



**Datang Environment Industry Group Co., Ltd.\***

**大唐環境產業集團股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1272)**

## **Articles of Association**

**Important Note:**

**The original version of the Articles of Association of the Company is in Chinese, and the English version is translated from the Chinese original. Should there be any discrepancies or inconsistencies between the Chinese and English versions, the Chinese version shall prevail.**

Considered and passed at the 2015 Fourth Extraordinary General Meeting of the Company, considered and amended at the 2021 First Extraordinary General Meeting, the 2022 Annual General Meeting, the 2023 Annual General Meeting, the 2024 First Domestic Share Class Meeting, the 2024 First H Share Class Meeting and the 2024 Annual General Meeting of the Company

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*For identification purpose only.*

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# Datang Environment Industry Group Co., Ltd.

## Articles of Association

### Chapter I General Provisions

- Article 1** To safeguard the legitimate rights and interests of Datang Environment Industry Group Co., Ltd. (the “**Company**”), its shareholders, employees and creditors, and to regulate the organization and activities of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China (the “**Securities Law**”), the Provisional Measures for the Administration of Overseas Offering and Listing of Securities by Domestic Enterprises, the Guidelines on Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Opinions of All-China Federation of Industry and Commerce on Strengthening the Construction of Employee Directors System and Employee Supervisors System of Incorporated Enterprises and other relevant regulations.
- Article 2** The Company is a joint stock limited company incorporated pursuant to the Company Law and other relevant laws and administrative regulations of the People’s Republic of China (“**PRC**”).
- The Company was registered with the Beijing Municipal Administration for Market Supervision and was granted the Business License on June 26, 2015. The number of the Business License of the Company is: 100000000043855. The Unified Social Credit Code of the Company is: 91110000717830079A.
- The Company’s promoters are China Datang Corporation Ltd. and China Datang Group Capital Holding Co., Ltd..
- Article 3** The Company was approved by the China Securities Regulatory Commission (the “**CSRC**”) on October 19, 2016 for the initial issuance of 540,000,000 overseas-listed shares (H shares) with a par value of RMB1 each to overseas investors which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on November 15, 2016; and the Company issued 27,542,000 ordinary H shares with a par value of RMB1 each under over-allotment.

- Article 4** The registered name of the Company:  
Chinese name (in full): 大唐環境產業集團股份有限公司  
English name (in full): Datang Environment Industry Group Co., Ltd.
- Article 5** Corporate Domicile: No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC  
Postcode: 100097  
Telephone: 08-10-58389999  
Facsimile: 08-10-58389810
- Article 6** The chairman of the Company is the legal representative of the Company.
- When the chairman of the Company resigns, he/she shall be deemed to resign from the position of the legal representative at the same time.
- If the legal representative resigns, the Company will determine a new legal representative within thirty days from the date of the legal representative's resignation.
- The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company. Restrictions imposed on the powers of the legal representative by the Articles of Association or by shareholders' meeting shall not be invoked against a bona fide counterparty.
- If the legal representative causes damage to others while performing his/her duties, the Company shall assume civil liability for such damage. The Company may, after assuming the civil liability, seek compensation from the legal representative at fault in accordance with laws or the Articles of Association.
- Article 7** The Company is a joint stock limited company in perpetual existence.
- The Company is an independent legal entity, owns independent properties of a legal entity, enjoys property rights of a legal entity, and possesses the civil rights and assumes the civil liabilities prescribed by law.
- Article 8** The shareholders shall assume liability based on their shares subscribed, and the Company is liable for its debts to the extent of its entire assets.

- Article 9** The Articles of Association shall come into effect from the date of approval at the shareholders' meeting of the Company through special resolution. The Articles of Association will replace the original one registered and filed with the industrial and commercial administration authorities by the Company.
- From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.
- Article 10** The Articles of Association are binding on the Company and its shareholders, directors, general manager and other senior management members, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.
- The Articles of Association are actionable by a shareholder against the Company; by the Company against shareholders, directors, general manager and other senior management members; by a shareholder against each other; and by a shareholder against directors, general manager and other senior management members of the Company.
- The actions referred to in the preceding clause include court proceedings and arbitration proceedings.
- Other senior management members referred to in the preceding clause include deputy general managers, chief accountant, chief engineer, secretary of the board of directors (the "**Board**") and other personnel appointed by the Board.
- Article 11** The Company may, based on its business development requirements, establish subsidiaries or branches, representative offices, offices, etc. in foreign countries and such regions as Hong Kong, Macau Special Administrative Region and Taiwan.
- Article 12** The Company may invest in other enterprise(s), but, shall not be liable to such enterprise(s) for their liabilities as their investor, unless otherwise stipulated by laws.
- Article 13** In accordance with the provisions of the Constitution of the Communist Party of China (《中國共產黨章程》), the Company shall establish an organisation of the Communist Party of China ("**Party Committee**"). The Party Committee shall play a leading role, supervising its direction of development, overlooking the whole picture and facilitating implementation as well as discussing and resolving on major issues of the Company as stipulated by its rules and regulations. The Company shall establish a working body of the Party, equip with sufficient staffs to manage party affairs and provide sufficient working expenses according to the proportion of 1% of the total amount of staff salaries of the Company for the previous year.

## **Chapter II Purposes and Scope of Business**

**Article 14** The business purpose of the Company are: to persist in guiding the development of environmental protection and energy conservation business by technological innovation, to provide conventional energy, new energy and water resource in a clean and efficient manner through advanced technologies, quality products and reliable services, to build a domestic and international famous environmental industry group, and to seek for economic benefits, perform social responsibilities and maximum interests for shareholders.

**Article 15** The business scope of the Company shall be based on the items approved by the market regulation authority.

The business scope of the Company includes: development of environmental protection projects, investment and operating management of environmental facilities; research and development, design, production, examination, sales and technical services of flue gas desulfurization catalysts; research and development, manufacture and sales of self-controlled system; development and testing of environmental protection technologies; production and sales of environmental protection equipment; design, construction and general contracting of environmental protection engineering; treatment of sewage and seawater; design and contracting of power engineering system; energy saving techniques as well as development and usage of new energy technology; design and contracting of material transportation system and corrosion prevention engineering system; building materials and chemical products (excluding hazardous chemicals); sales of machinery equipment, electronic products and hardware; contracting of overseas projects; import and export business; consultation services in relation to above businesses; development, investment, construction and management of new energy power generation and related energy storage projects, such as wind power generation, photovoltaic power generation, and solar thermal power generation; research and development, application and marketing of low carbon technologies; generation of power; repair and maintenance of power engineering; technology development and consulting services related to new energy such as wind power generation and solar power. (For the projects subject to approval pursuant to the laws, the operation of which shall be commenced upon approval by the relevant authority).

According to the domestic and international market needs and its own growth capability and business needs, the Company may change its business scope according to law.

### **Chapter III Shares, Share Transfer and Registered Capital**

**Article 16** The shares of the Company are evidenced by share certificates. All shares with par value issued by the Company are stocks with a par value of RMB1 each.

The Renminbi referred to in the preceding paragraph is the legal currency of the PRC.

**Article 17** Shares of the Company shall be issued in an open, fair and just manner. Shares of the same class shall rank *pari passu* with each other.

For the same class of shares issued in the same tranche, each share is issued at same price and subject to same conditions. For the shares subscribed by any organisation or individual under the same offering, the price payable for each of such share is the same.

**Article 18** Where the Company issues shares to domestic and foreign investors, it shall perform the procedures of registering or filing with the CSRC in accordance with the laws.

The foreign investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. Domestic investors mean those investors within the territory of the PRC (excluding investors from the regions referred to in the preceding sentence) who subscribe for shares issued by the Company.

**Article 19** Overseas-listed foreign invested shares issued by the Company and listed in Hong Kong shall be referred to as H shares for short. H shares refer to the shares approved to be listed on the Hong Kong Stock Exchange, denominated in Renminbi for par value, and subscribed and traded in Hong Kong dollar. Shares issued by the Company but not listed on any domestic or overseas stock exchanges shall be referred to as unlisted shares.

**Article 20** The number of ordinary shares issued by the Company at the time of the Company's establishment totaled 1.2 billion shares, including 1,188 million shares subscribed and held by China Datang Corporation Ltd., representing 99% of total ordinary shares of the Company in issue; and 12 million shares subscribed and held by China Datang Corporation Capital Holding Co., Ltd., representing 1% of total ordinary shares of the Company in issue.

On June 30, 2015, the Company's share capital was increased by RMB1.2 billion to RMB2.4 billion. The shareholding structure of the Company comprised 2,376 million shares and 24 million shares subscribed and held by China Datang Corporation Ltd. and China Datang Corporation Capital Holding Co., Ltd., respectively, representing 99% and 1% of total ordinary shares of the Company in issue, respectively.



In accordance with the authorisation at the shareholders' meeting, the Board may, upon the determination of the number of unlisted shares and H shares placed or issued either separately or concurrently by the Company, appropriately adjust the number of the aforesaid shares within its scope of power.

**Article 21** Subsequent to its establishment, the Company may issue not more than 1,182,857,142 H shares (including 154,285,714 shares upon the exercise of over-allotment option) upon approval by the securities regulatory authority under the State Council and other competent authorities, and the state-owned shareholders of the Company will transfer not more than 102,857,142 (or 118,285,714 if the over-allotment option representing 15% of the total new shares in issue is fully exercised) state-owned shares to the National Council for Social Security Fund of the PRC at the time of the issuance of the H shares pursuant to relevant PRC regulations regarding the disposal of state-owned shares.

Upon completion of the issuance of the H shares (including partial exercise of the over-allotment option) as aforementioned, the shareholding structure of the Company is as follows: 2,967,542,000 ordinary shares, of which 2,319,813,342 shares, 23,432,458 shares, 56,754,200 shares and 567,542,000 shares are held by China Datang Corporation Ltd., China Datang Corporation Capital Holding Co., Ltd., National Council for Social Security Fund and other public shareholders, respectively, representing 78.17%, 0.79%, 1.91% and 19.13% of the total share capital of ordinary shares of the Company, respectively.

**Article 22** The registered capital of the Company is RMB2,967,542,000.

**Article 23** The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance to others by way of donation, advance, guarantee, compensation or loans for the acquisition of shares of the Company or its parent company, except for the implementation of employee share ownership plan by the Company.

For the benefit of the Company, upon a resolution of the shareholders' meeting, or a resolution of the Board in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance to others for the acquisition of shares of the Company or its parent company, provided that the cumulative total of the financial assistance shall not exceed ten percent of the total issued share capital. Resolutions made by the Board shall be approved by more than two-thirds of all directors.

**Article 24** The Company may, based on its operation and development requirements, pursuant to the laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, and subject to separate resolutions of the shareholders' meeting, increase its capital in the following ways:

- (1) issue of shares to unspecified parties;
- (2) issue of shares to specific parties;
- (3) distributing bonus shares to its existing shareholders;
- (4) transferring capital reserve to share capital;
- (5) other means as permitted by laws and administrative regulations and those approved by the securities regulatory authorities of the State Council and other competent authorities.

The Company's increase of capital by issuing new shares shall, after being approved pursuant to the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

After increase of its capital, the Company shall file the change with the Company's original market regulation authority and make relevant announcement.

**Article 25** Unless otherwise provided by laws, administrative regulations, the rules of the securities regulatory authorities of the place where the Company's shares are listed, the Hong Kong Stock Exchange or the Articles of Association, shares of the Company are freely transferable.

