

# ARTICLES OF ASSOCIATION

OF



**洛陽欒川鉬業集團股份有限公司**

**China Molybdenum Co., Ltd.\***

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

(Stock Code: 03993)

Adopted by special resolution passed on 19 October 2006

Amended by special resolution passed on 2 June 2009 and  
26 January 2011 and effective on 9 October 2012

Amended at the board meeting held on 24 October 2012  
(under the authorization of the extraordinary shareholders' general meeting  
held on 26 January 2011)

Amended by special resolution passed on 21 December 2012  
and effective on the same date

Amended by special resolution passed on 7 June 2013  
and effective on the same date

Amended by special resolutions passed on 19 September 2014  
and effective on the same date

Amended by special resolution passed on 26 June 2015  
and effective on the same date

*(The English version of these Articles of Association is for reference only. In case of any inconsistency with the Chinese version, the Chinese version shall prevail.)*

\* For identification purposes only

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## Chapter 1 General Provisions

Article 1 These articles of association (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 Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Guidelines for the Articles of Association of Listed Companies (as amended in 2014) (the “Guidelines for the Articles of Association”) and other relevant PRC rules and regulations, for the purpose of safeguarding the legitimate rights and interests of China Molybdenum Co., Ltd. (the “Company”), its Shareholders and creditors and regulating the organisation and activities of the Company.

Article 2 The Company is a joint stock limited company established in accordance with The Company Law, The Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Joint Stock Limited Companies (hereinafter referred to as “the Special Provisions”) and other relevant state laws and administrative regulations.

The Company was established as a joint stock limited company by means of sponsorship on August 25, 2006, was registered at Luoyang Administration for Industry and Commerce, and obtained a company’s business license. The number of the Company’s business license is 4103001000907.

The sponsors of the Company are Luoyang Mining Group Co., Ltd. and Cathay Fortune Corp Group Co., Ltd.

Article 3 On 8 March 2007, upon approval by China Securities Regulatory Commission (the “CSRC”), the Company initially issued to the public 1,191,960,000 overseas listed foreign shares (including the over-allotted shares), which were listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 26 April 2007. On 13 July 2012, upon approval by the CSRC, the Company initially issued 200,000,000 RMB-denominated ordinary shares to the public, which were listed on the Shanghai Stock Exchange on 9 October 2012.

Article 4 The registered name : 洛陽欒川鋁業集團股份有限公司  
of the Company  
English name : China Molybdenum Co., Ltd.



Article 11 The Articles of Association shall be binding upon the Company and its Shareholders, Directors, Supervisors, General Manager and other senior executive officers; the aforementioned person(s) may assert rights in respect of the Company's affairs pursuant to the Articles of Association.

The Shareholders may institute legal proceedings against the Company pursuant to the Articles of Association, and the Company may, pursuant to the Articles of Association, institute legal proceedings against Shareholders, Directors, Supervisors, General Manager and other senior executive officers of the Company. Shareholders may, pursuant to the Articles of Association, institute legal proceedings against other Shareholders as well as Directors, Supervisors, General Manager and other senior executive officers of the Company. Other senior executive officers of the Company referred to in the Articles of Association mean deputy general managers, secretary to the Board, financial controller of the Company and other senior executive officers appointed by the Board.

The prosecution mentioned in the preceding paragraph includes the suits brought up to the courts or the arbitration applied for to arbitration institutes.

Article 12 The Company may invest in other limited liability companies and joint stock limited companies. It shall be liable for such invested companies to the extent of the amount of investment.

However, unless otherwise provided by laws and administrative regulations, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested company.

## **Chapter 2 Purpose and Scope of Business**

Article 13 The business purpose of the Company is to implement scientific management and good service, optimize the shareholders' interests, serve the clients and contribute to the society, based on the principles of socialist marketing economy, in accordance with the guidelines of People-oriented, standardized operation, innovation and steady development.

Article 14 The scope of business of the Company shall be in accordance with the items approved by the company registry.

The scope of business of the Company includes mining, processing, smelting, deep-processing and exploration of mineral resources; export of mineral resources products and chemical products (excluding hazardous chemicals, inflammables, explosives and easily-produced drugs); import of raw and auxiliary materials, machines and equipment, instruments and apparatuses, parts and components necessary for production (the said import and export items require appropriate qualification certificates).

## **Chapter 3 Shares**

### **Section 1 Issuing of Shares**

Article 15 The Company shares shall be in the form of share certificates.

Article 16 The Company shall have ordinary shares at all times. The Company may, in accordance with the needs thereof, have other kinds of shares, subject to approval by the authorities that are authorized by the State Council to examine and approve companies.

Article 17 Issuing of the Company shares shall adopt an open, fair and just principle. Shares of the same type shall have equal rights.

During the issuance of the same type of shares, each share shall have the same conditions of issuance and price. Any such share subscribed by any unit or individual shall charge the same price.

Article 18 All the shares issued by the Company shall have a par value which shall be RMB 0.2 for each share.

Article 19 The Company may issue shares to investors inside the People's Republic of China and to investors outside the People's Republic of China following approval from the securities regulatory authorities of the State Council.

For the purposes of the preceding paragraph, the term “investors outside the People’s Republic of China” shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and the term “investors from inside the People’s Republic of China” shall refer to investors inside the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 20 Shares issued by the Company to investors inside the People’s Republic of China and to be subscribed for in RMB shall be referred to as “domestic investment shares”. Shares issued by the Company to investors outside the People’s Republic of China and to be subscribed for in foreign currency shall be referred to as “foreign investment shares”. Foreign investment shares listed outside the People’s Republic of China shall be referred to as “foreign investment shares listed outside the People’s Republic of China”.

Article 21 The total amount of ordinary shares that the Company is approved to issue is 736,842,105. The number of shares issued to the sponsors at the time of establishment is 700,000,000, with the par value of each share being RMB 1, of which 357,000,000 shares are subscribed by Luoyang Mining Group Co., Ltd. and 343,000,000 shares are subscribed by Cathay Fortune Corp Group Co., Ltd. The above shares are all ordinary shares.

Following the approval of the first interim shareholders’ general meeting of the Company in 2006, the Company issued 36,842,105 shares with par value of RMB 1 directly to Luoyang China Molybdenum Investment Co., Ltd. Luoyang China Molybdenum Investment Co., Ltd. subscribed for the issued shares with cash.

In September 2006, Luoyang China Molybdenum Investment Co., Ltd. transferred 26,157,895 shares of its holding shares of the Company to Luoyang Mining Group Co., Ltd. and 10,684,210 shares to Cathay Fortune Corp Group Co., Ltd.

Article 22 As considered and approved by the Shareholders' general meeting and approved by the securities regulatory authorities of the State Council, the Company has split one RMB-denominated shares with a par value of RMB1 per share into five shares with a par value of RMB0.20 per share. On 28 March 2007, upon approval of the securities regulatory authorities of the State Council, the Company initially issued to the public 1,191,960,000 overseas listed foreign shares (including the over-allotted shares) with a par value of RMB0.2 per share, which were listed on the main board of The Stock Exchange of Hong Kong Limited on 26 April 2007.

Upon its initial offering of H shares, the Company's structure of share capital is as follows: 4,876,170,525 ordinary shares, in which 1,796,593,475 shares are held by the Luoyang Mining Group Co., Ltd., representing 36.84% of the total ordinary shares of the Company; 1,768,421,050 shares are held by Cathay Fortune Corporation, representing 36.27% of the total ordinary shares of the Company; and 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 26.89% of the total ordinary shares of the Company.

Upon completion of the issue of domestically-listed RMB-denominated ordinary shares, the Company's structure of share capital is as follows: 5,076,170,525 ordinary shares, in which 1,776,593,475 shares are held by the Luoyang Mining Group Co., Ltd., representing 35.00% of the total ordinary shares of the Company; 1,726,706,322 shares are held by Cathay Fortune Corporation, representing 34.02% of the total ordinary shares of the Company; 61,714,728 shares are held by other domestic investors, representing 1.21%; 200,000,000 shares are held by domestic public investors, representing 3.94%; and 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 25.83% of the total ordinary shares of the Company.

Holders of domestic shares and holders of overseas-listed foreign shares shall be deemed as shareholders of different classes. Subject to approval by the State Council or the administrative authorities authorized by the State Council and in accordance with the relevant overseas regulations on dealing in securities, the Company's domestic shares may be converted to H shares. Any listing of or dealing in the converted shares on overseas stock exchanges is subject to the regulatory procedures, rules and ordinances of relevant overseas stock exchanges.



Article 23 After the plan for issuing foreign investment shares listed outside the People's Republic of China and domestic investment shares has been approved by the securities regulatory authorities of the State Council, the board of directors of the Company may arrange for implementation of the respective separate issues.

The Company's plan of issuing foreign investment shares listed outside the People's Republic of China and domestic investment shares in accordance with the preceding paragraph may be implemented within 15 months of being approved by the securities regulatory authorities of the State Council.

Article 24 Where the Company issues foreign investment shares listed outside the People's Republic of China and domestic investment shares separately within the total number of shares specified in the issue plan, every such issue shall be fully subscribed for in one time. Where special circumstances make it impossible for every such issue to be fully subscribed for at one time, the shares may be issued in several stages, subject to the approval of the securities regulatory authorities of the State Council.

## **Section 2 Increase, Decrease and Buy-back of Shares**

Article 25 The Company may, in accordance with its business and development requirements and the provisions of laws, regulations and the Articles of the Company, subject to separate resolution of the shareholders' general meeting, approve capital increases in terms of the following methods:

1. public offering of shares;
2. non-public offering of shares;
3. allotment of new shares to existing shareholders;
4. offer of bonus shares to existing shareholders;
5. capitalization of capital reserve;
6. issuance of convertible company bonds;

7. Employee Stock Ownership Plan made in accordance with laws, to issue shares to employees or institutions where employees own stocks;
8. other methods stipulated and permitted by laws and administrative regulations.

The Company's increase of its capital by issuing new shares shall be handled in accordance with relevant state laws and administrative regulations after having been approved in accordance with the Articles of the Company.

Article 26 The Company may reduce its registered capital in accordance with the provisions of the Articles of the Company. If the Company wishes to decrease its registered capital, it shall proceed in accordance with The Company Law, related regulations and the procedures provided in the Articles of the Company.

Article 27 When the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days of the date of the relevant resolution for the reduction of its share capital and shall publish an announcement in a newspaper within thirty days of 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 of the date of the announcement, to demand that the Company repay its debts or provide a corresponding guarantee for such debt.

The reduced registered capital of the Company may not be less than the statutory minimum.

Article 28 In accordance with the provisions of the state laws, administrative regulations, department rules and the Articles of the Company, the Company may, after the approval by the procedures provided in the Articles of the Company and the submission to and approval by the relevant State authorities, buy back its own issued shares in the following circumstances:

1. cancellation of shares in order to reduce its capital;

2. merger with another company holding shares in the Company;
3. as a token of reward, to give shares to the staff of the Company;
4. a shareholder requests the Company to buy back his share during the shareholders' general meeting due to opposition against the Company's merger or division.

Except the above circumstances, the Company shall not buy or sell its own shares.

Article 29 If the Company buys back its shares by reason of Article 28 (1) to (3), this shall be approved by a shareholders' general meeting. If the Company buys back its shares in accordance with Article 28 (1), it shall cancel the shares within 10 days; if it is in accordance with Article 28 (2) or (4), the shares shall be canceled or transferred within 6 months.

If the Company buys back its shares in accordance with Article 28 (3), the shares bought back shall not exceed 5% of the total issued shares of the Company. The fund used to buy back the shares shall come from the Company's after-tax profits. Shares bought back shall be transferred to the staff within a year.

Article 30 After the Company is approved by relevant State authorities to buy back its own shares, it may proceed in any of the following manners:

1. making of a buy-back offer in the same proportion to all shareholders;
2. buy-back through open transactions on a securities exchange;
3. buy-back by an agreement outside a securities exchange;
4. Such other means as approved by the securities regulatory authorities.

Article 31 When the Company is to buy back shares by an agreement outside a securities exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the procedures provided in the Articles of the Company. Upon prior approval of the shareholders' general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the buy-back of shares shall include (but not limited to) agreements whereby buy-back obligations are undertaken and buy-back rights are acquired.

The Company shall not assign contracts for the buy-back of its own shares or any of its rights therein.

Article 32 After the Company has bought back its shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations and shall apply to the original company registry for registration of the change in registered capital.

The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled, except the shares bought back in accordance with Article 28(3).

Article 33 Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its issued public shares:

1. where the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares;
2. where the Company buy backs shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (1) where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
  - (2) where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares; however, the amount deducted from the proceeds of the fresh share issue shall not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's capital common reserve amount (including the premiums from the fresh share issue) at the time of buy-back;
3. where the Company shall have the right to buy back redeemable shares:
  - (1) if the buy-back is not through market or invitation to bid, the buy-back price must be restrained to some highest price; or
  - (2) if it is by means of public bidding, the relevant invitation to bid must be equally offered to all shareholders.

4. the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
  - (1) acquisition of the right to buy back its own shares;
  - (2) modification of any contract for buy-back of its own shares;
  - (3) release from any of its obligations under any buy-back contract.
5. After the par value of the annulled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to buy back shares at the par value of the bought back shares shall be credited to the Company's capital common reserve.

