -----
- 4. A member of the Supervisory Board may resign from his/her office by a written resignation delivered to the Supervisory Board. In this case, the term of the office of a member of the Supervisory Board shall terminate when two month period after receipt of this notice has expired, unless the competent authority approved at the Supervisory Board member's request another date of termination. -----
- 5. The General Meeting may elect a substitute member (members) of the Supervisory Board who must enter into a vacant office of a member of the Supervisory Board in established sequence. If no substitute member is elected, the Supervisory Board, which number of members elected by the General Meeting has not fallen below the half of all its members, may appoint substitute members until the next General Meeting is held. -----
- 6. The Supervisory Board shall elect the chairperson of the Supervisory Board from among its members. -----

**Article 24 Convening the Supervisory Board's Meeting-----**

- 1. The Supervisory Board meets usually twice a year.-----
- 2. The Supervisory Board' meeting is convened by its chairperson by a written invitation which states the venue, date and time of the meeting and its agenda. The invitation shall be delivered to the Board members in writing, by e-mail, via telegraph or facsimile not less than four days prior to the meeting.-----
- 3. The Chairperson is obliged to convene the Board of Directors' meeting any time upon request by any member of the Supervisory Board or the Board of Directors.-----
- 4. Meetings of the Supervisory Board shall be held in the Company's seat, unless the Supervisory Board agrees otherwise.
- 5. The Supervisory Board may, at its own discretion, invite also members of other Company bodies, Company employees or shareholders to its meetings. -----

**Article 25 Meeting of the Supervisory Board -----**

- 1. A meeting of the Supervisory Board shall be chaired by the chairperson. -----
- 2. The course of the Supervisory Board meeting and adopted resolutions are reported in minutes to be signed by the minutes clerk appointed by the Supervisory Board and by the chairperson of the Supervisory Board.-----
- 3. Costs connected with the meeting and other activities of the Supervisory Board are borne by the Company. -----

**Article 26 Decision-making of the Supervisory Board -----**

- 1. The Supervisory Board has a quorum if more than one half of its members are present.-----
- 2. Adoption of a decision concerning any matter discussed at a meeting of the Supervisory Board requires the majority of all, not only attending members of the Supervisory Board.-----
- 3. When electing and recalling the Supervisory Board chairperson, the nominee does not vote.-----
- 4. Decision-making of the Supervisory Board outside the meeting shall be governed as appropriate by Article 19 of the Articles of Association. -----

**Article 27 Duties of the Members of the Supervisory Board-----**

- 1. Members of the Supervisory Board shall exercise their powers with due care, and shall not disclose any confidential information and facts whose disclosure to third persons might be detrimental to the Company. This is without prejudice to the authority of the members of the Board of Directors arising from the supervision capacity of this body. -----
- 2. Members of the Supervisory Board are also subject to the prohibition of competitive conduct ensuing from relevant provisions of applicable legal regulations.-----
- 3. Any breach of the duties under paragraphs 1 and 2 have the consequences set out in applicable legal regulations.-----
- 4. Members of the Supervisory Board shall be liable to the Company under the terms and in the scope stipulated by the applicable legal regulations for any damage that the Company may incur as a result of wilful violation of duties related to their office. Should such damage be caused by several members of the Supervisory Board, they shall be liable to the Company jointly and severally. -----

**Article 28 Royalties for Members of the Supervisory Board-----**

For the performance of their tasks, members of the Supervisory Board shall receive remuneration and royalties whose amount, date and method of payment shall be approved by the General Meeting. -----

III. REPRESENTATION OF THE COMPANY -----

**Article 29 Representation of the Company** -----

The Company shall be jointly represented by two members of the Board of the Directors. One shall always be the Chairman of the Board of Directors or the member of the Board of Directors category B, and the other one shall be any other member of the Board of Directors. -----

**Article 30 Signing on Behalf of the Company** -----

When signing on behalf of the Company, two members of the Board of Directors shall jointly append their signatures to a written or printed name of the Company. -----

IV. COMPANY FINANCE -----

**Article 31 Financial Year** -----

The financial year of the Company shall correspond to the calendar year. -----

**Article 32 Accounting Books of the Company** -----

The accounting books of the Company are kept as required by the applicable legal regulations. -----

**Article 33 Ordinary Financial Statements** -----

1. The accounting books of the Company are kept in compliance with the methods provided by applicable accounting regulations. The Board of Directors shall be responsible for the ordinary bookkeeping work and ensure the annual ordinary financial statements to be provided to the Supervisory Board for review and to the auditor for verification. -----
2. Upon approval by the General Meeting, the Company shall publish the ordinary financial statements in compliance with applicable legal regulations. -----

**Article 34 Distribution of the Company Profit** -----

1. The distribution of the profit of the Company shall be determined by the General Meeting upon a proposal submitted by the Board of Directors and after such proposal is approved by the Supervisory Board. -----
2. The book profit may be used for: -----
  - coverage of loss; -----
  - payout of the shareholder's share in the Company profit (dividend); -----
  - payment of royalties to members of the Board of Directors and Supervisory Board; -----
  - transfer to the registered capital; -----
  - contribution to any fund created from profit. -----
3. The General Meeting may decide that the book profit or its part will be retained and they may approve principles of its use based upon proposal of the Board of Directors. -----
4. Company employees have no share in the Company profit. -----

**Article 35 Dividend** -----

A shareholder is entitled to a dividend, which is to be approved by the General Meeting upon proposal of the Board of Directors. The method, place and date for payment of the dividend shall be determined by the General Meeting upon proposal of the Board of Directors as approved by the Supervisory Board; all this in compliance with applicable legal regulations. -----