**Article 26** The Company shall not accept any shares of the Company as the subject of a pledge.

**Article 27** Shares issued prior to the public offering of shares by the Company shall not be transferred within one year from the date the shares of the Company were listed on the stock exchange(s).

During their tenure, directors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein. The shares transferred each year during the term of office determined when they take office shall not be more than 25% of the total number of shares of the same class held by them. The shares held by them shall not be transferred within one year from the date on which the shares of the Company were listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of the Company held by them within six months commencing from the termination of their service.

**Article 28** Any gains from sale of shares of the Company or other securities with equity nature by any directors, senior management members or shareholders holding 5% or more of the shares of the Company within six months after their purchase of the same, and any gains from purchase of shares of the Company by any of the aforesaid parties within six months after sale of the same shall be disgorged to the Company. The Board shall forfeit such gains from the abovementioned parties. However, if a securities company holds 5% or more of shares by buying the remaining shares under an underwriting arrangement, the six-month limitation for selling the said shares shall not apply.

The shares or other securities with equity nature held by directors, senior management members and natural person shareholders as mentioned in the preceding paragraph shall include the shares or other securities with equity nature held by their spouses, parents, children, and those held in the accounts of others.

Should the Board does not observe the preceding paragraph, shareholders shall be entitled to request the Board to effect the same within 30 days. If the Board fails to do so within the aforesaid time limit, the shareholders may directly initiate court proceedings in their own name for the interests of the Company.

Should the Board fail to comply with the requirements set out in the first paragraph, the responsible director(s) shall assume joint and several liabilities under laws.

## **Chapter IV Reduction of Capital and Repurchase of Shares**

**Article 29** The Company may reduce its registered capital. Where the Company reduces its registered capital, it shall be handled in accordance with the Company Law and other relevant provisions and procedures prescribed in the Articles of Association.

**Article 30** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

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

If the Company reduces its registered capital, it shall reduce its capital contribution or shares in proportion to the shareholdings of its shareholders, unless otherwise provided by laws or the Articles of Association.

If the Company still has a loss after making up for the loss in accordance with the relevant provisions under Article 134 of the Articles of Association, it may reduce its registered capital to make up for the loss. If the registered capital is reduced to make up for the loss, the Company shall not make any distribution to the shareholders, nor shall it exempt shareholders from the obligation to pay capital contributions or share payments.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 30 of the Articles of Association shall not apply, but an announcement shall be made in the newspaper or the National Enterprise Credit Information Publicity System within thirty days from the date of the shareholders' meeting's resolution to reduce the registered capital.

After the Company has reduced its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches fifty percent of the Company's registered capital.

**Article 31** The Company shall not acquire its own shares, except in the following circumstances:

- (1) reducing the issued shares and registered capital of the Company;
- (2) merging with another company that holds shares in the Company;
- (3) using the shares for employee stock ownership plans or equity incentives;
- (4) acquiring the shares of shareholders (upon their request) who vote against any resolution adopted at any shareholders' meeting on the merger or demerger of the Company;
- (5) using the shares for converting corporate bonds issued by the Company that are convertible into shares;
- (6) where it is necessary for the Company to preserve its value and the interests of shareholders;
- (7) other circumstances as stipulated by laws and regulations, and securities regulatory rules of the place where the Company's shares are listed.

**Article 32** The Company may acquire its own shares through public centralized trading, or through other means recognized by the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Where the Company acquires its own shares under any of the circumstances specified in the provisions set forth in subparagraphs (3), (5) and (6) of Article 31 of the Articles of Association, centralized trading shall be adopted publicly.

**Article 33** If the Company acquires its own shares under the circumstances set forth in subparagraphs (1) and (2) of Article 31 of the Articles of Association, a resolution shall be passed at a shareholders' meeting; if the Company acquires its own shares under the circumstances set forth in subparagraphs (3), (5) and (6) of Article 31 of the Articles of Association, a resolution shall be passed at a meeting of the Board attended by two-thirds or more of the directors.

If the Company acquires its own shares in accordance with Article 31 of the Articles of Association, in the case of subparagraph (1), the shares shall be cancelled within ten days from the date of acquisition; in the case of subparagraphs (2) and (4), the shares shall be transferred or cancelled within six months; in the case of subparagraphs (3), (5) and (6), the total number of shares of the Company held by the Company shall not exceed 10% of the total number of issued shares of the Company, and shall be transferred or cancelled within three years.

Notwithstanding the foregoing provisions of this Article, if the applicable laws, regulations and the securities regulatory rules of the place where the Company's shares are listed have other provisions on the aforementioned matters involving the repurchase of shares and treasury shares (whether as defined in the Company Law or the Listing Rules) of the Company, the Company shall comply with such provisions.

## **Chapter V Shareholders and Shareholders' Meetings**

**Article 34** The share certificates shall be signed by the Chairman of the Company. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Company or other relevant senior management members on the share certificates may also be in printed form.

**Article 35** Where the Company issues registered shares, it shall establish a register of members in accordance with the certificates provided by the securities registration and clearing authority. Where bearer shares are issued, the register of members shall be sufficient evidence of the shareholders' holding of the Company's shares. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

If the Company establishes a class of shares, such as preference shares, changes in the rights attached to the class of shares shall be resolved by a vote of the shareholders holding shares of the class of shares carrying the relevant rights, by at least two-thirds of the votes of the shareholders present at the shareholders' meeting of a class of shares and having the right to vote on the amendment of the rights of the class of shares.

**Article 36** Transfer of shares shall be recorded in the register of members. A duplicate copy of the register of members of H shares shall be maintained at the Company's place of domicile. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of members of H shares at all times. The register of members maintained in Hong Kong shall be available for inspection by shareholders. However, the register of members may be closed on terms equivalent to those set out in section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**Article 37** The Company shall maintain the register of shareholders and register the following particulars:

- (1) the name, address (residence), occupation or nature and residence of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder;
- (6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with evidence to the contrary.

**Article 38** All transfers of H shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board (including the standard transfer form or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time); The instruments of transfer may only be signed by hand, or (where the transferor or transferee is a company) affixed with the common seal of the company. Where the transferor or transferee is a recognized clearing house (the “**Recognized Clearing House**”) as defined by relevant ordinances in force from time to time in accordance with Hong Kong laws or its nominee, the instruments of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer shall be maintained at the legal address of the Company or such other places as the Board may specify from time to time.

**Article 39** Where laws, administrative regulations and rules, departmental rules, normative documents and the relevant stock exchange or regulatory authority where the shares of the Company are listed stipulate on the period of closure of the register of members prior to the date of a shareholders’ meeting or the record date set by the Company for the distribution of dividends, such provisions shall prevail.

**Article 40** Where the Company convenes a shareholders’ meeting, distributes dividends, liquidates or carries out other activities which would require identification of shareholders, the Board or the convenor of the shareholders’ meeting shall determine the date of registration of the shareholding. Upon the close of business on the record date, the registered shareholders shall be deemed as the shareholders entitled to relevant interests.

**Article 41** Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of shareholders may, if his/her share certificates (hereinafter referred to as the “**Original Certificates**”) are lost, apply to the Company for a replacement share certificate in respect of such shares (hereinafter referred to as the “**Relevant Shares**”).

If a holder of the domestic non-tradable shares loses his/her share certificates and applies for their replacement, it shall be dealt with in accordance with relevant provisions of the Company Law.

If a holder of overseas-listed H shares loses his/her share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed shares is maintained.



## **Chapter VI Rights and Obligations of Shareholders**

**Article 42** Shareholders of the Company shall have the following rights:

- (1) the right to dividends and other distributions in proportion to the number of share held;
- (2) the right to request for convening, chairing, attending and voting in person or appointing a proxy to attend and exercising corresponding rights to speak and vote at shareholders' meetings in accordance with laws, unless they are required by the Listing Rules to abstain from voting on individual matters;
- (3) the right to supervise the Company's operations, and to put forward proposals and raise inquiries;
- (4) the right to transfer, gift or pledge shares held in accordance with laws, administrative regulations, departmental rules and provisions of the Articles of Association;
- (5) the right to inspect and copy the Articles of Association, the register of members, minutes of the shareholders' meetings, resolutions of the Board meetings, and financial and accounting reports announced and disclosed. Shareholders in compliance with the provisions may inspect the Company's accounting books and accounting certificates;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company according to the number of shares held;
- (7) the shareholders voting against the merger or demerger resolution passed at a shareholders' meeting are entitled to request the Company to purchase their shares;
- (8) other rights conferred by laws, regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 43** Any shareholder requesting to inspect or copy the relevant information of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.



**Article 44**

If a resolution passed at the Company's shareholders' meeting or Board meeting violates the laws and administrative regulations, the shareholders shall have the right to submit a petition to the people's court to render the same as invalid.

If the procedures for convening, or the methods of voting at, a shareholders' meeting or Board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall be entitled to submit a petition to the people's court to rescind such resolutions within sixty days from the date on which such resolution is passed. However, this shall not apply if the convening procedure or voting method of a shareholders' meeting or a Board meeting has only minor flaws which have no substantial impact on the resolution.

If the Board, shareholders or other relevant parties have disputes over the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with a people's court. Before the people's court makes a judgment or ruling to revoke the resolution, the relevant parties shall execute the resolution of the shareholders' meeting. The Company, its directors and senior management shall fulfill their duties in good faith to ensure the normal operation of the Company.

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

**Article 45**

A resolution of the shareholders' meeting or Board's meeting of the Company shall be invalidated under any of the following circumstances:

- (1) failure to convene a shareholders' meeting or Board's meeting to make a resolution;
- (2) the shareholders' meeting or Board's meeting fails to vote on the resolution;
- (3) the number of persons attending the meeting or the number of voting rights held by them does not reach the number of persons attending the meeting or the number of voting rights held by them as stipulated in the Company Law or the Articles of Association;

- (4) the number of persons agreeing to the resolution or the number of voting rights held by them does not reach the number of persons attending the meeting or the number of voting rights held by them as stipulated in the Company Law or the Articles of Association.

#### **Article 46**

If a director or senior management other than a member of the Audit Committee violates the laws and regulations or the provisions of the Articles of Association in the performance of his/her duties with the Company and causes losses to the Company, the shareholders individually or jointly hold more than one percent of the Company's shares for more than one hundred and eighty consecutive days shall have the right to request in writing the Audit Committee to initiate proceedings in the people's court; if a member of the Audit Committee violates the laws and regulations or the provisions of the Articles of Association in the performance of his/her duties with the Company and causes losses to the Company, the aforesaid shareholders shall be entitled to make a request in writing to the Board to initiate proceedings in the people's court.

In the event that the Audit Committee or the Board refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in the people's court directly in their own names in the interest of the Company.

Shareholders described in the first paragraph of this Article may also initiate legal proceedings in the people's court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any others.

If a director, supervisor or senior management of a wholly-owned subsidiary of the Company violates the laws, administrative regulations or the provisions of the Articles of Association in the performance of his/her duties and cause losses to the Company, or if others infringe upon the lawful rights and interests of a wholly-owned subsidiary of the Company and cause losses to the Company, the shareholders individually or jointly hold more than 1% of the Company's shares for more than one hundred and eighty consecutive days shall have the right, in accordance with the provisions of the preceding three paragraphs, to request in writing the supervisory committee or Board of a wholly-owned subsidiary to file a lawsuit with the people's court or directly file a lawsuit in their own name with the people's court.

#### **Article 47**

If any director or senior management member damages the shareholders' interests by violating any law, regulation or the Articles of Association, the shareholders may lodge a lawsuit in the people's court.