### **Section 3 Financial Assistance for the Purchase of Company Shares**

Article 34 The Company and its subsidiaries (including the Company's affiliated enterprises) shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring, or is proposing to acquire, the Company's shares. Such acquirer of shares in the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares in the Company.

The Company and its subsidiaries (including the Company's affiliated enterprises) shall not, by any means at any time, provide financial assistance to such acquirer as referred to in the preceding paragraph for the purpose of reducing or discharging the obligations assumed by that person.

The provisions of this Article shall not apply to the circumstances described in Article 36 of this Section.

Article 35 For the purposes of this Section, this term “financial assistance” shall include (but not limited to) the financial assistance in the forms set out below:

1. gift;
2. guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Company’s own fault), release or waiver of rights;
3. provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
4. any form of financial assistance when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purposes of this Section, the term “undertake obligations” shall include the undertaking of an obligation by the obligator by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligator individually or jointly with any other person) or by changing its financial position in any other way.

Article 36 The acts listed below shall not be regarded as acts prohibited under Article 34 of this Section:

1. where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
2. lawful distribution of the Company’s property in the form of dividends;
3. distribution of dividends in the form of shares;

4. reduction of registered capital, buy-back of shares, shareholding structuring, etc., in accordance with the Articles of the Company;
5. provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits);
6. provision of money by the Company for an employee stock ownership plan (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

#### **Section 4 Share Transfer**

Article 37 Except otherwise provided by laws and administrative regulations, shares of the Company may be transferred freely with no lien attached.

Article 38 The Company shall not accept its shares as security.

Article 39 If a sponsor holds the shares of the Company, he shall not transfer those shares within one year of incorporation of the Company. Shares of the Company issued before public offering shall not be transferred within one year of the date of the listing of the shares of the Company in the stock exchange.

The directors, supervisors, senior executive officers of the Company shall declare to the Company the shares held thereby and any changes thereto. When they are serving at these posts, they shall not transfer more than 25% of the shares of the Company held by them. The shares held shall not be transferred within one year of the date of the listing of the shares of the Company in the stock exchange. After the above personnel leave their posts, they shall not transfer the shares of the Company they hold within six months.



Where any Director, Supervisor or senior executive officer of the Company or any Shareholder holding 5% or more of the Company's shares disposes of his/her shares in the Company within six months of purchase or purchases shares in the Company again within six months of disposal, the gains derived therefrom shall be disgorged and paid to the Company and shall be recoverable from him/her by the Board of the Company, provided that disposals by brokerage companies holding 5% or more of the shares in the Company as a result of their underwriting obligations in relation to the shares unsubscribed shall not be subject to the six-month limit.

Should the Board of the Company fail to comply with the requirements set out in the preceding paragraph, a Shareholder shall have the right to request the Board to effect the same within thirty days. Should the Board fail to do so within the above stipulated period, a Shareholder shall, for the benefit of the Company and in his own name, have the right to institute legal proceedings directly at a people's court. Should the Board of the Company fail to comply with the provisions set out above, the responsible Director(s) shall accordingly assume joint liabilities under relevant laws.

Article 40 Fully paid-up overseas listed shares in Hong Kong can be freely transferable as in accordance with the Articles; but unless meeting the following conditions, the Board of Directors may refuse to acknowledge any transfer documents without providing any statement of reasons:

- (1) A fee in the amount of HK\$2.50 or a higher amount as agreed by HKEX paid to the Company for the registration of the share transfer documents and other documents associated with the share ownership or that may affect the share ownership;
- (2) Transfer documents only refer to overseas listed foreign shares that are listed in Hong Kong;
- (3) The required stamp duty on the transfer documents has been paid;
- (4) Evidence proving that the assignor has the right to the transfer of shares shall be provided as reasonably required by the Board of Directors;

- (5) In the event of transfer of shares to joint holders, the number of such joint holders shall not exceed 4.
- (6) The shares concerned are free of any lien.

#### **Chapter 4 Share Certificates and Register of Shareholders**

Article 41 A share certificate issued by the Company is the evidence of the share(s) held by a Shareholder. The Company shall issue its share certificates in book entry form or in physical certificate form as required by the relevant government authorities and organizations at the place where its shares are issued and listed, or in other forms as required by the securities regulatory authorities of the State Council.

Article 42 The Company's shares shall be in registered form.

In addition to the particulars provided in the Company Law, the share certificates of the Company shall clearly state such other particulars as required to be specified by the securities exchange(s) on which the shares of the Company are listed.

Article 43 The share certificates shall be signed by the chairman of the board. Where the signatures of other senior management staff of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior management staff. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The affixing of the Company seal should be authorized by the board of directors. The signature of the chairman of the board or of other senior management staff on the share certificates may also be in printed form.

Article 44 The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

1. the name, address (domicile), profession or nature of each shareholder;
2. the category and number of shares held by each shareholder;
3. the amount paid or payable for the shares held by each shareholder;
4. the serial number of the shares held by each shareholder;
5. the date on which each shareholder is registered as a shareholder;
6. the date on which each shareholder ceases to be a shareholder.

The register of shareholders shall be full evidence of shares held by shareholders, unless there is opposite evidence.

Article 45 The Company may, pursuant to an understanding or agreement reached between the securities regulatory authorities of the State Council and a securities regulatory organization outside the People's Republic of China, keep outside the People's Republic of China its register of shareholders of foreign investment shares listed outside the People's Republic of China, and entrust the administration thereof to an agent outside the People's Republic of China.

The Company shall keep at its domicile a duplicate of the register of shareholders of foreign investment shares listed outside the People's Republic of China. The appointed agent outside the People's Republic of China shall ensure that the register of shareholders of foreign investment shares listed outside the People's Republic of China and its duplicate are consistent at all times.

When the original and duplicate of the register of shareholders of foreign investment shares listed outside the People's Republic of China are inconsistent, the original shall prevail.

Article 46 Among registers of shareholders of foreign investment shares listed outside the People's Republic of China, the original register of shareholders of shares listed at SEHK shall be kept in Hong Kong.

Article 47 The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

1. a register kept at the Company's domicile other than those provided under subparagraphs (2) and (3) of this paragraph;
2. the register(s) of holders of foreign investment shares listed outside the People's Republic of China kept in the place(s) of the stock exchange(s) outside the People's Republic of China on which the shares are listed;
3. registers of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

Article 48 The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

Article 49 No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or 5 days prior to the reference date set by the Company for the purpose of distribution of dividends.

Article 50 Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent people's court for correction of the register.

Article 51 Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (herein after referred as “Relevant Shares”) if his share certificate (herein after referred as “Original Share Certificate”) is lost.

Applications for the replacement of share certificates from holders of domestic investment shares shall be dealt with in accordance with Article 144 of the Company Law.

Applications for the replacement of share certificates from holders of foreign investment shares listed outside the People’s Republic of China shall be dealt with in accordance with the laws, securities exchange regulations and other relevant regulations of the place where the original register of holders of foreign investment shares listed outside the People’s Republic of China is kept.

Where holders of H shares apply for replacement of their certificates, such replacement shall comply with the following requirements:

1. The applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant’s reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares.
2. The Company shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.
3. If the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the board of directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days.

4. Before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed in the securities exchange. The Company shall display the public announcement in the securities exchange for a period of 90 days. If the application for issuance of a replacement share certificate was made without consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a copy of the public announcement that it intends to publish.
5. At the expiration of the 90-day period provided in subparagraphs (3) and (4) under this Article, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant.
6. When the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.
7. All expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

Article 52 After the Company has issued a replacement share certificate in accordance with its Articles of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser).

Article 53 The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

## **Chapter 5 Shareholders and the Shareholder's Meeting**

### **Section 1 Shareholders**

Article 54 The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders. Shareholders shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligations.

Article 55 When the Company is to convene the shareholders' general meeting, distribute dividends, be liquidated or carry out other acts requiring confirming of shareholders' identity, the board of directors or the convener of the shareholders' general meeting shall decide a date for determination of equity interests. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

Article 56 Holders of ordinary shares of the Company shall enjoy the following rights:

1. collect dividends and other profit distributions on the basis of the number of shares held by them;
2. participate or to appoint proxies to request, convene, hold or participate in the shareholders' general meetings and exercise voting rights;
3. supervise the Company's business activities, and raise suggestions and inquiries;
4. transfer, grant or pledge shares in accordance with laws, administrative regulations and the Articles of the Company;
5. obtain relevant information in accordance with the Articles of the Company, which shall include:

- (1) obtaining the Articles of the Company after payment of costs;
- (2) being entitled to browse and make copies after payment of reasonable charges, of:
  - (a) all parts of the register of shareholders;
  - (b) personal information of the directors, supervisors, managers and other senior management staff of the Company, including:
    - 1) current and previous names and aliases;
    - 2) main address (domicile);
    - 3) nationality;
    - 4) full-time and all other part-time occupations and duties;  
and
    - 5) identification documents and their numbers.
  - (c) the status of the Company's share capital;
  - (d) reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefor;
  - (e) the minutes of shareholders' general meetings;
  - (f) bond record of the Company;
  - (g) financial and accounting report of the Company.



6. participate in the distribution of the remaining property of the Company according to their shareholding when the Company is terminated or liquidated;
7. request the Company to buy back his shares if a shareholder opposes the merger or division of the Company at the shareholders' general meeting;
8. other rights conferred by laws, administrative regulations and the Articles of the Company.

If a person who directly or indirectly owns the rights and interests of the shares fails to disclose his rights and interests to the Company, the Company shall not freeze or in any way damage any rights or interests attached to his shares solely because of this.

Article 57 When a shareholder submits a request to inspect the information under the preceding Article, he shall present the proof of the type and number of shareholding in writing. The Company shall comply with the shareholder's request after verifying the shareholder's identity.

Article 58 If a resolution of the Company's meetings of the shareholders or the board of directors contravenes the law and administrative regulations, it shall be void.

If the convening procedures or the voting methods of the Company's meetings of the shareholders or the board of directors contravenes the law, administrative regulations or the Articles, or the contents of the decision contravenes the Articles, the shareholders shall have the right to request the People's Court to revoke the decision within 60 days of the decision.

Article 59 If a director or a senior executive officer contravenes the provisions of the law, administrative regulations or the Articles when carrying out his duties in the Company and resulting losses to the Company, shareholders individually or collectively holding 1% or more of shares continuously for 180 days, can request the board of supervisors in writing to commence litigation at the People's Court. If the board of supervisors contravenes the provisions of the law, administrative regulations and the Articles when carrying out its duties in the Company, resulting losses to the Company, shareholders can request the board of directors in writing to commence litigation at the People's Court.

If the board of supervisors or the board of directors refuses to commence litigation after receiving the shareholders' written request or fails to commence litigation within 30 days of receiving the request, or the situation is so urgent that without commencing litigation immediately will cause irreparable losses to the Company, the shareholders under the previous paragraph may commence litigation in their own names at the People's Court for the sake of the Company's interests.

If any person contravenes the legal interests of the Company and leads to the losses of the Company, a shareholder under the first paragraph can start litigation at the People's Court in accordance with the two preceding paragraphs.

Article 60 If a director or senior executive officer contravenes the provisions of the law, administrative regulations and the Articles, resulting in losses suffered by the shareholders, shareholders may commence litigation at the People's Court.

Article 61 Holders of ordinary shares of the Company shall have the following obligations:

1. to abide by laws, administrative regulations and the Articles;
2. to pay subscription fees based on the shares subscribed by them and the method of capital contribution;
3. not to give up those shares except as prescribed by laws or administrative regulations;

4. not to abuse the shareholders' rights to damage the Company's or other shareholders' interests; not to abuse the independent legal personality of the Company and the limited liabilities of the shareholders to damage the interests of the creditors.

A shareholder, who abuses his shareholder's rights, resulting in losses suffered by the Company or other shareholders, shall compensate in accordance with the law.

Shareholders who abuse the independent legal personality of the Company and the limited liabilities of the shareholders, in order to escape from debts, thereby seriously damaging the interests of the Company's creditors, shall be jointly and severally to bear the Company's debts.

5. other obligations imposed by laws, administrative regulations and the Articles of the Company.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

Where a Shareholder holding 5% or more voting shares of the Company pledges any shares in his/her possession, he/she shall report the same to the Company in writing on the date when such pledge is made.

Article 62 In addition to obligations imposed by laws, administrative regulations or the listing rules of the securities exchange(s) on which the shares of the Company are listed, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

1. relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
2. approving a director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company;
3. approving a director or supervisor (for his own or another person's benefit) of depriving other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, but excluding a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of the Company.

Article 63 For the purposes of the preceding Article, the term "controlling shareholder" shall refer to a person that satisfies any of the following conditions:

1. he, acting alone or in concert with others, has the power to elect more than half of the number of the directors;
2. he, acting alone or in concert with others, has the power to exercise or control the exercise of 30% or more of the Company's voting rights;
3. he, acting alone or in concert with others, holds 30% or more of the issued public shares of the Company;
4. he, acting alone or in concert with others, actually controls the Company in any other manner.