**Article 36 Reserve Fund** -----

A reserve fund shall not be formed anymore. The General Meeting shall decide the further utilization of existing reserve fund. -----

**Article 37 Coverage of Loss** -----

1. The General Meeting decides on the coverage of loss upon proposal of the Board of Directors approved by the Supervisory Board. -----
2. Loss incurred from the Company's business activities shall be covered primarily from retained profit of the past years.--

**Article 38 Increase and Reduction of the Registered Capital** -----

1. An increase or reduction of the registered capital of the Company is determined by the General Meeting under the terms and conditions stipulated by applicable legal regulations, and in a way ensuing therefrom. A decision of the General Meeting to increase or reduce the registered capital requires the majority of votes as stipulated by the Act on Business Corporations. Such decision requires the execution of notarial deed. -----
2. Should the registered capital of the Company be increased by subscription of new shares, the General Meeting shall stipulate the method of and conditions for their subscription and pay-up. Any breach of the obligation to pay up subscribed shares in due time shall be subject to consequences set out in applicable legal regulations. -----
3. When increasing the registered capital of the Company by means of transferring a part of profit or other assets of the Company to the registered capital and issuing new shares of the corresponding value, these new shares shall be handed over to the existing shareholders for free, proportionately to their share in the registered capital of the Company, or the nominal value of all the existing shares shall be increased. -----

4. When the General Meeting decides on the reduction of the registered capital of the Company, the capital may not be reduced below the minimum level stipulated by applicable legal regulations; the procedure for reduction of the registered capital shall comply with the applicable legal regulations, including the option to reduce the registered capital by withdrawing shares from circulation (also by draw).

**Article 39 Bonds**

The General Meeting may decide, in compliance with applicable legal regulations, to issue bonds to which the right is attached to request issuance of shares at the time specified therein, or a pre-emptive right to shares in the nominal value specified therein.

**V. WINDING UP AND LIQUIDATION OF THE COMPANY**

**Article 40 Methods of Winding-up of the Company**

The Company shall be wound up by:

- a) resolution of the General Meeting on the winding up of the Company, on converting the Company into a different form of company, on merger, transfer of assets to a shareholders, or divestiture of the Company;
- b) resolution of the General Meeting on the winding up of the Company with liquidation;
- c) resolution of the court to wind up the Company;
- d) bankruptcy order or rejection of a bankruptcy petition due to the Company's lack of assets;
- e) due to other reasons arising from applicable legal regulations.

**Article 41 Decision of the General Meeting to Dissolve the Company**

Matters specified under Article 40(a) and (b) are decided by the General Meeting and require such majority of votes as stipulated by applicable legal regulations. Such decisions require the execution of notarial minutes.

**Article 42 Liquidation of the Company**

1. The liquidation of the Company following its winding-up shall be governed by applicable legal regulations.
2. Upon satisfaction of all creditors, the liquidation balance shall be distributed among the shareholders in proportion to the nominal value of their shares.
3. The right to share in liquidation balance is separately transferable from the date when the Company went into liquidation.

**Article 43 Dissolution of the Company**

The Company shall become dissolved upon its deletion from the Commercial Register.

**VI. COMMON, FINAL AND INTERIM PROVISIONS**

**Article 44 Notifications**

Information which the Company is obliged to publish pursuant to the Articles of Association or legal regulations shall be published in the Business Journal or as stipulated by law. If the Company is required by the applicable legal regulation or Articles of Association to publish or otherwise notify any information, the Company shall do so in a manner requested by the applicable legal regulation or Articles of Association.

**Article 45 Governing Law and Settlement of Disputes**

1. The legal relationships of the Company not explicitly stipulated by this Articles of Association shall be governed by the Act. No. 90/2012 Coll., on Business Corporations and cooperatives (Act on Business Corporations), as amended, to which these Articles of Association are fully subordinated, as well as by other generally binding Czech legal regulations.
2. Disputes, if any, by and between the shareholders and the Company, the Company and members of the Company's bodies, as well as disputes by and between individual shareholders, related to their participation in the Company, shall be resolved in an amicable settlement. If a dispute cannot be settled amicably, it shall be considered and resolved by the Czech court having territorial jurisdiction over the Company's seat, unless explicitly excluded by the provisions of the applicable rules of legal procedure.

**Article 46 Amendments and Additions to the Articles of Association**

Any amendments and additions to the Articles of Association shall be decided by the General Meeting upon a proposal of the Board of Directors or Supervisory Board. Unless applicable legal regulations require a higher majority, such decision requires a two-third majority of the votes of the shareholders attending the General Meeting and requires the execution of notarial deed. Obligations of the Company with respect to amendments and additions to the Articles of Association shall be governed by applicable legal regulations.

**Article 47 Severability Clause**

In the event that any provision of these Articles of Association shall be or become invalid, ineffective or disputable, either due to existing legal regulations, or due to any amendments thereto, or if some provision is found missing, the remaining provisions of the Articles of Association shall not be affected thereby. In lieu of the given provision, the provision of the applicable legal regulation shall apply whose nature and purpose best correspond to the intended purpose of the Articles of Association, or, provided that such legal provision is not available, the commonly recognised business practice shall apply. --

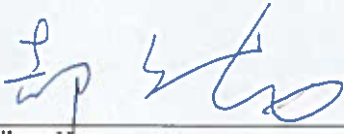


Article 48 Effect of the Articles of Association-----  
This full text of the Articles of Association is valid as of 20 April 2018.-----

\* \* \*

Datum: 11.6.2018

  
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Josef Hlad  
Member of the board

  
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Hailong Hao  
Member of the board category B