**Article 48** Shareholders of the Company shall assume the following obligations:

- (1) to abide by the obligations stipulated in the laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (2) to pay subscription amount according to the number of shares subscribed and the method of subscription;
- (3) to assume liability based on their shares subscribed;
- (4) not to withdraw its share capital other than as provided by laws or regulations;
- (5) not to abuse their rights as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the independence as a corporate body and the limited liabilities as shareholders to prejudice the interests of creditors of the Company;

Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for indemnity according to the law.

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

- (6) other obligations imposed by laws, administrative regulations and the Articles of Association.

**Article 49** A shareholder holding more than 5% of the Company's shares with voting rights shall report in writing to the Company from the date of occurrence of such fact if the shares held by him/her are pledged.

**Article 50** The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfill their obligations in accordance with the laws and administrative regulations and the provisions of the CSRC and the stock exchange to safeguard the interests of the Company.

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

- (1) to exercise shareholders' rights in accordance with the law, and not to abuse the right of control or take advantage of connected relationships to jeopardize the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly fulfill the public statements and commitments made and not to change or waive them without authorization;
- (3) to fulfill the information disclosure obligations in strict accordance with the relevant regulations, to actively and proactively cooperate with the Company in the information disclosure work, and to inform the Company in a timely manner of any material events that have occurred or are possibly occur;
- (4) not to occupy the Company's funds in any way;
- (5) not to force, instruct or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to utilize the Company's undisclosed material information for gain, shall not disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-term trading, market manipulation and other illegal and unlawful acts;
- (7) not to jeopardize the legitimate rights and interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset reorganization, external investment and any other means;
- (8) to ensure the integrity of the Company's assets, staff independence, financial independence, organizational independence and business independence, and not to affect the independence of the Company in any way;
- (9) other provisions of the laws, administrative regulations, the regulations of the CSRC, the business rules of the stock exchange and the Articles of Association.

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

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

A controlling shareholder or a de facto controller who pledges the Company's shares held by him/her or at his/her actual disposal shall maintain the stability of the control of the Company and its production and operation.

If a controlling shareholder and a de facto controller transfer his/her shares in the Company, he/she shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, and the regulations of the CSRC and the stock exchanges, as well as the undertakings he/she has made in respect of the restriction on the transfer of shares.

## **Article 51**

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined in the Article 52 herein) shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to exempt a director from the duty to act in good faith in the best interests of the Company;
- (2) to authorize the directors (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favourable to the Company;
- (3) to authorize the directors (for their own account or for the account of other parties) to deprive another shareholder of his personal interest, including, but not limited to, any allocation right, and voting right, but excluding any corporate restructuring proposal made at the shareholders' meeting in accordance with the Articles of Association.

The controlling shareholders and de facto controllers of the Company shall not use connected relations to damage the interests of the Company; otherwise they shall make compensation for the loss incurred to the Company.

**Article 52** For the purpose of the preceding Article, a controlling shareholder means a person who satisfies any one of the following conditions:

- (1) any person acting on his/her own or in concert with other parties has the power to elect not less than half of the directors;
- (2) any person acting on his/her own or in concert with other parties has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (3) any person acting on his/her own or in concert with other parties holds 30% or more of the outstanding shares of the Company;
- (4) any person acting on his/her own or in concert with other parties has actual control over the Company in any other manner.

The term of “acting in concert” referred to in this article represents an act that any of two or more persons obtains the voting right in a company by way of agreement thereon (whether in oral or in written), so as to realise or reinforce the purpose of controlling the Company.

## **Chapter VII Shareholders’ Meeting**

**Article 53** The shareholders’ meeting of the Company shall consist of all shareholders. As the authority of the Company, the shareholders’ meeting exercises its powers under the laws.

**Article 54** The powers exercisable by the shareholders’ meeting are as follows:

- (1) to elect and replace directors and to determine matters relating to the directors’ remunerations;
- (2) to consider and approve the reports of the Board;
- (3) to consider and approve the Company’s profit distribution plan and plan for recovery of losses;
- (4) to resolve on increases or reduction in the Company’s registered capital;
- (5) to resolve merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (6) to resolve on the issue of bonds and other securities by the Company and the listing proposal of the Company;

- (7) to resolve on the appointment and dismissal of the accounting firms that undertake the audit business of the Company;
- (8) to amend the Articles of Association;
- (9) to consider and approve the following external guarantee:
  - (i) any guarantee to be provided by the Company and its controlled subsidiaries after the total amount of the external guarantees exceeds 50% of the latest audited net assets;
  - (ii) any guarantee to be provided by the Company after the total amount of its external guarantees exceeds 30% of the latest audited total assets;
  - (iii) the guarantee to be provided by the Company to others within one year in an amount exceeding 30% of the Company's latest audited total assets;
  - (iv) the guarantee to be provided to any entity with gearing ratio over 70%;
  - (v) the guarantee with a single amount exceeding 10% of the latest audited net assets;
  - (vi) the guarantee to be provided to the Company's shareholders, de facto controllers and their connected parties.
- (10) to consider and approve the purchases or sales of any material asset of the Company within a year the amount of which exceeds thirty percent of its latest audited total assets;
- (11) to consider and approve the change of use of proceeds;
- (12) to consider and approve the equity incentive scheme and employee share ownership plan;
- (13) to consider the resolutions put forward by shareholders representing 1 percent (inclusive) or more of the Company's shares with voting rights (excluding treasury shares);
- (14) other matters that should be considered at the shareholders' meeting as required by the laws, administrative regulations, departmental rules and the Articles of Association.

Subject to the laws, regulations and mandatory provisions of the listing rules in the listing place, the shareholders' meeting may authorize or delegate the Board to handle the matters authorized or delegated by it.

**Article 55** Except in exceptional circumstances, such as when the Company is in crisis, unless an approval by way of special resolution is obtained in a shareholders' meeting, the Company shall not enter into any contract with any party (other than the directors, general manager and other senior management members) pursuant to which such party shall be in charge of management of the whole or any substantial part of the Company's business.

**Article 56** A shareholders' meeting shall either be an annual shareholders' meeting or an extraordinary shareholders' meeting.

The annual shareholders' meeting shall be convened once a year and shall be held within six months after the close of the preceding financial year.

**Article 57** The Company shall convene an extraordinary shareholders' meeting within two months of the occurrence of any one of the following circumstances:

- (1) the number of directors is less than the quorum required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one third of the total amount of its share capital;
- (3) where any shareholder holding severally or jointly 10% or more of the Company's shares (excluding treasury shares) requests in writing for the convening of an extraordinary shareholder's meeting;
- (4) when deemed necessary by the Board;
- (5) when proposed by the Audit Committee;
- (6) when proposed by more than half of independent non-executive directors;
- (7) other situations stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed or the Articles of Association.



**Article 58** Save for an electronic meeting, the Company shall hold the shareholders' meeting at the domicile of the Company or such other place as notified by the convener of the shareholders' meeting.

A shareholders' meeting shall have a venue where it shall be held in the form of a physical meeting or simultaneously through electronic communication means. Subject to the laws, regulations and mandatory provisions of the listing rules in the listing place, the Company may also provide other ways for the convenience of shareholders. Any shareholders who attend the shareholders' meeting in the aforesaid manners shall be deemed as present.

On the premise of the lawfulness and validity of shareholders' meetings, the Company shall facilitate the participation of shareholders in shareholders' meetings by various means and ways, with priority first given to the modern information technology means, such as an online voting platform, etc.

**Article 59** A twenty days' prior written notice for convening the annual shareholders' meeting of the Company shall be given. A fifteen days' prior written notice for convening the extraordinary shareholders' meeting of the Company shall be given.

The date of the shareholders' meeting and the date when the notice is dispatched shall not be included in the calculation of the period for issuing such notice.

**Article 60** When the Company convenes a shareholders' meeting, the Board, the Audit Committee and the shareholders either individually or collectively holding 1% or more of the Company's shares (excluding treasury shares) may put up ad hoc proposals.

When the Company convenes a shareholders' meeting, shareholders either individually or collectively holding 1% or more of the Company's shares (excluding treasury shares) have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such shareholders' meeting if they are matters falling within the functions and powers of shareholders' meeting.

The ad hoc proposals raised by shareholders shall satisfy the following requirements:

- (1) free of conflicts with the provisions of laws and regulations, and fall into the terms of reference of the shareholders' meeting;
- (2) with definite topics to discuss and specific matters to resolve;
- (3) submitted or served to the convener in writing ten days prior to the date of the shareholders' meeting.

**Article 61** Notice of a shareholders' meeting shall:

- (1) be in writing;
- (2) specify the place, date, way and time of the meeting, and set out the voting time and voting procedures of the meeting (if any) for the online voting or other means of voting;
- (3) set out the matters and proposals to be considered at the meeting;
- (4) set out the record date for shareholders who are entitled to attend the shareholders' meeting;
- (5) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but not limited to) where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal shall be properly explained;
- (6) disclose the nature and degree of the material interest of any director, general manager and other senior management member in the matters to be considered. In case that the impact of the matters to be considered on such director, general manager and other senior management member as a shareholder is different from that on other holders of a class of shares, the difference shall be clarified;
- (7) set out the full text of any special resolution proposed to be passed at the meeting;
- (8) contain a striking statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not be a shareholder;
- (9) specify the time and place for lodging proxy forms for the relevant meeting;
- (10) name and telephone number of the contact person;
- (11) other requirements stipulated in the laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The interval between the record date and the date of the meeting shall be no more than seven working days. Once the record date is confirmed, it shall not be changed.

## **Article 62**

Notice of a shareholders' meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or in the form of a notice in the manner provided in the Articles of Association to the address of the shareholders as shown in the register of shareholders. Notices of shareholders' meetings of the Company can be given by way of public announcement (including publication on the website of the Company) to the extent permitted under all applicable laws and regulations and the listing rules in the place where the Company's shares are listed. For the holders of unlisted shares, notice of the shareholders' meeting may also be given in the form of a notice in the manner provided in the Articles of Association.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed at the meeting.

The notice of a shareholders' meeting served on the holders of H shares may be published through the websites of the Hong Kong Stock Exchange and the Company. Upon the publication of the announcement, all holders of H shares shall be deemed to have received the notice of the relevant shareholders' meeting.

## **Article 63**

Any shareholder (including Recognized Clearing House) who is entitled to attend and vote at a shareholders' meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his/her behalf. Where a corporate shareholder appointed a representative to attend any meeting of the Company, it shall be treated as being present at any meeting in person. A proxy so appointed shall exercise the following rights pursuant to such authorization:

- (1) exercise such shareholder's right to speak at the shareholders' meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) unless otherwise required by applicable listing rules or other securities laws and regulations, the right to vote by a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll. Votes may be cast by such means, electronic or otherwise, as the chairman of the meeting may determine.

Where that shareholder is a Recognized Clearing House (or its nominees), it may authorise one or more persons as it thinks fit to act as its proxies at any shareholders' meeting or creditors' meeting and those proxies must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote; However, if one or more persons are so authorised, the power of attorney shall specify the number and

class of shares in respect of which each such person is so authorised. The person(s) so authorised will be entitled to exercise the same power on behalf of the Recognized Clearing House (or its nominees) as if it was an individual shareholder of the Company.

**Article 64**

The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing; if the appointer is a legal entity or other organisations, either under seal or under the hand of a director or attorney duly authorized. The power of attorney shall state the number of shares represented by the said proxy; in the case that more than one proxy is appointed, the instrument shall state the number of shares respectively represented by each proxy of the shareholder.