Article 64 The controlling shareholder and person with actual control of the Company have a duty of honesty towards the Company and all the shareholders of the Company. The controlling shareholder shall exercise his rights as a provider of capital strictly in accordance with the law. The controlling shareholder shall not make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing, or providing guarantee, in order to damage the legal rights and interests of the Company and other shareholders, and he shall not make use of his controlling position to damage the interests of the Company and other shareholders.

## **Section 2 General Provisions of the Shareholders' General Meeting**

Article 65 The shareholders' general meeting shall be the organ of authority of the Company and shall, in accordance with the law, exercise the following functions and powers:

1. decide on the business policies and investment plans of the Company;
2. elect and replace directors and supervisors who are not staff representatives, and decide on matters concerning the remuneration of directors and supervisors;
3. examine and approve reports of the board of directors;
4. examine and approve reports of the board of supervisors;
5. examine and approve the Company's annual financial budget and final account proposals;
6. examine and approve the Company's plans for profit distribution and making up losses;
7. pass resolutions concerning the increase or reduction of the Company's registered capital;
8. pass resolutions on the issuance of bonds by the Company;

9. pass resolutions on the merger, division, winding up, liquidation or changing of the form of the Company;
10. amend the Articles;
11. pass resolutions on the employment, dismissal or refusal of continuing employment of accounting firms by the Company;
12. to consider and approve such outward guarantees as stipulated in Article 66;
13. to consider any purchase or disposal of substantial assets by the Company within one year where the amount involved exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company as well as other external investment matters subject to consideration and approval at the general meeting of the Company pursuant to rules for external investment management and other relevant internal systems of the Company;
14. examine and approve changes in usage of the raised fund;
15. review share incentive plans;
16. examine the motions raised by the shareholders representing 3% or more of the Company's voting shares;
17. other matters that laws, administrative regulations, department rules and the Articles of the Company require to be resolved by the shareholders' general meeting.

The matters that are required to be resolved by the shareholders' general meeting in accordance with laws, administrative regulations, rules, relevant rules of the securities exchange(s) on which the shares of the Company are listed and the Articles of the Company, must be examined and approved by the shareholders' general meeting, in order to secure the shareholders' right to decide on such matters. The shareholders' general meeting shall, under necessary, reasonable and legal circumstances, authorize the board of directors to decide on the matters that are related to the matters discussed at the shareholders' general meeting but cannot or need not to be decided immediately at the shareholders' general meeting.

The authorization to the board of directors by the shareholders' general meeting shall be approved by more than 50% of the voting rights of shareholders (including proxies) present at the shareholders' general meeting if the authorized issues are ordinary resolution issues. If the authorized issues are special resolution issues, the authorization shall be approved by more than two-thirds of the voting rights of shareholders (including proxies) present at the shareholders' general meeting. The authorization shall be concrete and clear.

Article 66 The following outward guarantees shall be submitted to Shareholders' general meetings for consideration after being considered and passed by the Board:

1. any provision of guarantee after the aggregate amount of outward guarantees provided by the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets;
2. provision of guarantee provided by the company within one year exceeds 30% of its latest audited net asset in consolidated financial statement;
3. provision of guarantee to any party whose gearing ratio exceeds 70%;
4. provision of a single guarantee with an amount exceeding 10% of the latest audited net asset of the Company;

5. provision of guarantee when the aggregate amount of guarantees provided by the Company in 12 consecutive months exceeds 30% of the latest audited total assets of the Company;
6. provision of guarantee when the aggregate amount of guarantees provided by the Company in 12 consecutive months exceeds 50% of the latest audited net assets of the Company and the absolute amount of which exceeds RMB50 million;
7. any guarantee provided to any Shareholder, the de factor controller of the Company or their respective related parties;
8. other guarantees required to be submitted to Shareholders' general meetings for consideration and approval as stipulated by other laws, administrative regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association.

A guarantee which falls within the authorities of the Board, in addition to being required to be passed by exceeding half of all Directors, requires also the approval of more than two-thirds of Directors present at the meeting. The guarantee set out in the preceding subparagraph (5) shall be subject to more than two-thirds of the voting rights held by Shareholders present at the meeting.

Article 67 The shareholders' general meetings shall include annual shareholders' general meetings and extraordinary shareholders' general meetings. The shareholders' general meetings shall be convened by the board of directors. Annual shareholders' meetings shall be convened once a year and shall be held within six months following the end of the preceding fiscal year.

Article 68 The Company shall convene an extraordinary shareholders' general meeting within two months of the occurrence of any of the following circumstances:

1. the number of directors is less than the number required under the Company Law or less than two-thirds as prescribed in the Articles;
2. the losses of the Company that have not been made up reach one-third of the total share capital of the Company;



3. shareholders individually or collectively holding more than 10% of the Company's shares require in writing that an extraordinary shareholders' general meeting be convened;
4. the board of directors considers that there is a need;
5. the board of supervisors proposes a meeting;
6. other circumstances prescribed by the law, administrative regulations, department rules or the Articles.

### **Section 3 Convening the Shareholders' General Meeting**

Article 69 The venue of a Shareholders' general meeting of the Company shall be either the domicile of the Company or such other venue as specified in the notice of such general meeting.

Meeting venue shall be set for Shareholders' general meetings which shall be convened by way of on-site meetings. The Company will provide convenience for Shareholders to attend Shareholders' general meetings through various means and approaches in accordance with the specific regulations of the regulatory authorities of the listing place(s) of the Company and will provide priority to modern information technology methods such as online voting platform, in order to assure the legality and validity of the Shareholders' general meeting. Shareholders who attend a meeting by the said means are deemed to be present at such meeting.

Article 70 When convening a Shareholders' general meeting, the Company shall engage lawyers to attend the meeting and advise on the following issues with announcements made thereon:

1. Whether or not the convening of the meeting and its procedures are in compliance with laws, administrative regulations and the Articles of Association;
2. whether the attendees are eligible and whether the eligibility of the convener is lawful and valid;

3. whether the procedures of voting and the voting results of the meeting are lawful and valid;
4. legal opinions on other related matters as requested by the Company.

Article 71 More than 2 independent directors shall have the right to suggest to the board of directors to convene extraordinary shareholders' general meetings. Concerning the above request, the board of directors shall, in accordance with the requirements of the law, administrative regulations and the Articles, provide a written opinion to agree or disagree to convene an extraordinary shareholders' general meeting within 10 days of receiving the suggestion.

If the board of directors agrees to convene an extraordinary shareholders' general meeting, it will issue a notice of shareholders' general meeting within 5 days of the decision of the board of directors. If the board of directors does not agree to convene an extraordinary meeting, it shall publicly announce the reasons.

Article 72 Where the Supervisory Committee requests the convening of an extraordinary general meeting, the following procedures shall be followed:

1. Execute one or more copies of requisitions in the same form and contents stating the topics for discussion at the meeting to request the Board to convene an extraordinary general meeting. The Board shall furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days upon receipt of the said requisition.
2. In the event that the Board agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after adopting the relevant Board resolution. Any changes to the original proposal(s) made in the notice shall be subject to prior approval of the Supervisory Committee.

3. In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such requisition, the Board shall be deemed to be incapable of or failure in performing the duty of convening a Shareholders' general meeting, in which case the Supervisory Committee may convene and preside over such meeting by itself.

Where the board of supervisors convenes and holds a meeting because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors

Article 73 Where Shareholders request the convening of an extraordinary general meeting or a class meeting, the following procedures shall be followed:

1. Two or more Shareholders holding in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign one or more copies of requisitions stating the topics for discussion at the meeting to request the Board to convene an extraordinary general meeting or a class meeting. The Board shall furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting or a class meeting within ten days upon receipt of the said requisition. The aforesaid shareholdings shall be determined as of the date on which the written requisition was submitted by the Shareholders.
2. In the event that the Board agrees to convene an extraordinary general meeting or a class meeting, the notice of such general meeting or class meeting shall be issued within five days after adopting the relevant Board resolutions. Any changes to the original proposal(s) made in the notice shall be subject to prior approval of the Shareholders concerned.

3. In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such requisition, Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, provided that such request shall be made in writing.
4. In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of such general meeting shall be issued within five days after receiving such requisition. Any changes to the original proposal(s) made in the notice shall be subject to prior approval of the Shareholders concerned. Failure of the Supervisory Committee to issue the notice of general meeting within the stipulated period shall be deemed as the failure of the Supervisory Committee to convene and preside over a general meeting, and Shareholders severally or jointly holding 10% or more of the Company's shares for ninety or more consecutive days shall be entitled to convene and preside over the general meeting on an unilateral basis.

Where shareholders convene and hold a meeting because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

Article 74 Where the Supervisory Committee or Shareholders decide(s) to convene an extraordinary general meeting on their own, they shall notify the Board in writing and file the same with the dispatched office of the CSRC at the locality of the Company and the stock exchange.

Before publicly announcing the decision of the shareholders' general meeting, the convening shareholders should not hold less than 10% of the shares.

The Supervisory Committee or the convening Shareholders shall submit relevant evidence to the dispatched office of CSRC at the locality of the Company and the stock exchange upon the issuance of the notice of the Shareholders' general meeting and the announcement of the resolutions of the Shareholders' general meeting.

Article 75 When a shareholders' general meeting is convened by the board of supervisors or by the shareholders, the board of directors and the secretary to the board of directors shall assist. The board of directors shall provide the register of shareholders on the date of registration of shareholding.

#### **Section 4 Resolutions and Notices of Shareholders' General Meetings**

Article 76 The contents of the resolutions to be raised should be within the scope of duties of the shareholders' general meetings. It should have a clear topic and actual issues to be decided, in compliance with the law, administrative regulations and the Articles.

Article 77 When the Company holds a shareholders' general meeting, the board of directors, the board of supervisors or shareholders individually or together holding more than 3% of the shares of the Company, can propose resolutions to the company.

Shareholders, individually or together, holding more than 3% of the shares of the Company can submit temporary resolutions in writing to the convener, 10 days before the holding of the shareholders' general meeting. The convener should issue a supplementary notice of the shareholders' general meeting within 2 days of receipt of the proposal and publicly announce the contents of the temporary resolutions.

Except as provided in the last paragraph, after the chairman of the meeting publicly issues the notice of the shareholders' general meeting, he cannot change any resolution or add new resolutions in the notice of shareholders' general meetings.

If a notice of shareholders' general meeting does not specify the proposed resolutions or does not comply with Article 76, the shareholders' general meeting cannot vote and reach a decision.

Article 78 When the Company is to hold a shareholders' general meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the shareholders' general meeting shall, within 20 days prior to the meeting, deliver a written reply to the Company on the meeting attendance.

When the Company calculates the commencement of a period, it does not include the day the meeting is held.

Article 79 Based on the written replies received 20 days prior to a shareholders' general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the shareholders' general meeting. If not, the Company shall within five days, inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the shareholders' general meeting.

Extraordinary shareholders' general meeting may not decide on matters not specified in the notice or announcement.

Article 80 The notice of a shareholders' general meeting shall meet the following requirements:

1. it shall be made in writing;
2. it shall specify the place, date and time of the meeting;
3. it shall describe the matters to be discussed at the meeting;

4. it shall provide to the shareholders the information and explanation necessary for them to make a wise decision on the matters to be discussed. This principal shall apply (but not limited to) when the Company proposes a merger, buy-back of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
5. it shall disclose the nature and extent of conflict of interests, if any, of any director, supervisor, general manager or other senior management staff in any matter to be discussed; and provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, general manager or other senior management staff in his capacity as shareholder and the way in which such matter would affect other shareholders of the same category;
6. it shall contain the full text of any special resolution proposed to be adopted at the meeting;
7. it shall contain a clear statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder;
8. it shall state the time and place for the delivery of the meeting's proxy forms;
9. it shall state the date of registration of shareholding of the shareholders, for determining those shareholders entitled to attend the shareholders' general meeting;
10. it shall state the name and telephone number of the permanent contact person concerning meeting matters.

The notice and supplementary notice of the meeting should fully and completely disclose the contents of the resolutions. If a discussion matter requires an opinion from independent directors, the opinion and reasons of independent directors should be disclosed in the notice or supplementary notice of shareholders' general meeting is issued.

Article 81 If the shareholders' general meeting intends to discuss the election of directors or supervisors, the notice of the shareholders' general meeting should disclose full information of the candidates for directors and supervisors. The notice should at least include the following:

1. Personal circumstances such as education background, work experience, other simultaneous appointments;
2. Whether there is associate relationship with the Company or a controlling shareholder and person with actual control of the Company;
3. Disclose the number of shares held in the Company;
4. Whether subject to punishment by China Securities Regulatory Commission and other relevant department and sanctioned by the securities exchange.

Each candidate for director or supervisor should be separately proposed, except for directors or supervisors elected by way of cumulative voting system.

Article 82 The notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) in accordance with the methods prescribed in Article 232. If the notice is delivered by assigned persons or per-paid mail, it shall be delivered to the recipient's address shown in the register of shareholders. For holders of domestic investment shares, the notice of a shareholders' general meeting may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published 45 to 50 days before the meeting is held in one or more newspapers or periodicals designated by the securities regulatory authorities of the State Council. Once the announcement is made, all holders of domestic investment shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Notwithstanding the above two paragraphs, if otherwise stipulated in the listing rules and other applicable regulations of the stock exchange where the Company's domestic shares are listed in respect of the dispatch of the notice of a Shareholders' general meeting to domestic Shareholders of the Company, the same shall prevail.



Article 83 A meeting and the resolutions adopted thereat shall not be invalidated as a result of accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

Article 84 After the issuance of the notice of a shareholders' general meeting, it shall not be postponed or cancelled without proper reasons. Proposals specified in the notice of shareholders' general meeting should not be cancelled. Once a delay or cancellation occurs, the chairman of the meeting should publicly announce and give reasons at least 2 business days before the originally scheduled meeting date.

## **Section 5 Holding of the Shareholders' General Meeting**

Article 85 All shareholders, or their proxies, appearing on the register of shareholders on the date of registration of shareholding, can attend the shareholders' general meeting. They can also exercise voting rights in accordance with the law, regulations and the Articles.

A shareholder can attend the shareholders' general meeting personally or appoint a proxy to attend or vote on his behalf.

Article 86 Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to his entrustment by the shareholder:

1. the shareholder's right to speak at the shareholders' general meeting;
2. the right to request by himself or in conjunction with others to make a resolution by voting;
3. the right to vote by raising hands or ballot, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by ballot.

Article 87 Shareholders shall entrust their proxies by written instruments that shall be signed by the entrusting parties or such proxies. Where the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its director(s) or duly authorized proxies.

Article 88 The authorization letter a shareholder presents to authorize another person to attend the shareholders' general meeting should contain the following contents:

1. Name of the proxy;
2. Whether the proxy has voting rights;
3. Indication of consent, objection or abstention concerning each proposal on the shareholders' general meeting agenda;
4. Date of signing of the authorization letter and validity period;
5. Signature (or chop) of the person making the authorization. If the person making the appointment is a corporate shareholder, it should add the chop of the legal person.

Article 89 The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote. Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

Where the entrusting party is a corporation, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's shareholders' general meetings as the representative of such legal person.

- Article 90 Any form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.
- Article 91 Where the entrusting party has died, lost capacity to revoke the proxy or the signed instrument of appointment, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of the event before the commencement of the relevant meeting.
- Article 92 The meeting registration document containing the people attending the meeting should be made by the Company. The meeting registration document contains the names of persons (or names of organizations) attending the meeting, identity card numbers, residential addresses, the number of shares held or representing the voting rights, and names (or name of organizations) of the proxies.
- Article 93 The chairman of the meeting shall verify the legality of shareholders' qualifications according to the register of shareholders. The names of shareholders and their number of shares with voting rights shall be registered. The registration at the meeting should terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the shares with voting rights held thereby.
- Article 94 When a Shareholders' general meeting is held, all Directors, Supervisors and secretary to the Board of the Company shall attend the meeting, while General Manager and other relevant senior executive officers of the Company shall attend the meeting as non-voting participants.

Article 95 A general meeting shall be convened and presided over by the chairman of the Board or by the vice chairman of the Board in the event that the chairman is unable to be present at the meeting. One Director elected by half or more of the Directors shall chair and preside over the meeting in the event that both the chairman and the vice chairman are unable to be present at the meeting.

The chairman of the Supervisory Committee shall preside over and chair any Shareholders' general meetings held by the Supervisory Committee on its own. In the event that the chairman of the Supervisory Committee is unable to discharge or fails to discharge his/her duties, a Supervisor elected by half or more of the Supervisors shall preside over and chair the meeting.

A general meeting convened by Shareholders on their own shall be presided over and chaired by a representative nominated by the convening Shareholders. If chairman of the meeting has not been designated, the Shareholders present at the meeting may elect one person to act as chairman of the meeting; and if the Shareholders are unable to elect the chairman due to any reasons, the Shareholder who holds the largest number of shares with voting rights (including his/her proxy) among the present Shareholders shall act as chairman of the meeting.

When a shareholders' general meeting is held, if the chairman of the meeting contravenes meeting procedures, making the meeting impossible to proceed, then if exceeding half of the shareholders with voting rights and attending the meeting agree, the shareholders' general meeting can nominate one person as the chairman of the meeting to continue with the meeting.

Article 96 Directors, supervisors, and senior executive officers should explain with respect to questions and suggestions from shareholders at the shareholders' general meeting.

Article 97 At each annual general meeting, the Board and the Supervisory Committee shall report their respective work in the preceding year to the general meeting. Each independent Director shall also make their own work reports.

Article 98 The chairman of the meeting should, before voting, announce the number of shareholders and their proxies present in the meeting, as well as their shares held with voting rights. The number of shareholders and their proxies present in the meeting, as well as their shares held with voting rights should be in accordance with those registered at the meeting.

Article 99 The shareholders' general meeting should have minutes prepared by the secretary to the board of directors. The minutes should contain the following contents:

1. Meeting time, site, agenda, and the name of the chairman of the meeting;
2. The name of the chairman of the meeting and the names of the directors, supervisors, general manager, and other senior executive officers attending or present at the meeting;
3. The number of shareholders and proxies present at the meeting as well as their shares held with voting rights, and such shares as a percentage to the total share capital of the Company;
4. The process of examination, main points of address and voting results of each proposal;
5. Shareholders' questions, opinions or suggestions and the corresponding answers or explanations thereto;
6. Names of vote counters and voting supervisors;
7. Other contents to be included in the minutes as specified by the Articles.

Article 100 The chairman shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretaries to the board of directors, conveners or their representatives, and the chairman of the meeting present at the meeting should sign their names on the minutes. The minutes should be kept together with the signature book of shareholders present at the meeting and authorization letters of proxies for not less than 10 years.

Article 101 The convener should ensure that the shareholders' general meeting shall be conducted continuously until final decisions are made. If the shareholders' general meeting is suspended or a decision cannot be made by reason of force majeure or other special circumstances, the convener should adopt necessary procedures to resume the meeting or directly terminate that meeting and immediately announce to public.

## **Section 6 Voting and Making Decisions at Shareholders' General Meetings**

Article 102 Resolutions of the shareholders' general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

Article 103 The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:

1. work reports of the board of directors and the board of supervisors;
2. plans for the distribution of profits and making up of losses drafted by the board of directors;
3. the Company's annual budget, final accounts, balance sheet, profit statement and other financial statements;
4. the annual report of the Company; and
5. matters other than those that laws, administrative regulations or the Articles require to be passed by way of a special resolution.

Article 104 The following matters shall be resolved by way of a special resolution of the shareholders' general meeting:

1. appointment and removal of members of the board of directors and the board of supervisors, their remuneration and method of payment of their remuneration;
2. increase or reduction of the Company's registered capital and issuance of any category of shares, warrants or other similar securities;
3. issuance of Company's bonds;
4. division, merger, dissolution and liquidation of the Company;
5. amendment of the Articles of Association;
6. any guarantee provided by the Company within one year, the amount of which exceeds 30% of the net assets as presented in the latest audited consolidated financial statements of the Company;
7. any purchase or disposal of substantial assets made by the Company within one year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;
8. share incentive plans;
9. matters as required by laws, administrative regulations or the Articles, or other matters that, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.

Article 105 When shareholders (including proxies) vote at the shareholders' general meeting, they shall exercise their voting rights according to the number of voting rights they represent. Each share shall carry one voting right.

Where material issues affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

Shares held by the company have no voting rights. This portion of shares is not considered as part of the total number of shares with voting rights and present at the shareholders' general meetings.

The Company's board of directors, independent directors and shareholders that fulfilled the conditions set out in the relevant regulations can publicly solicit voting rights from shareholders, provided that 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 minimum shareholdings on the solicitation of voting rights.

Where the Listing Rules provide that any shareholders shall abstain from voting or can only vote for yes (or no) on certain resolution, if the said shareholders violate the relevant regulations or limitations, the votes of the said shareholders or the proxies thereof (provided that the Company is aware of this situation) shall not be counted.

Article 106 When the shareholders' general meeting discusses associated transactions, the associated shareholders shall not participate in the voting. His shares held with voting rights shall not be calculated within the total number of valid votes. The public announcement of shareholders' general meeting resolutions shall fully disclose the voting decisions of the non-associated shareholders. The Company shall, in accordance with the requirements of the securities exchange(s) where the Company is listed, identify the definition and scope of associated shareholders.

Where associated shareholders should withdraw but did not, non-associated shareholders can request for their withdrawal.

Article 107 The Company shall not, without the prior approval of a Shareholders' general meeting by way of special resolution, enter into any contract with any person other than a Director, General Manager or other senior executive officer whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.



Article 108 The list of candidates for director and supervisor shall be proposed to the shareholders' general meeting for voting. The board of directors and shareholders representing more than 3% of the voting shares of the Company shall have the right to raise relevant resolutions.

When the board of directors raises resolution concerning the candidates for director and supervisor, the written nomination shall, after consulting shareholders for suggestions by the existing board of directors, be submitted to the shareholders' general meeting for election. The board of directors shall announce the biographies and basic information of candidates for directors and supervisors to shareholders.

Cumulative voting system should be adopted for election of directors or supervisors at the shareholders' general meetings when the shareholding percentage of the controlling shareholder of the Company is over 30%.

The cumulative voting system referred to in the previous Article means that during the election of directors and supervisors at the shareholders' general meeting, each share entitled to vote carries a number of voting rights equivalent to the number of directors or supervisors to be elected. A shareholder may freely allocate its/his/her votes among the candidates for directors and supervisors, either to allocate to a number of persons, or to vote all in favor of one person. Candidates for directors or supervisors will be sorted by number of voting in their favor. Those who have more votes shall be elected according to the number of directors or supervisors proposed to be elected.

In the cumulative voting system, independent directors and other members of the board of directors shall be elected separately.

The staff representative candidate in the board of supervisor shall be nominated by the Labor Union of the Company and elected directly by the assembly of the worker's representatives of the Company.

- Article 109 Apart from the cumulative voting system, the shareholders' general meeting will vote on all resolutions individually. If one matter has different resolutions, they will be voted in the chronological order of the proposals being proposed. The shareholders' general meeting shall not combine or divide each resolution to vote or amend resolutions in any other way. Except under special circumstances such as force majeure, leading to the suspension or inability to make resolutions to make decisions at the shareholders' general meeting, the shareholders' general meeting shall not set aside the resolutions and leave the resolutions undecided.
- Article 110 When a shareholders' general meeting examines resolutions, it will not amend resolutions. Otherwise, such changes will be treated as new resolutions and cannot be voted and decided during that shareholders' general meeting.
- Article 111 Voting at general meetings shall be by way of open ballot.
- Article 112 A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business, other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. The same voting right shall only be exercised by one of the voting means including on-site, via internet or by other means. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.
- Article 113 Before the shareholders' general meeting votes on resolutions, the chairman of the meeting shall nominate 2 shareholder representatives to count and supervise the voting, and declare the number of shares held by the shareholder representative serving as voting supervisor. If the matter to be discussed and a shareholder have conflict of interests, the relevant shareholder and his proxy cannot count or supervise the voting.

- Article 114 When voting on a proposal takes place at a Shareholders' general meeting, lawyers, respective representatives of Shareholders, auditors appointed by the Company or share registrar and Supervisors shall conduct vote counting and act as scrutineers, and announce the voting results there and then. The voting results shall be recorded in the minutes of the meeting.
- Article 115 Shareholders of the listed company or their proxies that vote via internet or by other means are entitled to check their voting results through the relevant voting system.
- Article 116 When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.
- Article 117 When the number of votes for and against a resolution is equal, whether the vote is taken by raising hands or by ballot, the chairman of the meeting shall be entitled to one additional vote.
- Article 118 The chairman of the meeting decides whether a resolution of the Shareholders' general meeting has been adopted or not. Such decision, being final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting. The Company shall announce the resolutions of the Shareholders' general meetings in accordance with the relevant requirements of the stock exchange on which the shares of the Company are listed.
- Article 119 If the chairman of the meeting has any doubts about the result of a resolution put to the vote, he may count the number of votes cast. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have the right to request counting of votes immediately after such announcement, and the chairman of the meeting shall immediately count the votes.
- Article 120 If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting. The minutes of the meeting together with the attendance records signed by the attending shareholders and the authorization letter of the proxies shall be kept at the Company's domicile.

- Article 121 Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven days of receiving payment of reasonable charges.
- Article 122 If a resolution is not passed, or if a resolution of this shareholders' general meeting changes the decision of a resolution of a former shareholders' general meeting, this should be specially noted in the announcement of decisions of the shareholders' general meeting.
- Article 123 If a shareholders' general meeting approves resolutions to elect directors or supervisors, the newly appointed directors or supervisors will assume office after the resolution of the shareholders' general meeting.
- Article 124 If a shareholders' general meeting approves proposals concerning the distribution of dividends, bonus shares or increase of share capital by means of converting capital common reserve fund, the Company shall execute detailed plans two months after the conclusion of the shareholders' general meeting.

## **Section 7 Special Voting Procedures for Shareholders of Different Categories**

- Article 125 Shareholders who hold different categories of shares shall be shareholders of different categories.