**Article 65**

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

Where the appointer is a legal entity or other organisations, its legal representative or other persons authorized by the resolutions of the Board or other decision- making organ to act as its representatives may attend the shareholders' meeting of the Company as a representative of the appointer, and exercise the right to speak and vote at the meeting. The shareholder who has appointed a proxy to attend the shareholders' meeting shall be deemed to be present in person. A person duly authorised by the shareholder may execute a proxy form on behalf of the shareholder.

The Company is entitled to require the proxy attending the shareholders' meeting on behalf of a shareholder to produce his identification document.

If a shareholder of the legal entity or other organisations appoints its legal representative to attend the meeting, the Company is entitled to require the representative to present his own identification document and a notarially certified copy of the resolution or power of attorney authorized by the Board of such shareholder of the legal entity or other organisations or other competent authorities (except for the Recognized Clearing House or its proxies).

- Article 66** Any form issued to a shareholder by the Board for appointing a proxy by him shall allow the shareholder to freely instruct the proxy to cast vote in favour of, against or abstain each resolution dealing with the businesses to be transacted at the meeting. Such a form shall contain a statement that, in default of instructions, the proxy may vote as he thinks fit.
- Article 67** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.
- Article 68** Where a shareholders' meeting requires directors and senior management members to attend the meeting as non-voting participants, directors and senior management members shall so attend the meeting and accept any inquiries from shareholders.
- Article 69** Chairman of the meeting should announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the shares with voting rights held by them shall be subject to the register of the meeting.
- Article 70** Resolutions of shareholders' meetings are classified as ordinary resolutions and special resolutions.
- To adopt an ordinary resolution at the shareholders' meeting, more than half of the voting rights represented by the shareholders present at the meeting must be cast in favour of the resolution.
- To adopt a special resolution at the shareholders' meeting, not less than two-thirds of the voting rights represented by the shareholders present at the meeting must be cast in favour of the resolution.
- Article 71** Shareholders (including proxies) exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right upon voting at the shareholders' meeting, unless individual shareholders are required to waive their voting rights in respect of individual matter in accordance with the laws, administrative regulations, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.
- The shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

The Board, independent non-executive directors and shareholders who meet the relevant conditions may solicit the voting rights from shareholders. When soliciting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.

For connected transactions to be considered at a shareholders' meeting, connected shareholders shall, as provided in the listing rules of the stock exchange where the Company's shares are listed, abstain from voting on such connected transactions and the number of shares they represent carrying voting rights shall not be counted into the valid votes.

Where any shareholder is, under the applicable laws and regulations, departmental rules and listing rules and regulatory provisions of the place where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution at any shareholders' meeting, any votes cast by such shareholder (or their proxies) in contravention of such requirement or restriction shall not be counted.

Voting at a shareholders' meeting shall be conducted in the form of open ballot.

The Company shall provide the way of electronic voting, but the same vote may only be cast once on site, online or by other means, provided that if the same vote is cast more than once, only the first vote will be deemed valid.

## **Article 72**

The cumulative voting system may be adopted for the election of directors at the shareholders' meetings according to the requirement of the Articles of Association or as resolved by the shareholders' meeting. Cumulative voting shall be adopted for the election of more than two independent directors at a shareholders' meeting.

If the cumulative voting system was adopted by the shareholders' meeting for election of directors, the shareholders (including their proxies) will have the same number of votes which equals to the total number of directors to be elected. Shareholders may cast all their votes on a particular candidate or on multiple candidates with explanation as required.

**Article 73** The following matters shall be resolved by ordinary resolutions at a shareholders' meeting:

- (1) work report of the Board;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) appointment or removal of members of the Board, and their remuneration and the method of payment thereof;
- (4) employment, dismissal or non-renewal of employment of accounting firms and their remuneration;
- (5) matters other than these required by the laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed or by the Articles of Association to be approved by special resolution.

**Article 74** The following matters shall be resolved by special resolutions at a shareholders' meeting:

- (1) increase or reduction of the registered capital of the Company;
- (2) demerger, merger, dissolution, liquidation or change of corporate form of the Company;
- (3) amendments to the Articles of Association;
- (4) equity incentive scheme;
- (5) purchase or disposal of material assets or provisions of guarantees to others within one year exceeding 30% of the latest audited total assets of the Company;
- (6) any other matter required by laws and regulations or the Articles of Association, as well as approved as an ordinary resolution at a shareholders' meeting that may have material impact on the Company and is required to be approved by a special resolution.

**Article 75**

The following procedures shall be followed by shareholders requesting for convening of extraordinary shareholders' meetings:

- (1) shareholders jointly holding not less than 10% of voting shares (excluding treasury shares) at such proposed meeting may request the Board to convene an extraordinary shareholders' meeting or class meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda of the meeting. An extraordinary shareholders' meeting or class meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid proportion of shareholding shall be calculated on the date on which the relevant shareholders submit the written request.
- (2) if the Board fails to make a response within ten days upon receipt of the aforesaid written request, shareholders individually or jointly holding 10 per cent or more of the shares carrying voting rights (excluding treasury shares) at the proposed meeting shall be entitled to propose to the Audit Committee to convene an extraordinary shareholders' meeting or class meeting, provided that such proposal shall be made in writing. If the Audit Committee agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days upon the receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Audit Committee fails to issue a notice of the shareholders' meeting within the specified period, it shall be deemed that the Audit Committee shall not convene and preside over the shareholders' meeting, and the shareholders individually or jointly holding 10% or more of the shares of the Company (excluding treasury shares) for more than 90 consecutive days may convene and preside over the meeting on their own.

The following procedures shall be followed by the Audit Committee proposing to convene an extraordinary shareholders' meeting:

- (1) the Audit Committee shall propose to the Board to convene an extraordinary shareholders' meeting or class meeting in writing, specifying the agenda of the meeting. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, reply in written within ten days after receiving the proposal as for agreeing or disagreeing to convene the extraordinary shareholders' meeting or class meeting.



- (2) if the Board agrees to convene the extraordinary shareholders' meeting or class meeting, a notice of shareholders' meeting shall be issued within five days after the resolution made by the Board. Any changes to the original request in the notice shall be approved by the Audit Committee. If the Board does not agree to convene the extraordinary shareholders' meeting or class meeting, or fails to reply within ten days after receiving the proposal, it shall be deemed that the Board is incapable of performing or fails to perform the duty of convening a shareholders' meeting, in which case the Audit Committee may convene and preside over such meeting on its own.

All reasonable expenses incurred by shareholders arising from convening and holding the aforesaid meeting by shareholders due to the Board's failure to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have neglected their duties.

Except for those matters in relation to business secrets of the Company which cannot be made public at the shareholders' meeting, the Board shall make corresponding responses or statements in respect of inquiries and the suggestions of the shareholders.

#### **Article 76**

A shareholders' meeting shall be convened and presided over by the Chairman of the Company. If the Chairman is unable to attend the meeting, the meeting shall be convened and chaired by a director nominated by a majority of the directors. If no chairman of the meeting has been so designated, shareholders present may elect one person to be the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including proxy) present and holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

Where a shareholders' meeting is convened by the Audit Committee on its own, the meeting shall be presided over by the convenor of the Audit Committee. In the event that the convenor of the Audit Committee is incapable of performing or fails to perform his/her duties, the meeting shall be presided over by a member of the Audit Committee nominated by a majority of members of the Audit Committee.

#### **Article 77**

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

**Article 78** Providing that the votes are counted at the shareholders' meeting, the counting results shall be recorded into the minutes of the meeting.

The meeting minutes together with the signatures of shareholders and proxy forms shall be kept at the address of the Company. Above minutes, attendance lists and proxy forms shall not be destroyed within ten years.

**Article 79** Copies of the meeting minutes shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him/her within seven days following the receipt of reasonable charges.

## **Chapter VIII The Board of Directors**

### **Section 1 Director(s)**

**Article 80** Directors are natural persons who are not required to hold any shares in the Company. The directors of the Company include executive directors, non-executive directors and independent non-executive directors. Executive directors refer to the directors who hold internal management positions of the Company. Non-executive directors refer to directors who do not hold any internal management positions of the Company and are not independent from the Company according to laws. Independent non-executive directors refer to directors as prescribed in section 2 of Chapter VIII in the Articles of Association. Directors shall be qualified for their positions as provided in laws. The Company shall have a board of directors which shall consist of 9 directors, including 1 chairman, 3 independent non-executive directors and 1 employee representative director.

**Article 81** Non-employee representative directors shall be elected at the shareholders' meeting, and their positions may be dismissed at shareholders' meeting prior to the expiration of their terms of office. The term of office of a director is three years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and reappointment.

Employee representative directors shall be democratically elected or removed by employees at the employee representative meeting, employee meeting or other means.

The chairman shall be elected and removed by more than one half of the directors. The term of office of the chairman is three years, renewable upon re-election.

**Article 82**

A director may resign before expiration of his/her term of office. The directors who resign shall submit to the Company a written report in relation to their resignation.

In the event that a director resigns during his/her term of office, or the term of a director falls upon maturity whereas new member of the Board has not been re-elected in time, which results in the number of members of the Board falling below the quorum, the existing director shall continue to perform his/her duties in accordance with the laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until the re-elected director assumes his office.

In case that the number of directors falls short of the quorum of the Board as a result of a director's resignation, the resignation report of the said director shall not become effective until the vacancy resulting from his resignation is filled up by succeeding director. The remaining directors shall convene an extraordinary shareholders' meeting as early as possible to elect director and fill up the vacancy resulting from the said resignation.

In compliance with PRC laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, any person appointed by the directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the first annual shareholders' meeting of the Company after his appointment, and shall then be eligible for re-election.

Other than the circumstances referred to in the preceding paragraph, the resignation of a director becomes effective upon submission of his resignation report to the Company.

The shareholders' meeting may remove any director by a resolution, which shall come into effect from the date on which such resolution is made.

**Article 83**

The Company has established a resignation management system for director, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters. When a director's resignation becomes effective or his/her term of office expires, he/she shall complete all handover procedures with the Board. His/her fiduciary duties to the Company and shareholders shall not automatically terminate at the end of his/her term of office, but shall remain valid within a reasonable period as stipulated in the Articles of Association. The responsibility that a director bears during their term of office due to the performance of his/her duties shall not be waived or terminated upon resignation. His/her confidentiality obligations in respect of commercial secrets and other confidential information of the Company shall remain effective after his/her resignation or the termination of his/her tenure until such secrets have become open information.

The specific period for a director to fulfill loyal duties after resignation or expiration of term of office shall be one year from the date when his/her resignation takes effect, or his/her term of service expires. Duration of other obligations shall be determined following the principle of fairness, depending on the length of time between the occurrence of the event and his/her resignation, and the circumstances and conditions under which his/her relationship with the Company terminates.

**Article 84** No directors shall act, in their personal capacity, on behalf of the Company or the Board beyond provisions in the Articles of Association or without appropriate authorisation by the Board. A director shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasons to believe that the said director is acting on behalf of the Company or the Board.

**Article 85** If a director causes damage to others while performing his/her duties for the Company, the Company shall be liable for compensation; the director shall also be liable for compensation if there is intentionality or gross negligence on his/her part. Any director who violates any laws, administrative regulations, rules from regulatory authorities or the Articles of Association during the performance of his/her duties and causes loss to the Company shall be liable for compensation to such loss.

**Article 86** Any director who has withdrawn from his office without permission prior to the expiration of his/her term of office, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss. Subject to the requirements of relevant laws, administrative regulations and the Listing Rules of Hong Kong Stock Exchange, the shareholders' meeting may by ordinary resolution remove any director before the expiration of his/her term of office (but without prejudice to such director's rights to claim compensation based on any contract).