Shareholders of different categories shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of the Company.

- Article 126 If the Company intends to change or abrogate the rights of shareholders of different categories, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' general meeting convened by the affected shareholders of different categories in accordance with Articles 128 to 132.

Article 127 The rights of shareholders of a certain category shall be deemed to have been changed or abrogated under the following conditions:

1. an increase or decrease in the number of shares of such category or an increase or decrease in the number of shares of a category having voting rights, distribution rights or other privileges equal or superior to those of the shares of such category;
2. a change of all or part of the shares of such category into shares of another category, a conversion of all or part of the shares of another category into shares of such category or the grant of the right to such change;
3. a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such category;
4. a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such category;
5. an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire the Company bonds attached to shares of such category;
6. a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such category;
7. a creation of a new category of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that category;
8. an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such category;
9. an issuance of rights to subscribe for, or convert into, shares of such category or another category;
10. an increase in the rights and privileges of shares of another category;

11. restructuring of the Company causing shareholders of different categories to bear liability of different extents during the restructuring;
12. an amendment or cancellation of the articles of this Chapter.

Article 128 Shareholders of the affected category, whether or not otherwise having the right to vote at the shareholders' general meeting, shall have the right to vote at shareholders' general meetings of different categories in respect of matters referred to in subparagraphs (2) to (8) or (11) to (12) of Article 127, except that interested shareholders shall not have the right to vote at shareholders' general meetings of different categories.

For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meanings:

1. if the Company has made a buy-back offer to all shareholders in the same proportion or has bought back its own shares through open transactions on a securities exchange in accordance with Article 30 hereof, the controlling shareholders as defined in Article 63 hereof shall be "interested shareholders";
2. if the Company has bought back its own shares by an agreement outside a securities exchange in accordance with Article 30 hereof, holders of shares in relation to such agreement shall be "interested shareholders";
3. under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same category, or shareholders who have different interests from other shareholders of the same category, shall be "interested shareholders".

Article 129 Resolutions of a shareholders' general meeting of different categories may be passed only by more than two-thirds of the voting rights of that category represented at the meeting in accordance with Article 128 hereof.

Article 130 When the Company is to hold a shareholders' general meeting of different categories, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of that category of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the meeting shall, within 20 days prior to the day of the meeting, deliver a written reply to the Company on meeting attendance.

If the number of share carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that category carrying the right to vote at the meeting, the Company may hold the shareholders' general meeting of different categories. If not, the Company shall within five days, inform the shareholders once again of the matters to be examined at the meeting and the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the shareholders' general meeting of different categories.

Article 131 The notice of a shareholders' general meeting of different categories needs to be delivered only to the shareholders entitled to vote thereat.

The procedures according to which a shareholders' general meeting of different categories is held shall, to the extent possible, be identical to the procedures according to which a shareholders' general meeting is held. Provisions of the Articles of the Company relevant to procedures for the holding of a shareholders' general meeting shall be applicable to shareholders' general meetings of different categories.

Article 132 Apart from other shareholders of different categories, shareholders of domestic investment shares and shareholders of foreign investment shares listed outside the People's Republic of China shall be deemed as shareholders of different categories.

The special voting procedures for shareholders of different categories shall not apply in the following circumstances:

1. where, as approved by way of a special resolution of the shareholders' general meeting, the Company issues, either separately or concurrently, domestic investment shares and foreign investment shares listed outside the People's Republic of China every 12 months, and the number of the domestic investment shares and foreign investment shares listed outside the People's Republic of China intended to be issued does not exceed 20% of the issued and outstanding shares of the respective categories;
2. where the plan for issuance of domestic investment shares and foreign investment shares listed outside the People's Republic of China upon the establishment of the Company is completed within 15 months of being approved by the securities regulatory authorities of the State Council; or
3. after being approved by the State Council authorities supervising and regulating the securities, the shareholders of domestic investment shares can transfer their shares to investors outside the People's Republic of China and such shares can be listed outside the People's Republic of China. If such shares are listed at securities exchange(s) outside the People's Republic of China, the supervising and regulating procedures, rules and requirements of the securities exchange(s) outside the People's Republic of China shall be complied with.

## **Chapter 6 The Board of Directors**

### **Section 1 Directors**

Article 133 A company director is a natural person. The director is elected or replaced by a shareholders' general meeting. Directors need not be the Company's shareholders. Directors include executive directors and non-executive directors, and non-executive directors include independent directors. Executive directors refer to directors who serve at other posts at the Company except as directors, and non-executive directors serve no other posts except as directors. Independent directors refer to people qualified as independent directors in accordance with the provisions of laws and regulations.



Article 134 Directors shall be elected and replaced by the shareholders' general meeting and serve a term of 3 years. A director may serve consecutive terms if reelected upon the expiration of his term. Before a director's period of service expires, the shareholders' general meeting cannot terminate his duties without a reason.

Written notice concerning the attempt to nominate candidates for directors and the candidates' willingness of accepting the nomination shall be delivered to the Company 7 days prior to the shareholders' general meeting.

The shareholders' general meeting can, in accordance with the provisions of laws and regulations, terminate the duties of any director within his period of service by way of ordinary resolutions.

A director's period of service commences from the date he takes up the appointment, until the current term of service of board of directors completes. If a directors' period of service expires but new directors are not yet appointed, before the newly elected director takes up appointment, the original director(s) shall still carry out directors' duties according to the law, administrative regulations, department regulations and these Articles.

A Director may concurrently hold the position of General Manager or any other senior executive officer, provided that the total number of Directors holding such positions and Directors from staff representatives does not exceed one half of all Directors of the Company.

Article 135 The director shall comply with the law, administrative regulations and the Articles. He has the following duties of due diligence towards the company:

1. He should be careful, serious and diligent in exercising his authorities conferred by the Company, in order to ensure that the business activities of the Company comply with the state law, administrative regulations and various economic policy requirements of the state, and the business activities cannot exceed the scope of activities specified by the business license;
2. He shall treat all shareholders fairly;

3. He shall carefully read the business and financial reports of the Company and understand the business operation and management circumstances of the Company in a timely manner;
4. He shall sign as confirmation on the periodic reports of the Company. He shall ensure that the information disclosed by the Company is true, accurate, and complete;
5. He shall truthfully supply relevant circumstances and information to the board of supervisors, and shall not interfere with the exercising of duties by the board of supervisors or supervisors; and
6. Other due diligence duties specified by the law, administrative regulations, department regulations and the Articles.

Article 136 If a director cannot personally attend two consecutive meetings, and does not appoint other directors to attend board of directors' meeting, he is treated as not being able to carry out his duties. The board of directors should recommend to replace him at the shareholders' general meeting.

In respect of nominating candidates for directors and the candidates' willingness of accepting the nomination, the term of the written notice to the Company shall be not less than 7 days. The commencing date of the said term shall not be earlier than the first day after the issuance of the notice of the shareholders' general meeting and the expiry date thereof shall be no later than 7 days prior to the holding of the shareholders' general meeting.

The members of the board of directors shall remain relatively stable. The number of by-election for the board of directors due to the shortfall thereof shall be no more than 2 persons within a consecutive period of 12 months. The re-election of the board of directors shall not be limited by the provision of this paragraph.

Article 137 The director can resign before the expiry of his term of service. When a director resigns, he should submit a written resignation report to the board of directors. The board of directors should disclose the relevant circumstances within 2 days.

If the members of the board of directors fall below the minimum legal requirement due to a director's resignation, before a newly elected director commences appointment, the original director(s) should still carry out the director's duties according to the law, administrative regulations, departmental regulations and the Articles.

Except as specified in the last paragraph, the director's resignation takes effect when his resignation report is delivered to the board of directors.

Article 138 Any person who is appointed as a director by the board of directors to fill the temporary vacancy of the board of directors or the added position at the board of directors, shall serve the office until the next shareholders' general meeting and will have the qualification to continue his service by way of re-election.

Article 139 When a director causes losses suffered by the Company due to his unauthorized absence, he shall bear liabilities to compensate.

If a director cannot resign due to his unfinished duties to the Company or the unfinished audit, he shall bear liabilities to compensate for the losses caused by his unauthorized absence to the Company.

Article 140 In the absence of a legal authorization by the Articles or by the board of directors, no director can use his personal capacity to represent the Company or the board of directors. When a director makes use of his personal capacity, but would allow a third party to reasonably think that the director is representing the Company or the board of directors, that director should declare his position and capacity in advance.

Article 141 When a director contravenes the law, administrative regulations, department regulations or the Articles when carrying out his duties, causing losses to the Company, he shall bear liabilities to compensate.

Article 142 The requirements on the qualification, nomination, resignation of an independent director shall be carried out in accordance with the law, administrative regulations, department regulations and the Articles.

## **Section 2 Board of Directors**

Article 143 The Company shall establish a board of directors. The board of directors shall be accountable to the shareholders' general meeting.

Article 144 The board of directors shall be composed of 7 to 11 directors, which shall include one chairman of the board and one vice chairman of the board. The chairman of the board and the vice chairman of the board shall be elected by more than half of all the directors.

Article 145 The board of directors shall exercise the following functions and powers:

1. to be responsible for convening the shareholders' general meeting and to report on its work thereto;
2. to implement the resolutions of shareholders' general meeting;
3. to decide on the business plans and investment plans of the Company;
4. to formulate the proposed annual financial budgets and final accounts of the Company;
5. to formulate the plans for profit distribution and making up losses of the Company;
6. to formulate plans for the increase or reduction in the registered capital of the Company, the issue of the Company bonds and other securities, and the listing of the Company;
7. to draft plans for the Company with respect to significant takeovers, purchase of shares, mergers, divisions, winding up or changing the structure of the Company;
8. within the scope authorized by the shareholders' general meeting, to decide the Company's external investment, purchase and sale of assets, offering assets as securities, external guarantees, appointment to manage finance or to manage associated transactions;

9. to decide on the establishment of the Company's internal management organization;
10. to hire or fire the Company's general managers and secretaries to the board of directors; in accordance with the general managers' nominations, to hire or fire senior executive officers such as assistance managers, financial controllers, and to decide on their remuneration, reward and disciplinary matters;
11. to nominate candidates for directors and supervisors to the shareholders' general meeting;
12. to formulate the basic management system of the Company;
13. to formulate proposals for amendment of the Articles of the Company;
14. to manage the disclosure of information by the Company;
15. to suggest to the board of directors on the hiring or replacement of the auditors of the Company;
16. to receive the working reports of the general manager and examine his work;
17. other duties authorized by the law, administrative regulations, departmental regulations, or the Articles.

Matters beyond the scope of authorization of the shareholders' general meeting should be submitted to the shareholders' general meeting for discussion.

In respect of the Board resolutions relating to matters specified in preceding paragraph, except for those in subparagraphs (6), (7), (11) and (13) which shall be passed by more than two-thirds of all Directors, the remaining resolutions may be passed by over half of all Directors unless otherwise required by the laws, administrative regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and the internal rules of the Company.

Article 146 When the board of directors disposes of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33% of the value of the fixed assets shown in the last balance sheet placed before the shareholders' general meeting, the board of directors may not dispose of the fixed assets or agree to dispose of the fixed assets without the prior approval of the shareholders' general meeting.

For the purposes of this Article, the term "disposal of fixed assets" shall include the assignment of a certain interest in assets other than by way of providing guarantee with fixed assets.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by breaching the first paragraph of this Article.

Article 147 The board of directors of the company should explain the financial report of the Company to the shareholders' general meeting whenever a registered accountant presents an opinion other than a standard audit opinion.

- Article 148 The Board shall formulate the rules of procedure for Board meetings to ensure the execution of resolutions of Shareholders' general meetings by the Board and enhance the work efficiency and scientific decision making of the Board. The rules of procedure for Board meetings provides for the convening and voting procedures of Board meetings and shall be attached as an appendix to the Articles of Association, which shall be prepared by the Board and shall be subject to approval of a Shareholders' general meeting.
- Article 149 The chairman of the board shall exercise the following functions and powers:
1. to preside over shareholders' general meeting and to convene and preside over meetings of the board of directors;
  2. to examine the implementation of resolutions of the board of directors;
  3. to sign share certificates issued by the Company;
  4. other functions and powers granted by the board of directors.
- Article 150 The vice chairman assists the chairman of the board of directors. When the chairman cannot or does not carry out his duties, they will be carried out by the vice chairman. If the vice chairman cannot or does not carry out his duties, more than half of the directors will nominate a director to carry out the duties.
- Article 151 Meetings of the board of directors shall be held at least four times a year, about once each quarter. Meetings of the board of directors shall be convened by the chairman of the board by giving a notice to all directors 14 days before the meetings are held.
- Article 152 Shareholders holding more than 1/10 voting rights, more than 1/3 of the directors or the board of supervisors, general manager, chairman of the board of directors, more than 2 independent directors can suggest the holding of an extraordinary meeting of the board of directors. The chairman of the board of directors shall, within 10 days of receipt of the suggestion, convene and hold the board of directors' meeting.

Article 153 The notice of extraordinary meetings of the board of directors shall be delivered to all directors 5 days before the meetings are held.