A director will be deemed to have failed to perform his/her duties if he/she cannot attend the meetings of the Board in person twice consecutively nor appointed other directors to attend the meetings on his/her behalf. The Board shall make recommendations to shareholders' meetings to replace such director.

## **Section 2 Independent Non-executive Director(s)**

**Article 87** The Company shall establish an independent non-executive director system. Independent non-executive directors are directors holding no posts other than that of directors in the Company, and having no relationship with the Company and its substantial shareholders as to hinder their independent and objective judgments.

The term of office for independent non-executive directors shall be three years, and renewable upon re-election and re-appointment, but shall not exceed nine years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed.

**Article 88** Independent non-executive directors shall satisfy the following fundamental requirements:

- (1) to be qualified for directors of a listed company as provided in laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and other relevant regulations;
- (2) to comply with the requirements on independence as stipulated in the listing rules of the stock exchange where the Company's shares are listed;
- (3) to be in command of the basic knowledge of the operations of listed companies, and familiar with relevant laws, administrative regulations, and rules and regulations;
- (4) having at least five years of work experiences in legal or economic areas, or other experiences indispensable for performing the duties as independent nonexecutive directors;
- (5) having good personal character without major breach of trust or other adverse records;
- (6) other criteria as stipulated in the Articles of Association.

**Article 89** The independent non-executive directors shall be vested with the following special functions and powers in addition to those vested by the Company Law and other relevant laws, regulations, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association:

- (1) to independently engage an intermediary to audit, consult or verify specific matters of the Company;
- (2) to propose to the Board to convene extraordinary shareholders' meetings;
- (3) to propose to convene the Board meetings;
- (4) to publicly solicit the rights of shareholders from shareholders in accordance with laws;
- (5) to express independent opinions on matters that may jeopardize the interests of the Company or small and medium-sized shareholders, or on other matters stipulated in the requirements of the securities regulatory authorities of the place where the Company's shares are listed and the Articles of Association, which shall at least include the requirements of the securities regulatory authorities of the place where the Company's shares are listed and the Articles of Association;

- (6) to exercise other functions and powers conferred by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where an independent non-executive director exercises the powers and functions listed in subparagraphs (1) to (3) of the preceding paragraph, he/she shall obtain the approval by more than half of all independent non-executive directors.

The Company shall disclose in a timely manner any exercise of the powers and functions listed in the subparagraph (1) of the preceding paragraph by independent non-executive directors. In the event that the above powers and functions cannot be exercised in the normal course of business, the Company shall disclose the specific details and reasons.

#### **Article 90**

The following matters shall be submitted to the Board for consideration after being approved by more than half of all independent non-executive directors of the Company:

- (1) connected transactions that shall be disclosed;
- (2) programs of the Company and related parties to change or waive commitments;
- (3) decisions made and measures taken by the board of directors of the acquired company in response to the acquisition;
- (4) other matters as specified by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's share are listed and the Articles of Association.

#### **Article 91**

Before expiry of their term, independent non-executive directors shall not be dismissed without proper reasons. In case of an independent director being dismissed before expiry of his/her term, the Company shall disclose it as a special discloseable matter.

Should an independent non-executive director fail to attend in person the Board meetings for three times in succession, the Board may propose to the shareholders' meeting for replacing such director.

#### **Article 92**

All matters not prescribed in this section for the independent non-executive director system shall be subject to relevant laws, administrative regulations, rules from regulatory authorities and listing rules of the stock exchange where the Company's shares are listed.

### **Section 3 The Board**

**Article 93** The Board reports to shareholders' meetings and exercises the following powers:

- (1) to convene the shareholders' meetings and report its work to the shareholders' meeting;
- (2) to implement the resolutions of the shareholders' meetings;
- (3) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (4) to formulate plans for increases or reductions of the Company's registered capital, the issue of corporate bonds or other securities and listing;
- (5) to draft plans for material acquisition, acquisition of the Company's shares or the proposals for merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (6) to decide on the establishment of the Company's internal management structure and on the establishment or cancellation of the Company's branches and other sub-branches;
- (7) to elect a chairman of the Company; to nominate, appoint or dismiss the general manager of the Company;
- (8) pursuant to the nominations of the chairman of the Board to appoint or dismiss the secretary of the Board, to appoint or dismiss members of all special committees under the Board;
- (9) pursuant to the general manager's nominations to appoint or dismiss the senior management including the deputy general managers, chief accountant and chief engineering of the Company and fix their remuneration, bonus and punishment;
- (10) to formulate the Company's basic management system;
- (11) to formulate proposals for amendment to the Articles of Association;
- (12) to formulate share incentive scheme of the Company;
- (13) to manage the information disclosure of the Company;
- (14) to determine the establishment of special committees;



- (15) to decide on the Company's risk management system, including risk assessment, financial control, internal audit and legal risk control, and monitor its implementation;
- (16) to propose to shareholders' meetings for the appointment or replacement of the auditors of the Company;
- (17) to hear the regular and non-regular work reports from the general manager of the Company or senior management members appointed by the general manager and to approve the work report of the general manager;
- (18) external guarantees provided by the Company other than those which shall be subject to approval by shareholders' meeting as required by Articles of Association;
- (19) to decide on the external investment, acquisition and disposal of assets, charge or pledge on assets, external guarantee, trust asset management and connected transactions of the Company within the authorisation of the shareholders' meeting;
- (20) to exercise other functions and powers conferred by laws, regulations, listing rules of the stock exchange where the Company's shares are listed, shareholders' meetings and the Articles of Association.

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

Except for the matters specified in subparagraphs (4), (5) and (11) which shall be passed by two-thirds or more of the directors, the Board's resolutions in respect of any other aforesaid matters may be passed by half or more of the directors. The Board shall perform its duties in accordance with national laws, administrative regulations, the Articles of Association and resolutions of shareholders.

The Board shall make explanation to the shareholders' meeting in respect of non-standard auditors' report issued by the certified public accountants regarding the financial statements of the Company.

#### **Article 94**

The Board shall make inquiries with the Party Committee of the Company before making decisions on major issues of the Company. The Company shall establish a legal governance mechanism with developed governance practices, compliant operation, standardised management, legal compliance and integrity and shall adopt the general counsel system. Where the matters to be considered by the Board involve legal issues, the general counsel shall present at such Board meetings and provide his legal opinion.



**Article 95**

The Board shall formulate the rules of procedure for the Board to ensure the Board to implement the resolutions approved at the shareholders' meeting, improve efficiency and make scientific decisions. The rules of procedure for the Board, under which the convening and voting procedures of the Board meetings shall be specified, shall be prepared by the Board and approved at the shareholders' meeting.

The Board shall establish the Audit Committee to exercise the functions and powers of the supervisory committee as stipulated in the Company Law.

The Audit Committee shall consist of three or more non-executive directors who do not hold senior management positions in the Company, with a majority of the members being independent non-executive directors. The convener shall be an independent non-executive director who is a professional accountant.

The Audit Committee shall be responsible for reviewing the financial information of the Company and the disclosure thereof, as well as supervising and evaluating internal and external audits and internal control. The following matters shall be submitted to the Board for consideration after being approved by a majority of all members of the Audit Committee:

- (1) disclosure of the financial information in financial and accounting reports and regular reports, and the evaluation report on internal control;
- (2) appointment or dismissal of an accounting firm which undertakes the audit work of the Company;
- (3) appointment or dismissal of the person in charge of the finance of the Company;
- (4) changes in accounting policies or accounting estimates or corrections of significant accounting errors due to reasons other than changes in accounting standards;
- (5) other matters as stipulated by the laws, administrative regulations, the regulations of the CSRC, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Audit Committee shall convene at least one meeting each quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convenor deems it necessary. A meeting of the Audit Committee shall be convened only when more than two-thirds of the members are present.

Resolutions of the Audit Committee shall be approved by a majority of the members of the Audit Committee. When voting on a resolution of the Audit Committee, each member shall have one vote. Resolutions of the Audit Committee shall be recorded in meeting minutes in accordance with relevant regulations, and the members of the Audit Committee attending the meeting shall sign the meeting minutes. The working procedures of the Audit Committee shall be formulated by the Board.

The Board of the Company has established the Remuneration and Assessment Committee and Nomination Committee, and may establish a number of specialized committees such as the Strategic Committee to assist the directors in exercise their duties or provide consultation or advice for the Board in respect of its decisions under the leadership of the Board; the composition and rules of procedures for such committees shall be decided by the Board separately.

#### **Article 96**

Unless otherwise provided by laws, regulations and the listing rules of the stock exchange where the Company's shares are listed as well as the Articles of Association, the investments in other enterprises or guarantees provided by the Company shall be subject to the resolution of the Board. However, any guarantee to be provided by the Company in favour of shareholders or de facto controllers and its connected parties must be subject to the resolution of a shareholders' meeting.

The shareholders referred to in the preceding paragraph or shareholders controlled by the de facto controllers referred to in the preceding paragraph shall abstain from voting in respect of the matters as specified in the preceding paragraph. Such matter shall be approved upon more than one-half of the voting rights held by other shareholders present at the shareholders' meeting being cast in favour of it.

The Company shall establish a strict internal control system for external guarantees. All directors shall attach prudence to and exercise strict control on the debt risks resulting from external guarantees.

The other party shall provide risk precautionary measures such as counter-guarantee for the guarantees provided by the Company. The provider of the counter-guarantee shall be competent in accepting the liabilities.

The responsible director(s) shall assume joint and several liabilities for compensation to any loss caused to the Company for provision of external guarantees in violation of relevant laws, regulations, rules and the Articles of Association.

**Article 97** The chairman of the Board is entitled to the following functions and powers:

- (1) to preside over shareholders' meetings and to convene and preside over the Board meetings;
- (2) to supervise and inspect the implementation of the resolutions of the Board and debrief relevant reports;
- (3) to supervise and organize formulation of rules and regulations on the operation of the Board, and to coordinate the operation of the Board;
- (4) to sign the share certificates, bonds and other marketable securities issued by the Company;
- (5) to sign important documents of the Board;
- (6) to sign important legally binding documents on behalf of the Company;
- (7) to exercise special disposal powers that are conferred compliant to the laws and regulations and benefits of the Company in the event of force majeure such as extraordinarily serious natural calamities or an emergency in which it is impossible to convene a Board meeting. A report shall be given to the Board after such event occurs;
- (8) to exercise any other powers and responsibilities as stipulated by laws, regulations or the Articles of Association or as granted by the Board.

**Article 98** If the chairman of the Company is unable or fails to perform his/her duties, a director jointly elected by more than half of directors shall perform such duties.

**Article 99** Meetings of the Board shall be held at least four times every year and convened by the chairman of the Board. Notice of the meeting shall be served on all directors fourteen days before the date of the meeting.

Extraordinary meetings of the Board shall be held in any of the following circumstances:

- (1) when proposed jointly by one-third or more of the directors;
- (2) when proposed by the Audit Committee;
- (3) when proposed jointly by one half or more of the independent non-executive directors;

- (4) when deemed as necessary by the chairman of the Board;
- (5) when proposed by the shareholders representing one tenth or more of voting rights.

**Article 100** Notice convening the Board meeting and extraordinary Board meeting shall be sent through phone, facsimile or email. The notice of Board meeting shall be dispatched fourteen days prior to the date of the meeting. The notice requirement is not applicable to extraordinary Board meetings.

The time and venue of a Board meeting can be determined by the Board in advance and recorded in the minutes. If such meeting minutes has been distributed to all the directors at least fourteen days prior to the date of the next Board meeting, no further notice to the directors is required for the convening of meeting.

Should a director attend a meeting, and does not raise an objection regarding non-receipt of notice of the meeting prior to or at the meeting, such notice shall be deemed as sent out to him/her.

Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed to participated in the meeting in person.

**Article 101** The Board meeting may not be held unless more than half of the directors (including directors attending the meeting as proxies pursuant to requirements) are present.

Each director has a ballot for voting. Except for circumstance provided in Article 103 of the Articles of Association where the Board considers connected transactions, resolutions of the Board shall be passed by more than half of all directors.

The resolution signed respectively by all the directors and to which the affirmative opinions reaching the quorum stipulated by laws, regulations and the Articles of Association, shall be deemed as valid as resolutions passed at the Board meeting legally convened. Such written resolution may consist of documents in counterparts, each having been signed by one or more directors. A resolution signed by a director or with his/her signature and sent to the Company by mail, facsimile or by hand, for the purpose of this article, shall be deemed as a document signed by him.

**Article 102** A director shall attend the Board meetings in person. If a director are not able to attend the meeting due to certain reasons, he/she may appoint in written other directors to attend the meeting on his/her behalf. The name of the proxy, the matters for entrustment, the scope of authorization and the validity period shall be specified in the power of attorney which shall be signed and sealed by the appointer.

The appointed director attending the meeting shall only exercise the rights within the power of attorney. Should a director neither attend a Board meeting nor appoint another director to attend on his/her behalf, the said director shall be deemed as waiving his/her voting rights at the meeting.

**Article 103** If any director is associated with the enterprises or individuals that are involved in the matters to be resolved by the Board meetings (serving as director or senior management members of the counterparty, or serving as director or senior management members of a legal entity directly or indirectly controlling the counterparty or directly or indirectly controlled by the counterparty), the director shall promptly report to the Board in writing. Such connected director shall not exercise his/her voting rights for such matters, nor exercise voting rights on behalf of other directors. Such Board meetings shall be convened by a majority of the non-connected directors present thereat. Resolutions made at the Board meetings shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the Board meetings is less than three, such matters shall be submitted to the shareholders' meeting for approval.

**Article 104** If a substantial shareholder (holding 10 percent or more shares (excluding treasury shares)) or a director has a material conflict of interest in a matter to be considered by the Board, the matter should be dealt with by way of the meeting of the Board (rather than by written resolution). Also, the independent non-executive directors who do not have material interest in such matter should attend the meeting.

**Article 105** The Board shall keep minutes of resolutions on matters discussed at meetings, on which directors present and the secretary of the Board (minutes taker) shall sign.

The directors shall be liable for the resolutions of the Board. If a resolution of the Board violates laws, administrative regulations or the Articles of Association, and results in the Company sustaining serious losses, the directors participating in the resolution are liable to compensate the Company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection is recorded in the minutes of the meeting, such director may be released from such liability.

The minutes of the Board shall record the following contents:

- (1) the date, venue and name of the convener of the meeting;

- (2) the names of the directors present at the meeting and names of the directors (proxies) present at the meeting on behalf of other director(s);
- (3) agenda of the meeting;
- (4) gist of directors' speech;
- (5) voting method and results on each resolution (the voting results shall state the number of affirmative votes, dissenting votes and abstention votes);
- (6) signatures of directors and the secretary of the Board (minutes taker).

The minutes of Board meetings shall be kept for a period of 10 years.

**Article 106** In respect of any matter which needs to be passed at an extraordinary Board meeting, if the Board has already sent out the written proposals to be resolved at such meeting (including through facsimile and email) to all directors and each director was ensured to fully express his/her opinions, resolutions of extraordinary meeting of the Board may be made by means of telecommunication and no on-site meeting of the Board is required. Such resolution is deemed effectively passed provided that the number of directors who sign and approve such a resolution satisfies the number of directors as required to make such decision under Article 93 of the Articles of Association.

**Article 107** In principle, the Board meetings shall be held at the legal address of the Company. However, it can be held at any other places inside or outside China as approved by a resolution of the Board.

**Article 108** The Company shall bear the reasonable expenses incurred when directors attend meetings of the Board. Such expenses may include costs for transportation to the venue of the meeting (if other than the residence location of directors), accommodation expenses and local transportation costs during the duration of the meeting.

## **Chapter IX Secretary of the Board**

**Article 109** The Company shall have a secretary of the Board. As a senior management member of the Company, the secretary of the Board shall report to the Board.

**Article 110** The secretary of the Board shall be a natural person with the requisite professional knowledge and experience, and shall be appointed or dismissed by the Board. His/her primary duties include:

- (1) to communicate and liaise between the Company and related parties and the stock exchange and other regulatory authorities; and to ensure that the Company prepare and deliver, in accordance with law, the reports and documents required by competent authorities;

- (2) to handle the Company's information disclosure affairs, urge the Company to formulate and implement Management Rules on Information Disclosure and Internal Material Information Reporting System, procure the Company and related parties to perform the disclosure obligation according to law, and disclose regular reports and extraordinary reports to the stock exchange in accordance with relevant regulations;
- (3) to coordinate the relationship between the Company and investors, receive visits of investors, reply to enquiries of investors and provide information disclosed by the Company to investors;
- (4) to organize and prepare the Board meetings and shareholders' meetings pursuant to statutory procedures, and prepare and deliver relevant meeting documents and materials;
- (5) to attend the Board meetings, prepare meeting minutes and sign thereon;
- (6) to be responsible for the confidentiality work related to information disclosure of the Company, formulate confidentiality measures, and procures the directors, general managers, other senior management members and relevant informed personnel to keep secret prior to disclosure of information and timely takes remedial measures as soon as insider information is revealed and report to the stock exchange;
- (7) to be responsible for keeping the Company's register of shareholders, name list of directors, shareholding particulars of substantial shareholders and directors, general manager and other senior management members, and resolutions, documents and minutes of shareholders' meetings and Board meetings, to ensure that the Company has complete organisational documents and records; to ensure that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (8) to assist the directors, general manager and other senior management members to apprehend provisions of relevant laws, regulations, rules, listing rules of the stock exchange, other regulations and the Articles of Association, and the content regarding their legal liabilities in the listing agreement;
- (9) to procure the Board to exercise its duties under the law; to remind directors present to express their opinions where resolutions made by the Board are in contravention of the laws, regulations, rules, listing rules of the stock exchange and other regulations or the Articles of Association; to make a record of the opinions of relevant persons in the minutes if the Board insists on making the aforesaid resolutions, and report to the stock exchange;



- (10) to perform other duties as provided in applicable laws, regulations, rules, listing rules of the stock exchange, other regulations and the Articles of Association.

**Article 111** The director or other senior management members (excluding the general manager and the chief accountant) of the Company may concurrently act as the secretary of the Board. The accountant(s) of the accounting firm appointed by the Company shall not act as the secretary of the Board.

Where the office of secretary of the Board is held concurrently by a director and an act is required to be done by a director and a secretary separately, the person who holds the offices of director and secretary may not perform the act in dual capacity.

## **Chapter X Party Committee**

**Article 112** The Company shall establish the Party Committee consisting of a secretary and several other members. Eligible members of the Party Committee may be considered and appointed as members of the Board and the management through legal procedures. Eligible members in the Board and the management who are members of the Communist Party of China may be considered and appointed as members of the Party Committee in accordance with relevant requirements and procedures. Meanwhile, the discipline inspection committee shall be established as required.

**Article 113** Pursuant to the Constitution of the Communist Party of China and other party rules, the Party Committee shall perform the following responsibilities:

- (1) to guarantee and supervise the implementation of guidelines and policies of the Party and the PRC government within the Company and implement the material strategic decisions of the Communist Party of China Central Committee and the State Council and make deployment for the relevant material works of the Party Committee of State-Owned Assets Supervision and Administration Commission of the State Council and the superior Party Committee;
- (2) to insist on the combination of the principles of management of cadres by the Party and the selection of operation managers by the Board according to laws as well as the right of employment by the operation managers. The Party Committee shall consider and suggest on the candidates proposed by the Board or the general manager, or recommend candidates to the Board or the general manager; and, together with the Board, conduct investigation on the proposed candidates and discuss jointly to provide opinions and suggestions thereon;
- (3) to study and discuss reform, development and stability of the Company, material operation and management matters and material matters with respect to the immediate interests of staff, and provide opinions and suggestions thereon;



- (4) to undertake the main responsibility to overall and strictly administer the party, lead the Company's ideological and political work, united front work, spiritual civilization construction, enterprise cultural construction and the work of organisations such as the labour union and the communist youth league, and lead the construction of the party conduct and of an honest and clean government and support the fulfillment of the supervision responsibility of the discipline inspection committee.

## **Chapter XI General Manager of the Company**

**Article 114** The Company shall have one general manager and certain deputy general managers, who assist the general manager in his work; as well as one chief accountant and one chief engineer. The general manager, deputy general managers, chief accountant and chief engineer shall be appointed or dismissed by the Board.

The term of office of each of the general manager and other senior management members shall be 3 years, renewable upon re-appointment.

**Article 115** General manager of the Company reports to the Board, and exercises the following functions and powers:

- (1) to preside over the production, operation and management of the Company and report to the Board;
- (2) to organise resources to implement resolutions of the Board;
- (3) to organise resources to implement the Company's annual business, investment and financing plans;
- (4) to propose plans for the establishment of the Company's internal management structure;
- (5) to propose plans for the establishment of branch companies and other branches of the Company;
- (6) to formulate the Company's basic management system;
- (7) to formulate specific rules and regulations for the Company;
- (8) to propose to the Board for appointment and removal of deputy general manager, chief accountant or chief engineer; and provide suggestions on remuneration;

(9) to appoint or remove the management members (other than those required to be appointed or removed by the Board) and determine their appraisal, remuneration, awards and punishments;

(10) to exercise other powers conferred by the Articles of Association or the Board.

**Article 116** The general manager of the Company shall attend the Board meetings as non-voting participant.

**Article 117** The general manager of the Company shall, as required by the Board, report to the Board on the execution and performance of material contracts entered into by the Company and utilisation of fund. The general manager shall ensure authenticity of such reports.

The general manager shall, when making decisions on such matters of vital interests of the employees of the Company as salaries, welfare, safe production, labour insurance, and dismissal (or disciplinary dismissal), shall consult the labour union and the meeting of staff representatives in advance.

**Article 118** The general manager of the Company shall formulate the work rule of the general manager and submit it to the Board for approval before implementation.

In the exercise of his/her powers, the general manager shall observe laws, administrative regulations and the Articles of Association, and fulfill the obligation of integrity and diligence.

## **Chapter XII Qualifications and Obligations of Directors, General Manager and Other Senior Management Members**

**Article 119** A person in any of the following circumstances may not serve as the Company's director, general manager or other senior management member:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, where less than a term of five years has lapsed since the sentence was served, or who has been deprived of his/her political rights and not more than five years have lapsed since the sentence was served, or who has been sentenced for a probationary suspension and nor more than two years have lapsed since the expiration of the probation period for parole;

- (3) a person who is a former director, factory manager or president of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where no more than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked and ordered to close down due to violation of law and who is personally liable for such revocation, where no more than three years have elapsed since the date of the revocation of the business licence or the order of closure;
- (5) a person who holds a relatively large amount of debts which have fallen due and outstanding and is listed as a judgment defaulter by the people's court;
- (6) a person who has been prohibited from entering the securities market by the CSRC, where such prohibition period has not yet expired;
- (7) a person who has been publicly determined by a stock exchange to be unfit to serve as a director, senior management personnel of a listed company, and the period of such determination has not expired;
- (8) other circumstances as stipulated by laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the Company's shares are listed.