Article 154 A notice of a board of directors' meeting includes the following contents:

1. Date and place of meeting;
2. Period of the meeting;
3. Reasons and discussion items;
4. Form of the meeting;
5. Date of issuance of notice.

Article 155 Meetings of the board of directors may be held only if more than half of the directors attend.

Each director shall be entitled to one vote. Resolutions of the board of directors must be adopted by the affirmative vote of more than half of all the directors. When the number of votes for and against a resolution is equal, the chairman of the board shall be entitled to one additional vote.

Article 156 When a director has a significant interest in any contract or arrangement or other suggestions through himself or other associated people, he cannot vote on the resolution of the board of directors that are concerning with such matters, and he shall not be counted to calculate the legal number of directors present at the meeting. That director's meeting can be held if exceeding half of the unassociated directors attends. Resolutions made by the board of directors' meeting should be passed by exceeding half of the unassociated directors. If less than three unassociated directors are attending the board meeting, the matter should be submitted to the shareholders' general meeting for discussion. The definition and scope of associated directors shall be in accordance with the requirements of the securities exchange where the Company is listed.



Article 157 The method of voting at the board of directors' meeting is voting by raising hands or by registered ballot.

In order to ensure that directors can fully express their opinions during extraordinary board of directors' meetings, the methods of faxing, passing around for perusal or teleconference can be used and voting is carried out, followed by signatures from directors attending the meeting.

Article 158 Meetings of the board of directors shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director to attend the meeting on his behalf. The instrument of entrustment shall specify the name of the entrusted person, the appointed issues, the scope of authority and the valid period, and shall be signed or sealed by the entrusting director. A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

Article 159 The board of directors shall keep minutes of its decisions on the matters examined at the meetings. The directors attending a meeting and the person taking minutes shall sign the minutes of that meeting. The directors shall bear liability for the decisions of the board of directors. Where a resolution of the board of directors is in violation of the law, administrative regulations or the Articles of the Company, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting, the director may be relieved from such liability.

Minutes of board of directors' meeting shall be kept as a company file for not less than 10 years.

Article 160 Minutes of a board of directors' meeting includes the following contents:

1. Date and place of the meeting as well as the name of the convener;
2. Names of directors attending the meeting and names of directors (representatives) appointed by other directors to attend;
3. Agenda of the meeting;
4. Main points of directors' speeches;
5. Methods and results of voting on each resolution (the voting results should clearly contain the number of votes consenting, objecting and abstaining).

## **Chapter 7 Secretary to the Board of Directors**

Article 161 The Company shall have a secretary to the board of directors. The secretary to the board of directors shall be a member of the senior management staff of the Company.

Article 162 The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the board of directors. His main duties shall be as set forth below:

1. to guarantee that the Company has complete organizational documents and records;
2. to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities;
3. to guarantee that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such records and documents in a timely manner.

Article 163 Directors or other senior management staff of the Company may concurrently hold the office of secretary to the board of directors. No accountant of the accounting firm hired by the Company may concurrently hold the office of secretary to the board of directors.

If the office of secretary to the board of directors is held by a director of the Company and a certain act is to be done by a director and the secretary to the board of directors separately, the person who concurrently holds the offices of director and secretary to the board of directors may not perform such act in both capacities.

## **Chapter 8 General Manager and Other Senior Management Staff**

Article 164 The Company shall have one general manager who shall be appointed or dismissed by the board of directors.

The Company shall have several vice general manager who shall be appointed or dismissed by the board of directors.

General manager, vice general manager, financial controller, and secretary to the board of directors belong to senior management staff of the Company.

Article 165 A person holding a post, other than a director, in the organization of the controlling shareholder or the actual controller of the Company, cannot become senior executive officer of the company.

Article 166 The general manager's term of appointment is 3 years. The general manager can be reappointed upon the expiration of his term.

Article 167 The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

1. to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the board of directors and report his work to the board of directors;
2. to organize the implementation of the Company's annual business plans and investment plans;
3. to draft the plan for establishment of the Company's internal management organization;
4. to draft the Company's basic management system;
5. to formulate the basic rules and regulations of the Company;
6. to propose to the board of directors the employment and dismissal of the vice general manager and financial controller of the Company;
7. to hire or dismiss management personnel other than those to be hired or dismissed by the board of directors;
8. other functions and powers granted by the Articles and the board of directors.

Article 168 The general manager shall attend the meetings of the board of directors, but if he is not a director, he shall not have the right to vote at such meetings.

Article 169 The detailed working regulations of the general manager include the following:

1. Conditions, procedures and the number of participants for holding general manager's meetings;
2. Respective duties and division of labor of general manager and other senior executive officers;
3. Limits of authority in using company funds and assets as well the signing of significant contracts, together with the reporting system to the board of directors and the supervisory board;
4. Other matters considered necessary by the board of directors.

Article 170 In the exercise of his functions and powers, the general manager shall perform his duties in good faith and with diligence in accordance with the law, administrative regulations and the Articles of the Company.

Article 171 The general manager can submit his resignation before the expiry of his term of service. The actual procedure and method concerning general manager's resignation shall be regulated by the employment contract between the general manager and the Company.

Article 172 Vice general managers shall be nominated by the general manager and decided by the board of directors. Vice general managers assist the general manager with the work of the Company. They are led by the general manager and responsible to the general manager.

## **Chapter 9 The Board of Supervisors**

### **Section 1 Supervisors**

Article 173 The Company's directors, general manager and other senior management staff may not serve concurrently as supervisors.

Article 174 The term of office of a supervisor shall be 3 years. A supervisor may serve consecutive terms if reelected upon the expiration of his term.

Article 175 When a supervisor's term of service expires but a new supervisor is not yet appointed, or when a supervisor resigns during his term of service, leading to the number of members in the board of supervisors falling below the legally prescribed number, and before the newly appointed supervisor takes up his appointment, the original supervisor should still carry out his duties according to the law, administrative regulations and the Articles.

Article 176 A supervisor can be present at a board of directors' meeting. He can also question or make suggestions concerning proposed resolutions at the meeting.

## **Section 2 Board of Supervisors**

Article 177 The Company shall have a board of supervisors. The board of supervisors shall be composed of 3 persons, one of whom shall be the chairman of the board of supervisors. If the chairman cannot or does not carry out his duties, two-thirds or more of the supervisors will nominate a supervisor to convene and conduct the meeting of the board of supervisors.

The board of supervisors shall include staff representatives of the Company, with the ratio thereof not less than 1/3. The shareholder representative shall be elected and dismissed by the shareholders' general meeting, and the staff representative shall be elected and dismissed by the staff representative meeting.

Article 178 The board of supervisors exercises the following duties:

1. it should examine and submit written opinions on the periodical company reports prepared by the board of directors;
2. check the Company's finance;
3. supervise directors and senior executive officers when carrying out their duties, and suggest the removal of directors or senior executive officers who contravene the law, administrative regulations, the Articles or resolutions of shareholders' general meetings;

4. when an action of a director or senior executive officer damages the interests of the Company, it requests that director or senior executive officer to make corrections;
5. to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the board of directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
6. to suggest the holding of extraordinary shareholders' general meetings, and, when the board of directors does not convene or hold shareholders' general meetings as required by the Company Law, to convene or hold shareholders' general meetings;
7. to present proposed resolutions to the shareholders' general meetings;
8. to start legal action against directors and senior executive officers in accordance with Article 152 of the Company Law;
9. other functions and powers provided for in the Articles of the Company or granted by the shareholders' general meeting.

Supervisors shall attend meetings of the board of directors.

Article 179 The reasonable expenses incurred by the board of supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company.

Article 180 Supervisors shall faithfully perform their supervisory duties in accordance with the law, administrative regulations and the Articles of the Company.

Article 181 Meetings of the board of supervisors shall be held at least once every 6 months. Supervisors can propose to hold extraordinary meeting of the board of supervisors.

The meetings of the board of supervisors can be held by way of site meetings, written meetings by fax or teleconference.

The election or dismissal of the chairman of the board of supervisors shall be passed by two-thirds or more of the supervisors.

The resolutions of the board of supervisors shall be passed by two-thirds or more of the supervisors.

Article 182 The board of supervisors will set out regulations for meetings. It should clearly specify meeting method and voting procedure of the board, in order to ensure the working efficiency and the making of scientific decisions.

Article 183 The supervisory board should prepare minutes of meeting on decisions of matters discussed. Supervisors attending the meeting should sign on the minutes.

A supervisor is entitled to request the addition of some explanatory notes concerning his speech made during the meeting to the minutes. Minutes of the supervisory board meeting, as a company file, must be kept for at least 10 years.

Article 184 A notice to a supervisory board meeting includes the following contents:

1. Dates, place, and period of the meeting;
2. Reasons and discussion items;
3. Form of meeting;
4. Date of issuance of notice.



## **Chapter 10 Qualifications and Obligations of the Company's Directors, Supervisors, General Manager and Other Senior Management Staff**

Article 185 None of the following persons may serve as a director, supervisor, general manager or other senior management staff of the Company:

1. persons without capacity or with limited capacity for civil acts;
2. persons who were sentenced for crimes for corruption, bribery, encroachment or embezzlement of property or disruption of the social or economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;
3. directors, or factory directors or managers who bear personal liability for the bankruptcy or liquidation of their Companies or enterprises due to mismanagement where three years have not lapse following the date of completion of such bankruptcy or liquidation;
4. the legal representatives of Companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability and three years have not lapsed following the date of revocation of such business licenses;
5. persons with relatively heavy individual debts that have not been settled upon maturity;
6. persons whose cases have been established for investigation by the judicial authorities as a result of violation of the criminal law, and have not been closed;
7. persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
8. non-natural persons;

9. persons who have violated securities-related regulations as ruled by a relevant organization-in-charge, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling;
10. a person who has been prohibited from participating in the securities market by the securities regulatory authorities of the State Council, where such prohibition has not expired;
11. other situations as provided by the laws and administrative regulations.

For any election and appointment of a Director in contravention of the provisions herein, such election, appointment or employment shall be void and null. Where a Director falls into the circumstances set out herein during his/her term of office, the Company shall remove him/her from office.

Article 186 The validity of an act of a director, general manager or other senior management staff of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

Article 187 In addition to obligations imposed by the law, administrative regulations or listing rules of the securities exchange(s) where shares of the Company are listed, the Company's directors, supervisors, general manager and other senior management staff shall lay the following obligations on each shareholder in the exercise of the functions and powers granted to them by the Company:

1. not to cause the Company to act beyond the scope of business stipulated in its business license;
2. to act honestly in the best interests of the Company;
3. not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company;

4. not to deprive the shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of the Company.

Article 188 The Company's directors, supervisors, general manager and other senior management staff shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with due care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

Article 189 The Company's directors, supervisors, general manager and other senior management staff must, in the exercise of their duties, abide by the principles of honesty and credibility, and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

1. to act honestly in the best interests of the Company;
2. to exercise powers within the scope of their functions and powers, and not to act beyond such powers;
3. to personally exercise the discretion invested in him, not to allow himself to be manipulated by another person, and not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholders' general meeting that has been informed;
4. to be impartial to shareholders of the same category and of different categories;
5. not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of the Company or with the consent of the shareholders' general meeting that has been informed;

6. not to use the Company's property for his own benefit in any way without the consent of the shareholders' general meeting that has been informed;
7. not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate the Company's property in any way, including (but not limited to) any opportunities that are favorable to the Company;
8. not to accept commissions in connection with the Company's transactions without the consent of the shareholders' general meeting that has been informed;
9. to abide by the Articles of the Company, perform his duties faithfully, protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;
10. not to compete with the Company in any way without the consent of the shareholders' general meeting that has been informed;
11. not to embezzle the Company's funds or lend the Company's funds to others, not to deposit the Company's assets in accounts opened in his own or in another's name, not to use the Company's assets as security for the debts of the Company's shareholders or other individuals;
12. not to disclose confidential information relating to the Company that was acquired by him during his office without the consent of the shareholders' general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:
  - (1) provided by law;
  - (2) required in the public interest; or
  - (3) required in the own interest of such director, supervisor, general manager or other senior management staff of the Company.

Earnings obtained by a Director, General Manager, deputy general manager or any other senior executive officer in violation of the provisions herein shall belong to the Company, and shall be liable for compensation for any loss incurred to the Company.

Article 190 A director, a supervisor, general manager or other senior management staff of the Company may not instruct the following persons or organizations (“Connected Persons”) to do what such director, supervisor, general manager or other senior management staff may not do:

1. the spouse or minor child of such director, supervisor, general manager or other senior management staff of the Company;
2. the trustee of a director, supervisor, general manager or other senior management staff of the Company or of any person referred in subparagraph (1) hereof;
3. the partner of a director, supervisor, general manager or other senior management staff of the Company or of any person referred in subparagraphs (1) and (2) hereof;
4. the company over which a director, supervisor, general manager or other senior management staff of the Company, alone or jointly with any person referred to in subparagraphs (1), (2) and (3) hereof or any other director, supervisor, general manager or other senior management staff of the Company, has actual control;
5. a director, a supervisor, general manager or other senior management staff of a company being controlled as referred to in subparagraph (4) hereof.