Any election or appointment of directors or employment of senior management in breach of this article shall be invalid. The Company will remove any directors and senior management if they are involved in the circumstances stated in this article during their term of office and suspend their performance of duties.

Persons assuming offices other than directors and supervisors in the controlling shareholder and in the de facto controller shall not assume the offices of senior management of the Company.

**Article 120**

The directors shall comply with the requirements of the laws, administrative regulations and the Articles of Association, faithfully perform their obligations to the Company, and should take measures to avoid conflicts of interest between their personal interests and those of the Company, and shall not abuse their power to seek improper benefits.

The directors shall faithfully perform their following obligations to the Company:

- (1) not to abuse their positions to offer bribe or accept other illegal income, misappropriate the Company's funds or expropriate the Company's property;
- (2) not to deposit any assets or funds of the Company in any accounts under their names or in the names of other persons;
- (3) not to directly or indirectly enter into contracts or conduct transactions with the Company without reporting to the Board or the shareholders' meeting and obtaining the approval by resolutions of the Board or the shareholders' meeting in accordance with the provisions of the Articles of Association;
- (4) not to exploit their position for seeking business opportunities that should belong to the Company for themselves or others, except when reported to the Board or the shareholders' meeting and approved by the shareholders' meeting, or where the Company is unable to take advantage of such business opportunities in accordance with laws, administrative regulations or the provisions of the Articles of Association;
- (5) not to run their own or others' business which is similar to the Company's business without reporting to the Board or the shareholders' meeting and obtaining the approval by resolutions of the shareholders' meeting;
- (6) not to take as their own any commission for any transaction with the Company;
- (7) not to disclose the secrets of the Company without consent;
- (8) not to use their connected relationships to harm the interests of the Company;
- (9) to be bound by other duties of loyalty stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall be entitled to the income gained by the directors in violation of this Article. The director shall be liable for compensation for any loss incurred to the Company.

**Article 121** Directors shall fulfill the obligations of diligence in accordance with the laws, administrative regulations and the Articles of Association. In performing their duties, they shall exercise reasonable prudence as a manager would generally exercise in the best interests of the Company.

Directors shall fulfill the following obligations of diligence:

- (1) to exercise the rights conferred by the Company with discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) to sign confirmation of opinions in written on regular reports of the Company and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (5) to honestly provide the Audit Committee with relevant information and data, and not to prevent the Audit Committee from exercising their functions and powers;
- (6) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The provisions of Articles of Association regarding the obligations of loyalty and diligence of directors shall also apply to the senior management member.

**Article 122** Each director, general manager and other senior management member of the Company shall not cause the following persons or institutions (“**associates**”) to do what he/she is prohibited from doing:

- (1) the spouse or minor child of that director, general manager and other senior management member;
- (2) a person acting in the capacity of trustee of that director, general manager and other senior management member or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that director, general manager or other senior management member or any person referred to in paragraphs (1) and (2) of this Article;

- (4) a company in which that director, general manager or other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other directors, general manager and other senior management members of the Company have a de facto controlling interest; and
- (5) the directors, general manager and other senior management members of the controlled company referred to in paragraph (4) of this Article.

**Article 123** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, general manager and other senior management members of the Company is in breach of his/her duties to the Company, the Company has a right to:

- (1) claim damages from the director, general manager and other senior management members 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 the relevant director, general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such director, general manager and other senior management members);
- (3) demand the relevant director, general manager and other senior management members to surrender the profits made by him in breach of his/her duties;
- (4) recover any monies received by the director, general manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the relevant director, general manager and other senior management members on the monies that should have been paid to the Company;
- (6) take legal proceedings to claim the properties arising from the breach of duties by directors, general manager and other senior management members.

## **Chapter XIII Financial and Accounting System, Profit Distribution and Audit**

**Article 124** The Company shall establish its financial and accounting system in accordance with the Accounting Law of the People's Republic of China and other laws and administrative regulations, as well as the regulations of the relevant state departments.

**Article 125** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm according to law.

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

**Article 126** The Board shall place before the shareholders at every annual shareholders' meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.

**Article 127** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of the annual shareholders' meeting. Each shareholder has the right to receive such financial reports mentioned in this Chapter.

A copy of the financial report, together with balance sheets (including each document as prescribed by applicable laws to be attached to the balance sheets) and profit and loss statement or statement of income and expenditure, or summary of the financial report shall be sent to each H shareholder by the Company at least twenty-one days prior to the convening of the shareholders' meeting in the form of a notice specified in the Articles of Association. Notices of shareholders' meetings of the Company can be given by way of public announcement (including publication on the website of the Company) to the extent permitted under laws, administrative regulations, and the listing rules in the place where the Company's shares are listed.

**Article 128** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed.

**Article 129** Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.

- Article 130** The Company shall publish its results announcements twice every fiscal year, that is, the interim results announcement shall be published within two months after the expiration of the first six months of each fiscal year and the annual results announcement shall be published within three months after the expiration of each fiscal year.
- Article 131** The Company shall not maintain accounts other than those provided by law. The Company's funds shall not be deposited in an account maintained in the name of any individual.
- Article 132** The Company establishes the Board Fund, which shall be appropriated once a year and not exceed 0.1% of the profit before tax for the year. The Board Fund is mainly used for awarding directors, general manager, other senior management members and staffs with special contributions or as the source of risk fund for directors, general manager and other senior management members. The specific management method for the fund shall be otherwise formulated by the remuneration committee of the Board.
- Article 133** Capital reserve fund shall include the following items:
- (1) premium received when shares are issued at a premium to their par value;
  - (2) any other income required to be included in the capital reserve fund by the governing finance department of the State Council.
- Article 134** In distributing the current year's profit after taxation, 10% of the profit shall be allocated into the Company's statutory reserve fund. When the aggregate amount of the statutory surplus reserve has reached 50% of the Company's registered capital, further appropriations are not required.
- When the statutory surplus reserve of the Company is not sufficient to cover its losses incurred in the previous years, the profit of the current year shall be used to make up for such losses before allocations are made to the statutory surplus reserve in accordance with the preceding paragraph.
- After the Company has allocated statutory surplus reserve from its profit after taxation, it may also appropriate discretionary reserve fund from the profit after taxation upon approval at a shareholders' meeting.
- The remaining profit after taxation after recovery of losses and appropriation of reserve fund shall be distributed to shareholders in proportion of their shareholdings unless it is stipulated in the Articles of Association that no profit distribution shall be made in accordance with shareholdings.



If the shareholders' meeting has, in violation of the preceding paragraph, distributed profit to shareholders before the Company has covered the losses and allocated statutory surplus reserve, the shareholders shall return to the Company the profit distributed in violation of regulations; and the shareholders and responsible directors and senior management personnel shall be liable for the compensation for losses caused to the Company.

No profit shall be distributed in respect of the shares held by the Company.

The reserve fund of the Company shall be used to make up the Company's losses, increase the production operation of the Company or increase the Company's capital.

When the reserve fund is used to make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be utilized in priority; if the losses still cannot be made up, the capital reserve fund may be used according to relevant regulations.

When the statutory reserve fund is converted into registered capital, the remaining balance of that reserve shall not be less than 25% of the registered capital of the Company before the conversion.

After the profit distribution plan has been resolved at the shareholders' meeting of the Company, or after the Board of the Company has formulated a specific plan based on the conditions and cap of next year's interim dividend approved at the shareholders' meeting, the Board of the Company shall complete the distribution of dividends (or shares) within two months from the date of the shareholders' meeting.

**Article 135** The Company may distribute dividends by the following ways (or a combination of both):

- (1) cash;
- (2) stocks.

Dividends or other payments payable by the Company to holders of unlisted shares shall be denominated and declared in RMB and paid in RMB; dividends or other payments payable by the Company to H shareholders shall be denominated and declared in RMB and paid in foreign currency. The exchange rate adopted for conversion shall be the average closing exchange rate of relevant foreign currency against Renminbi as quoted by the People's Bank of China for the five business days prior to the declaration date. The foreign currency payable by the Company to H shareholders shall be subject to the relevant regulations on foreign exchange control in the PRC. The Board shall be authorised by way of an ordinary resolution at the shareholders' meeting to implement dividend distribution of the Company.

**Article 136** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

**Article 137** The receiving agent appointed by the Company for holders of overseas-listed foreign-invested shares shall be a trust company registered under the Trustee Ordinance of Hong Kong. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed foreign-invested shares.

The receiving agent appointed by the Company shall satisfy the requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of relevant stock exchange.

Subject to the relevant laws and regulations of the PRC and the provisions of the Hong Kong Stock Exchange, the Company may exercise its right of forfeiture over unclaimed dividends, provided that such right cannot be exercised prior to the expiration of the applicable statute of limitation.

The Company has the right to terminate the despatch of dividend warrants to holders of overseas-listed foreign-invested shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant is undelivered to the addressee and returned, the Company may also exercise such right.

In case of exercising general mandate to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms the physical loss of the original warrants.

The Company has the right to sell, in such manner as the Board thinks fit, any shares of a holder of overseas-listed foreign-invested shares who is untraceable, subject to and conditional upon:

- (1) the Company has distributed dividends for at least three times to such shares within twelve years, but none of such dividends was claimed;
- (2) the Company, after the expiry of twelve years, made the public announcement on newspaper(s), stating its intention to sell such shares, and notified the stock exchange on which such shares were listed.

**Article 138** The Company shall implement the internal audit system which specifies the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work.

**Article 139** The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The person in charge of auditing shall be responsible to and report to the Board.

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

The internal audit department of the Company is accountable to the Board. The internal audit department shall be subject to the supervision and guidance of the Audit Committee in the course of its supervising and inspecting the Company's business activities, risk management, internal control and financial information. The internal audit department shall immediately report directly to the Audit Committee upon discovering any relevant major issues or clues. The Audit Committee shall participate in the appraisal of the person in charge of internal audit.

## **Chapter XIV Appointment of Accounting Firm**

**Article 140** The Company shall, by ordinary resolution, decide to engage an accounting firm that complies with the Securities Law and the listing rules of the place of listing for the purpose of auditing of accounting statements, verification of net assets and offering other related advisory services for a period of one year, which may be renewed.

**Article 141** The employment or dismissal of the accounting firm by the Company must be decided by the shareholders in shareholders' meeting, and the Board shall not appoint accounting firm before obtaining approval by the shareholders at shareholders' meeting.

**Article 142** The Company undertakes to provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the appointed accounting firm, and shall not make any refusal, concealment or misrepresentation.

**Article 143** Before the convening of the shareholders' meeting, the Board may fill any casual vacancy in the office of the accounting firm, but while any such vacancy continues, other incumbent accounting firm of the Company, if any, may act.

**Article 144** The shareholders in shareholders' meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

**Article 145** The audit fee of an accounting firm shall be determined by the shareholders at the shareholders' meeting.

**Article 146** Where a resolution at a shareholders' meeting is passed to appoint an accounting firm other than the incumbent accounting firm of the Company to fill a casual vacancy in the office of accounting firm, to reappoint an accounting firm that was appointed by the Board to fill a casual vacancy, or to dismiss 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 shareholder's 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 fiscal year.

Leaving includes leaving by removal, resignation and retirement.

- (2) If the outgoing accounting firm makes a written statement and requests the Company to notify its shareholders of such statement, the Company shall (unless the written statement is received too late) take the following measures:
  - (i) in notice of meeting held for making the resolution, state the fact of the statement has been made by the outgoing accounting firm;
  - (ii) attach a copy of the statement to the notice and send it to the shareholders in the manner stipulated in the Articles of Association.
- (3) If the Company fails to submit the statement of the accounting firm in accordance with subparagraph (2) of this Article, the accounting firm may require that the statement be read out at the shareholders' meeting and may lodge further complaints.

- (4) The outgoing accounting firm shall be entitled to attend:
- (i) the shareholders' meeting at which its term of office would otherwise have expired;
  - (ii) the shareholders' meeting at which it is proposed to fill the vacancy caused by its removal;
  - (iii) the shareholders' meeting convened on its resignation.

The outgoing accounting firm shall have the right to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 147** If the Company proposes to dismiss or not to continue the re-appointment of the accounting firm, it shall notify the accounting firm 15 days in advance, and the accounting firm shall be permitted to state its opinion when the shareholders' meeting of the Company votes on the dismissal of the accounting firm.

If the accounting firm resigns, it should explain whether the Company has improper affairs to the shareholders' meeting.

## **Chapter XV Insurance**

**Article 148** The Company shall take out the insurance as required by the applicable insurance laws of China upon discussion and decision by the Board.

## **Chapter XVI Labour System**

**Article 149** The Company may at its discretion employ and dismiss employees and enter into employment contracts with all employees based on the business development needs of the Company and in accordance with the requirements of the laws and regulations of the State.

**Article 150** The Company shall determine the labour wages system and way of payment according to the relevant requirements of the State, the Articles of Association and the Company's profit status.

**Article 151** The Company shall endeavour to improve the staff welfare, and continue to better the working and living conditions of the staff.

**Article 152** The Company shall set aside staff medical, retirement and unemployment insurance funds, and set up labour insurance system in accordance with the relevant laws and regulations of the State.

## **Chapter XVII Labour Union**

**Article 153** The Company's staff shall have the right to form a labour union and organize labour union activities to preserve their legal rights. The Company shall provide the labour union with necessary conditions for its activities.

## **Chapter XVIII Merger and Demerger of the Company**

**Article 154** In the event of the merger or demerger of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in the Articles of Association before relevant approval formalities are gone through with relevant authorities according to the law. Shareholders who oppose the plan for merger or demerger of the Company shall have the right to request the Company or the shareholders consenting such plan to purchase their shares at a fair price. A special document should be prepared in respect of the Company's resolution on the merger or demerger, for shareholders' inspection.

The aforesaid document should also be dispatched to the H shareholders by mail. It also can be given by way of public announcement (including publication on the website of the Company) to the extent permitted under laws, administrative regulations and the listing rules in the place where the Company's shares are listed.

**Article 155** The Company may be merged through merger by absorption or through the establishment of a newly merged entity.

Where there is a merger of the Company, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within ten days from the date of the Company's resolution on merger and shall publish an announcement in the newspaper or in the National Enterprise Credit Information Publicity System within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

After the merger of the Company, claims and liabilities of parties to the merger shall be borne by the subsisting or newly established company.

If the consideration paid by the Company for merger does not exceed ten percent of the Company's net assets, it may not be resolved by the shareholders' meeting, unless otherwise stipulated in the Articles of Association. If the Company is merged in accordance with the provisions of the preceding paragraph without a resolution of the shareholders' meeting, it shall be resolved by the Board.

**Article 156** Properties of the Company under a demerger shall be divided accordingly.

Where there is a demerger of the Company, the parties to the demerger shall enter into a demerger agreement, and prepare its balance sheet and list of properties. The Company shall notify its creditors within ten days from the date of the Company's resolution on demerger and shall publish an announcement in the newspaper as accepted by the stock exchange on which the shares of the Company are listed or in the National Enterprise Credit Information Publicity System within thirty days from the date of such resolution.

Debts of the Company prior to the demerger are jointly assumed by the companies which exist after the demerger. Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to such demerger.

**Article 157** In the merger or demerger of the Company, the Company shall make the change registered with the company registration authority according to law if a change occurs with any of the registered matters. If the Company is dissolved, the registration of the Company shall be cancelled according to law. If a new company is established, a company establishment registration shall be completed according to law.

## **Chapter XIX Dissolution and Liquidation of the Company**

**Article 158** The Company shall be dissolved and liquidated in accordance with relevant laws under situations as follows:

- (1) the term of business expires or other dissolution causes stipulated in the Articles of Association;
- (2) the shareholders' meeting resolves to dissolve the Company;
- (3) dissolution is necessary as a result of a merger or demerger of the Company;
- (4) the business licence has been withdrawn, the Company has been ordered to close, or it has been wound up;

- (5) the Company has experienced material difficulties in operation and management, and the continuous operation would cause substantial loss to the interest of its shareholders. In the event that this cannot be solved by other methods, shareholders holding more than 10% of the voting rights of the Company may request the people's court to dissolve the Company;
- (6) other circumstances in which the Company is required to dissolve according to laws and regulations.

Where the dissolution causes set forth in preceding paragraph occurs, the Company shall disclose them in the National Enterprise Credit Information Publicity System within ten days.

**Article 159** In case of occurrence of the circumstance described in paragraph (1) of Article 158 of the Articles of Association, the Company may continue to subsist by amending the Articles of Association or resolutions of the shareholders' meeting.

Amendments to the Articles of Association or resolutions of the shareholders' meeting in accordance with the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

**Article 160** Where the Company is dissolved under subparagraphs (1), (2), (4) and (5) of Article 158 of the Articles of Association, it shall be liquidated. As the liquidation obligor of the Company, directors shall commence liquidation within fifteen days from the date on which the cause of dissolution arises.

The liquidation committee shall be composed of directors, unless otherwise stipulated in the Articles of Association or the shareholders' meeting resolves to elect another person.

If the liquidation obligor fails to perform the liquidation obligation in time, causing losses to the Company or creditors, he/she shall be liable for compensation.

**Article 161** Where the Board decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board shall include a statement in its notice convening a shareholders' meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

Upon passing of the resolution on the liquidation of the Company by the shareholders in shareholders' meeting, all functions and powers of the Board shall cease.



The liquidation committee shall act in accordance with the instructions of the shareholders' meeting to make a report at least once every year to the shareholders' meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation and to present a final report to the shareholders' meeting on completion of the liquidation.

**Article 162** The liquidation committee shall notify creditors within ten days from the date of its establishment and publish announcements in newspapers or in the National Enterprise Credit Information Publicity System within sixty days. The creditors may declare their claims to the liquidation committee within thirty days of the receipt of the above notice or within forty-five days after the announcements are made if no such notice is received. Claims shall be registered by the liquidation committee according to law. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 163** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify creditors by sending a notice or by making an announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in civil proceedings.

**Article 164** After it has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' meeting or to the people's court for confirmation.

After the shareholders' meeting resolves to dissolve the Company or the Company declares bankruptcy or has been ordered to close down in accordance with the law, no one shall dispose of the Company's assets without approval of the liquidation committee.

The assets of the Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the shareholders of the Company in proportion to their respective shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. The property of the Company will not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

**Article 165** If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the people's court for a declaration of bankruptcy and liquidation.

After the Company's application for bankrupt is accepted by the people's court, the liquidation committee shall transfer all matters arising from the liquidation to the bankrupt manager appointed by the people's court.

**Article 166** Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, and report it to the shareholders' meeting or the people's court for confirmation, and report it to the company registration authority for application for deregistration of the Company and announce the termination of the Company.

**Article 167** The members of the liquidation committee have the duty of loyalty and diligence when performing liquidation duties.

The members of the liquidation committee shall be liable for compensation for losses arising from their neglecting in performing their liquidation duties; members of the liquidation committee are liable to indemnify the creditors in respect of any loss arising from their willful or material default.

**Article 168** Where the Company is legally declared bankrupt, the bankruptcy and liquidation shall be implemented in accordance with the laws on corporate bankruptcy.

## **Chapter XX Procedures for Amendments to the Articles of Association**

**Article 169** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

The Board of the Company shall amend the Articles of Association in accordance with the resolutions of the shareholders' meeting and the approval opinions of the competent authority.

The Company shall amend the Articles of Association under one of the following circumstances:

- (1) the Company Law or the relevant laws or administrative regulations are amended and the Articles of Association are in conflict with the amended laws or administrative regulations;
- (2) there is change to the Company which makes it not consistent with the Articles of Association;
- (3) it has been approved by the shareholders' meeting to amend the Articles of Association.

**Article 170** The amendments to the Articles of Association shall be reported to the competent authorities for approval if the approval by the competent authorities is required. If there is any change relating to the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.

Where disclosure of the revision of the Articles of Association is required under laws and regulations, it shall be announced in accordance with the relevant provisions.

## **Chapter XXI Notices**

**Article 171** The Company's notices may be delivered by the following means:

- (1) by personal delivery;
- (2) by mail;
- (3) by facsimile or email;
- (4) by publication on the website of the Company and websites designated by the Hong Kong Stock Exchange, to the extent permitted under the laws and regulations and the listing rules of the stock exchange in the place where the Company's shares are listed;

- (5) by public announcement;
- (6) by other ways as agreed in advance by the Company or the addressee or as accepted by the addressee after the notice is received;
- (7) by any other means as accepted by relevant regulatory authority in the place where the Company' shares are listed or as prescribed in the Articles of Association.

In respect of the manner in which the Company provides and/or distributes corporate communications to shareholders as required by the Listing Rules, subject to compliance with the relevant provisions of laws, regulations, normative documents and the securities regulatory rules in the place where the Company is listed, the Company is required to (1) send or otherwise make available the corporate communications to the relevant holders of its securities in electronic form, or (2) publish the corporate communications through the Company's website and the website of the Hong Kong Stock Exchange (the Company should indicate on its website how it adopts the manner described in (1) and/or (2) to publish the corporate communications).

Shareholders of the Company may also choose in written form to obtain a printed copy of the above corporate communications by post. The corporate communications include but not limited to: circular, annual report, interim report, notice of a shareholders' meeting and other corporate communications set out in the Listing Rules.

Unless the context otherwise requires, the "announcement" referred to herein means the publication on the media that meet the conditions prescribed by the CSRC for the purpose of the announcement made to holders of domestic non-tradable shares or the announcement required to be published in the PRC according to the relevant provisions and the Articles of Association. In respect of the announcement sent to holders of overseas listed H shares of the Company or required to be sent in Hong Kong pursuant to relevant regulations and the Articles of Association, the announcement shall be issued in accordance with the requirements of the Listing Rules or other applicable regulations.

## **Chapter XXII    Supplementary Provisions**

**Article 172**      In the Articles of Association, the meaning of “not less than”, “within”, “not more than” includes the underlying number, while “over”, “more than”, “less than”, “beyond” does not include the underlying number.

**Article 173**      Senior management members referred to in the Articles of Association include the general manager, deputy general managers, chief accountant, chief engineer, chief economist, secretary of the Board and other senior management members appointed by the Board. References to “general manager”, “deputy general managers” and “chief accountant” in the Articles of Association are to “manager”, “vice manager” and “financial controller” in the Company Law.

**Article 174**      In the Articles of Association, the meaning of an accounting firm is the same as that of “auditors”.

The Articles of Association are written in Chinese. Whenever difference in meaning arises between the Articles of Association and the Articles of Association in other languages or inconsistencies in the meaning arise among different versions of the Articles of Association, the latest Chinese version approved/filed with competent authorities of market regulation shall prevail. The Articles of Association shall be interpreted by Board. Any matters not covered in the Articles of Association shall be proposed by the Board at the shareholders’ meeting for approval.