Article 191 The obligation and credibility of the Company's directors, supervisors, general manager and other senior management staff does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company's trade secrets shall remain upon termination of their office. The term for which other obligations shall continue shall be decided in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

Article 192 A director, a supervisor, general manager or other senior management staff of the Company may be relieved from liability for a specific breach of obligations after the shareholders' general meeting has been informed, except in circumstances as specified in Article 60 hereof.

Article 193 If a director, a supervisor, general manager or other senior management staff of the Company has directly or indirectly vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except his employment contract with the Company), he shall disclose the nature and extent of his interest to the board of directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

Unless the director, supervisor, general manager or other senior management staff of the Company vested with a material interest has disclosed such interest to the board of directors as required under the preceding paragraph hereof, and the matter has been approved by the board of directors at a meeting in which he was not counted in the quorum and was refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, general manager or other senior management staff concerned.

A director, a supervisor, the manager or other senior management staff of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a Connected Person of that director, supervisor, general manager or other senior management staff has an interest.

Article 194 If a director, supervisor, general manager or other senior management staff of the Company gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, general manager or other senior management staff of the Company shall be deemed for the purposes of the preceding Articles of this Part to have declared his interest, insofar as attributable to the scope stated in the notice.

Article 195 The Company may not in any manner pay tax on behalf of its directors, supervisors, general manager or other senior management staff.

Article 196 The Company may not directly or indirectly provide a loan or loan security for its directors, supervisors, general manager or other senior management staff, those of its parent company, or Connected Persons of the above-mentioned persons.

The provisions of the preceding paragraph shall not apply to the following circumstances:

1. the provision of a loan or loan security by the Company for a subsidiary of the Company;
2. the provision of a loan or loan security or other funds by the Company to a director, a supervisor, general manager or other senior management staff of the Company under an employment contract approved by the shareholders' general meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his Company duties;
3. the provision of a loan or loan security by the Company to a relevant director, a supervisor, general manager or other senior management staff of the Company or to a Connected Person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

- Article 197 A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.
- Article 198 The Company may not be forced to perform a loan security provided by the Company in violation of the first paragraph of Article 187, except:
1. when the loan is provided to a Connected Person of a director, a supervisor, general manager or other senior management staff of the Company or its parent company, the loan provider is not aware of the condition;
  2. the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.
- Article 199 For the purposes of the preceding Article of this Chapter, the term “security” shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligator.
- Article 200 If a director, supervisor, general manager or other senior management staff of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by the law and administrative regulations, have a right to:
1. require the relevant director, supervisor, general manager or other senior management staff to compensate for the losses suffered by the Company as a consequence of his dereliction of duty;
  2. rescind any contract or transaction concluded by the Company with the relevant director, supervisor, general manager or other senior management staff and contracts or transaction with a third party (where such third party is aware or should be aware that the director, supervisor, general manager or other senior management staff representing the Company was in breach of his obligations to the Company);



3. request the relevant director, supervisor, general manager or other senior management staff to surrender the gains derived from the breach of his obligations;
4. recover any funds received by the relevant director, supervisor, general manager or other senior management staff that should have been received by the Company, including (but not limited to) commissions; and
5. request the relevant director, supervisor, general manager or other senior management staff to return the interest earned or possibly earned on the funds that should have been given to the Company.

Article 201 The Company shall conclude a written contract with each director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the shareholder' meeting before it is entered into. The above-mentioned emoluments shall include:

1. emoluments in respect of his service as a director, supervisor or senior management staff of the Company;
2. emoluments in respect of his service as a director, supervisor or senior management staff of a subsidiary of the Company;
3. emoluments otherwise in connection with the management of the Company or any subsidiary thereof;
4. funds as compensation for his loss of office or retirement to the aforementioned directors and supervisors.

A director or supervisor may not sue the Company for his benefits due to him on the basis of the above-mentioned matters, except under a contract as mentioned above.

Article 202 The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive compensation or other funds attributable for the loss of office or retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following circumstances:

1. anyone makes a general offer to all the shareholders;
2. anyone makes a general offer so that he can become a controlling shareholder as defined in Article 63 hereof.

If the relevant director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund shall be borne by the relevant director or supervisor on a pro rata basis and may not be paid out of such fund.

## **Chapter 11 Financial and Accounting Systems, Distribution of Profits and Audit**

### **Section 1 Financial and accounting systems and distribution of profits**

Article 203 The Company shall formulate its own financial and accounting systems in accordance with the law, administrative regulations and China's accounting standards formulated by the State Council's department in charge of finance.

Article 204 The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to the law.

Article 205 The board of directors of the Company shall place before the shareholders at each shareholders' general meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Company to prepare.

Article 206 The financial reports of the Company shall be kept at the Company and made available for inspection by shareholders 20 days prior to an annual shareholders' general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Section.

The Company shall send copies of the said reports together with the report of the board of directors to each holder of foreign investment shares listed outside the People's Republic of China by such methods prescribed in Article 232. If sent by prepaid mail, it shall be sent to the recipient's address shown in the register of shareholders.

Article 207 The financial statements of the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

Article 208 Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

Article 209 The Company shall publish its annual financial report within four months after the conclusion of each fiscal year; its interim financial report within two months after the expiration of the first six months of each fiscal year; and its quarterly financial reports within one month after the expiration of the first three months and the first nine months of each fiscal year. The financial reports shall be disclosed in accordance with the relevant laws, administrative regulations and the requirements of competent regulatory authorities.

Article 210 The Company may not establish any account books other than statutory account books. The assets of the Company shall not be deposited into any accounts opened in any individual's name.

Article 211 When the Company is distributing after-tax profits of a particular year, it should allocate 10% of the profits into the legal reserve fund. If the cumulated legal reserve fund reaches more than 50% of the registered capital of the Company, no further allocation is necessary.

If the legal reserve fund of the Company cannot make up for the losses in the previous year, then before making the allocation mentioned in the preceding paragraph, profits of that year should first be used to make up for the losses.

After the company takes out the legal reserve fund from the after-tax profits, if resolved by the shareholders' general meeting, it can also take out an arbitrary reserve from the after-tax profits.

After the Company makes up for losses and allocates reserves, the balance of the after-tax profits should be distributed according to the proportion of shares held by shareholders.

If the shareholders' general meeting contravenes the provisions of the preceding paragraph by distributing profits to shareholders before making up for losses and allocating legal reserves, the shareholders must return the distributed profits which are against the said provisions to the Company.

Shares of the Company held by the Company shall not participate in the distribution of profits.

Article 212 The reserve of the Company is used to make up for the Company's losses, increase the production operation of the company or increase the Company's capital. However, capital reserve cannot be used to make up for the Company's losses.

When legal reserve funds are converted into capital, the remaining balance of that reserve fund cannot be less than 25% of the registered capital of the Company before the conversion.

Article 213 The capital common reserve shall include the following funds:

1. the premiums obtained from the issue of shares in excess of the par value;
2. other revenue required by the State Council's department in charge of finance to be included in the capital common reserve.

Article 214 After the shareholders' general meeting has resolved on the plan to allocate profits, the board of directors should complete the distribution of dividends (or bonus shares) within 2 months of the meeting.

Any payment for shares that have been paid before the call can be entitled to the distribution of profits, but no shareholders shall have the right to participate in the profits subsequently announced in respect of the prepayment for shares.

Article 215 The Company's profits distribution is aimed at rewarding its investors with a reasonable investment return while taking into account the sustainable growth of the Company. The Company's profits distribution policy shall remain consistent and stable.

(I) Details of the profits distribution policy

1. Forms of profits distribution: the Company adopts a proactive dividend distribution policy in the form of cash or shares, and implements such policy in accordance with the laws, regulations and other regulatory requirements. Priority in profits distribution should be in cash rather than in shares. The Company shall distribute profits in the form of cash should such conditions are met. The Company may distribute interim dividend in cash if conditions permit.
2. Specific conditions for dividend distribution in the form of cash: in accordance with the laws, regulations and other regulatory requirements, the Company distributes dividend in cash if it records positive distributable profits and the cash flow of the Company can accommodate the needs of both its daily operation and sustainable development.

3. If the Company distributes cash dividends, the percentage of cash dividends shall comply with the following requirements simultaneously:
  - (1) the profits distributed by the Company in the form of cash each year shall not be less than 30% of distributable profits recorded in the year, in accordance with applicable laws, regulations and regulatory requirements;
  - (2) Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits; Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits; Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.

The “substantial capital expenditure arrangement” mentioned herein refers to matters that the total assets of transactions, including asset acquisitions and external investments, entered into by the Company within a year account for more than 30% (inclusive) of the latest audited total assets of the Company.

The board of directors of the Company shall propose a specific cash distribution plan by differentiating the aforesaid circumstances after taking various factors into consideration, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement.

4. Specific conditions for dividend distribution in the form of shares: where the Company records earnings and positive distributable profits for the year and the valuation on the shares of the Company is in a reasonable range, the Company may distribute dividend in the form of shares without prejudice to the scale of the share capital and the reasonable structure of shareholdings of the Company, while taking into consideration rewarding and sharing corporate value with investors.

(II) Review procedures for profits distribution

1. The board of directors will determine profits distribution plan of the Company on the basis of the Company's solvency, business development and operating results, as well as the percentage of cash dividend over the distributable profits for the relevant year and whether the Company should distribute dividend in the form of shares. Such distribution plan shall be submitted by the Board after consulting with the board of supervisors of the Company to the shareholders' general meeting for approval while the independent directors shall provide explicit opinions upon the same.
2. Independent directors may collect advice from minority shareholders and prepare a distribution proposal which shall be directly proposed to the board of directors for its consideration.
3. When considering a specific proposal for cash dividend at shareholders' general meeting, a variety of channels shall be adopted to actively communicate with shareholders, particularly the minority shareholders, including but not limited to online voting and inviting minority shareholders to attend meetings, to fully attend to the views of the minority shareholders and answer the questions they concern about in a timely manner.

(III) Amendments to the profits distribution policy on the basis of the Company's production and operation conditions, investment strategies or long-term development needs shall not contravene any laws, regulations or other regulatory requirements. The board of directors shall prepare a proposal for the amendments to the Company's profits distribution policy and submit the same to shareholders' general meeting for approval after seeking advice from the supervisory board. The independent directors shall give an independent opinion on such proposal. Among which, a proposal regarding amendments to the cash dividend policy shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting, and the amendments to the cash dividend policy shall not contravene the relevant requirements of China Securities Regulatory Commission and securities supervision and management authorities of the place(s) where shares of the Company are listed.

The Company shall disclose the formulation and implementation of cash dividend policy in detail in its annual report. The board of directors of the Company shall disclose the profits distribution plan and the arrangements or principles of the usage of retained undistributed profits in the annual report. The retained undistributed profits of the Company after the completion of the profits distribution for the then year shall be used to develop the operating business of the Company. If the Company generated profits in the then year while the board of directors did not make any cash dividend proposal, the reasons thereof and the application of funds retained by the Company not available for distribution, as well as the independent opinions from the independent directors, shall be explained in detail in the annual report.

Article 216 The Company shall appoint recipient agents for holders of foreign investment shares listed outside the People's Republic of China to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of foreign investment shares listed outside the People's Republic of China.

The recipient agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s) where the shares are listed.



The recipient agents appointed by the Company for holders of foreign investment shares listed at SEHK shall be trust companies registered in accordance with the Hong Kong Trustee Ordinance.

If the Company is authorized the forfeiture right of unclaimed distribution of profits, such right shall not be implemented until the expiry of the relevant applicable limitation period.

## **Section 2 Internal Audit**

Article 217 The Company shall implement an internal auditing system. It will be staffed with professional auditors to conduct internal auditing and monitoring on the financial income and expenses as well as economic activities of the Company.

Article 218 The internal auditing system of the Company and the responsibilities of the audit personnel should be implemented after approval by the board of directors. The audit staff should be responsible to and report their work to the board of directors.

## **Chapter 12 Employment of an Accounting Firm**

Article 219 The Company shall employ an independent accounting firm that complies with relevant State regulations to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company may be employed by the inaugural meeting prior to the first annual shareholders' general meeting. Such accounting firm shall hold office until the conclusion of the first annual shareholders' general meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

Article 220 The term of employment of an accounting firm employed by the Company shall be between the end of the annual shareholders' general meeting of the Company and the end of the next annual shareholders' general meeting.

- Article 221 An accounting firm employed by the Company shall have the following rights:
1. the right of access at all times to the account books, records or vouchers of the Company and the right to require directors, managers and other senior management staff of the Company to provide the relevant information and explanations;
  2. the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties;
  3. the right to attend shareholders' general meeting, receive notices or other information concerning any meetings or of which shareholders have a right to receive, and to be heard at any shareholders' general meetings on any matter which relates to it as the accounting firm of the Company.
- Article 222 If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a shareholders' general meeting is held. However, if there are other accounting firms holding the position as accounting firms of the Company while such vacancy still exists, such accounting firms shall continue to act.
- Article 223 The shareholders' general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of employment, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.
- Article 224 The remuneration or method of remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm employed by the board of directors shall be determined by the board of directors.

- Article 225 The employment, dismissal or refusal of the renewal of the employment of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the securities regulatory authorities of the State Council for the record.
- Article 226 The company guarantees to the accounting firm appointed, to supply true and complete accounting proof, accounting books, financial accounting report and other accounting information. It cannot refuse to provide or hide information, or provide false information.
- Article 227 When the company terminates or decides not to continue to appoint an accounting firm, it shall notify the accounting firm in advance. When the shareholders' general meeting votes on terminating the appointment of an accounting firm, the accounting firm is entitled to present its views. When an accounting firm resigns, it should explain to the shareholders' general meeting whether there are improper circumstances.
- Article 228 Where the shareholder's meeting intends to vote on a resolution to employ a non-current accounting firm to fill any vacancy of the accounting firm, to renew the employment of the accounting firm appointed by the board of directors to fill vacancy or to terminate the employment of the accounting firm prior to the expiry of its term, the following requirements shall be considered:
1. the resolution shall, before the issue of the notice of the shareholders' general meeting, be delivered to the accounting firm which is intended to be hired or is to leave office or has already left office within relevant accounting year. For the purpose of the preceding paragraph, the term "leave office" include dismissal, resignation and retirement.
  2. If the accounting firm which is to leave office makes an written statement and requires the Company to inform the shareholders of such statement, unless the Company receives the statement too late, the Company shall take the following measures:
    - (1) In the notice issued for the resolution, announce that the accounting firm to leave office has made an statement;

- (2) Send the copy of the statement to all the shareholders who has the right to receive the notice of the shareholders' general meeting.
3. If the Company fails to send out the statement of relevant accounting firm in accordance with subparagraph (2) of the preceding paragraph, the accounting firm can make a request to read out the statement at the shareholders' general meeting and make further complaints.
4. The accounting firm to leave office is entitled to attend the following meeting:
  - (1) The shareholders' general meeting when its term of office expires;
  - (2) The shareholders' general meeting for the purpose of filling the vacancy due to the leaving office of the accounting firm;
  - (3) The shareholders' general meeting convened due to the resignation of the accounting firm.

The accounting firm leaving office shall have the right to receive the notice of all the aforementioned meetings or other information thereof and give speech on matters concerning the accounting firm as former accounting firm of the Company at such meetings.

Article 229 If the accounting firm intends to resign from its duties, it can put a written notice at the company registry. The notice shall contain one of the following statements:

1. statements that its resignation is not concerned with any matters that need to be explained to the shareholders or creditors of the Company;
2. statements on anything that need to be explained.

The notice shall become effective from the date of its placement at the company registry or a later date as specified in the notice.

Article 230 The Company shall, within 14 days of the receipt of the said notice specified in Article 229, send a copy of the notice to authorities in charge. If the notice contains such statement as is mentioned in subparagraph 2 of Article 228, the Company shall also send a copy thereof to each shareholder that has the right to receive the report of the Company's financial situations.

Article 231 If the notice of the accounting firm's resignation contains such statement as is mentioned in subparagraph 2 of Article 229, the accounting firm can request an extraordinary meeting of the board of directors to be convened, in order to listen to its explanation of relevant situations about its resignation.

### **Chapter 13 Notice**

Article 232 Notices of the Company are issued in the following methods:

1. By personal delivery;
2. By mail;
3. By fax or email;
4. By the websites appointed by SEHK, under the premise of complying with the law, administrative regulations and listing rules of the place where the shares of the Company is listed;
5. By public announcement;
6. Other methods pre-agreed by the Company or the notified person or recognized by the notified person after receiving the notice;
7. Other methods specified by relevant regulatory authorities of the place where the shares of the Company is listed or the Articles.

- Article 233 For the purpose of the Articles, unless otherwise provided, the term “public announcement” means publishing public announcements in Chinese newspapers or magazines in respect of the public announcements that are made to the shareholders of domestic investment shares or that need to be made in China in accordance with the provisions of relevant regulations or the Articles. The newspapers and magazines shall be those that are designated in accordance with the provisions of the law and administrative regulations or by the State Council authorities in charge of supervision and management of securities. In respect of the public announcements that are made to shareholders of foreign investment shares listed outside the People’s Republic of China or that need to be made in Hong Kong in accordance with relevant regulations or the Articles, the public announcements shall be made in designated newspapers in Hong Kong in accordance with the requirements of the Listing Rules.
- Article 234 The public announcements, files or written statements issued by the Company to shareholders of foreign investment shares listed outside the People’s Republic of China, can be send by way of the methods specified in Article 232.
- Article 235 The notice for convening a shareholders’ general meeting shall be delivered to the shareholders of foreign investment shares listed outside the People’s Republic of China by way of the methods specified in Article 234 and be made to the shareholders of domestic investment shareholders by way of public announcement.
- Article 236 The notice to convene a board of directors’ meeting of the Company will use the methods of personal delivery, telephone, fax, telegram, letter and so on.
- Article 237 The notice to convene a board of supervisors’ meeting of the Company will use the methods of personal delivery, telephone, fax, telegram, letter and so on.

Article 238 If the notice is sent by hand, the recipient shall sign (or chop) on the receipt of delivery. The date of delivery is the date of acknowledgement of receipt by the recipient. If the notice is sent by mail, the date of delivery is 48 hours from the date of delivery to the post office. If the notice is made by public announcement, the date of delivery is the date of the first public announcement. If the notice is given by telephone, fax, email or websites, the date of delivery is the same day when the receipt answers the phone or the date of effectively issuing the written letters.

Article 239 Where the Company is required to send, mail, deliver by person, issue, announce or provide in other ways relevant files thereof in both Chinese and English versions in accordance with the listing rules of the place(s) where the shares of the Company are listed, if the Company has made suitable arrangement to identify whether shareholders thereof only want to receive Chinese version or English version, the Company can, within the scope permitted by laws and regulations and in accordance with applying laws and regulations, (based on the intention of the shareholders) send to the shareholders only the Chinese version or only the English version.

The following files shall be kept at Hong Kong for free inspection by the public and shareholders, and be provided to shareholders for photocopying at reasonable costs:

1. the full copy of the registry of shareholders;
2. reports about the situation of the share capital issued by the Company;
3. the latest audited financial statements of the Company and the reports of the board of directors, the accounting firm and the board of supervisors;
4. special resolutions of the Company;
5. the number and par value of the shares bought back by the Company since the last fiscal year, the sum paid therefor, and the report of the highest and lowest price paid to buy back securities of every category (divided by domestic investment shares and foreign investment shares listed outside the People's Republic of China);

6. a copy of the latest annual returns provided to Chinese Administration for Industry and Commerce or other authorities in charge for the record; and
7. the minutes of the shareholders' general meeting (only for shareholders' examination).

Article 240 If the Company is authorized to terminate sending dividend warrants by mail, such right shall not be implemented unless such dividend warrants have not been cashed two times in a row. However, the Company may also exercise such right if these dividend warrants have not been received by the recipient for the first time and have been returned.

Article 241 If the Company is authorized to sell the shares of shareholders who cannot be contacted, such right cannot be exercised except in accordance with the following provisions:

1. at least three times of profit distribution have been made in respect of relevant shares within 12 years and no one claims such profits distributed within that period; and
2. the Company puts an advertisement in the newspaper after the expiry of 12 years, stating its intension to sell the shares and inform SEHK of the relevant intension.



## **Chapter 14 Merger, Division, Increase and Decrease of Capital, Dissolution and Liquidation**

### **Section 1 Merger, Division, Increase and Decrease of Capital**

Article 242 The merger or division of the Company shall require the preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of the Company, relevant examination and approval procedures shall be carried out according to the law. Shareholders that oppose such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Shareholders of the foreign investment shares listed outside the People's Republic of China can make written statements to request the Company to provide notices, files or written statements in printed form or by email. If the shareholders of the foreign investment shares listed outside the People's Republic of China request to receive the printed form of such notices, files or written statements of the Company, they shall also specify whether the Chinese printed version, the English printed version or both versions shall be provided by the Company. The Company shall, in accordance with the requirements of such written statements, send the corresponding version to its registered domicile by person or by prepaid mail. Shareholders of the foreign investment shares listed outside the People's Republic of China may also, within a reasonable time in advance, send the Company a written notice and in accordance with proper procedures, change the way of receiving the aforementioned information and its language version.

Meanwhile, the Company can also send a written notice to request the shareholders of the foreign investment shares listed outside the People's Republic of China to specify whether the notices, files or written statements of the Company shall be delivered in printed version or by email. If the Company does not receive the above written confirmation from the shareholders of the foreign investment shares listed outside the People's Republic of China within the period designated by relevant laws, administrative regulations and rules of the securities supervision and management authorities of the place(s) where the shares of the Company are listed, the shareholders are deemed to agree that the Company can send or provide notices, files or written statements thereof in the ways (including but not limited to publishing on the Company's website by electronic means) designated in advance by the Company in accordance with relevant laws, administrative regulations and rules of the securities supervision and management authorities of the place(s) where the shares of the Company are listed.

Article 243 Merger of the Company may take the form of merger by absorption and merger by new establishment.

A company absorbing another company is called amalgamation. The absorbed company will be wound up. When 2 or more companies merge and establish a new company, this is called a newly established merger. The merged companies will be wound up respectively.

Article 244 In the event of a merger, the parties to the merger shall execute a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days and publish an announcement in a newspaper within thirty days of the date of the Company's merger resolution. A creditor may, 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 of the date of the announcement, demand that the Company repay its debts or provide a corresponding guarantee for such debt.

Article 245 Upon completion of the merger, the company that exists or the newly established company shall succeed to the claims and debts of the parties to the merger.

Article 246 If the Company is to be divided, its property shall be divided accordingly.

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days and publish an announcement in a newspaper within thirty days of the date of the Company's division resolution.

Article 247 The debts of the company before the division will be jointly and severally liable by the companies formed after the division. However, if before the division the company and its creditors have entered into a written contract concerning the repayment of debts, then the former provision does not apply.

Article 248 When a company needs to decrease its registered capital, it must prepare a balance sheet and a list of assets.

The Company shall notify the creditors within ten days of the date of the relevant resolution for the reduction of its share capital and shall publish an announcement in a newspaper within thirty days of 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 of the date of the announcement, to demand that the Company repay its debts or provide a corresponding guarantee for such debt.

After the company decreases its registered capital, its registered capital should not be lower than the legally prescribed minimum.

Article 249 Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registry according to the law. Where the Company is dissolved, it shall cancel its registration according to the law. Where a new company is established, its establishment shall be registered according to the law.

When a company increases or decreases its registered capital, it should vary its registration at the company registration organization according to the law.

## **Section 2      Dissolution and Liquidation**

Article 250      The Company shall be dissolved and liquidated according to the law due to the following reasons:

1.      Expiry of the operation period as specified by these Articles or the occurrence of other matters leading to winding up as specified by these Articles;
2.      The shareholders' general meeting resolves to wind up;
3.      The Company is wound up because of merger or division;
4.      If the Company is declared bankrupt according to the law because it is unable to pay its debts upon maturity;
5.      If the Company is lawfully ordered to close down as a result of violation of the law and administrative regulations.
6.      If the Company gets into serious trouble in operations and management and its continuation may incur material losses to the interests of the Shareholders, and no solution can be found through any other channel, the Shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company.

In the event that the Company is dissolved to the provisions of the preceding paragraph, a liquidation committee shall be established to commence the liquidation of the Company within fifteen days of the dissolution. The members of the liquidation committee shall be the Directors or persons determined by the Shareholders' general meeting. In the event of failure to establish a liquidation committee to carry out the liquidation within the stipulated period, creditors may apply to the people's court to appoint relevant professionals to form a liquidation committee for the liquidation.

Article 251 If the situation under subparagraph (1) of Article 250 occurs, the Company can continue to operate after the Articles have been amended.

When the Articles have been amended according to the previous paragraph, it must be passed by shareholders with more than two-thirds of the voting rights attending the shareholders' general meeting.

Article 252 Where the Company is to be dissolved pursuant to subparagraph (1) or (2) of Article 250, it shall establish a liquidation committee within 15 days. The members of such liquidation committee shall be determined by the shareholders' general meeting by way of an ordinary resolution.

Where the Company is to be dissolved pursuant to subparagraph (4) of Article 250, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Where the Company is to be dissolved pursuant to subparagraph (5) of Article 250, the relevant authorities in charge shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Article 253 If the board of directors decides that the Company should be liquidated (except the liquidation as a result of company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the announcement of liquidation.

The functions and powers of the board of directors shall terminate immediately after the shareholders' general meeting has adopted a resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' general meeting, and make a report to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation at least once a year. It shall make a final report to the shareholders' general meeting when the liquidation is completed.

Article 254 The liquidation committee shall notify creditors within ten days from the date of its establishment and publish an announcement in a newspaper within sixty days from the date of its establishment. The creditors shall, 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 of the announcement, declare their claims to the liquidation committee. Creditors, when filing their claims, should illustrate those claim-related issues and provide supporting documents. The liquidation committee shall carry out registration of creditors' claims.

During the period of declaration of claim, the liquidation committee shall not repay the debts to creditors.

Article 255 The liquidation committee shall exercise the following functions and powers during liquidation:

1. thoroughly examine the property of the Company and prepare a balance sheet and a list of properties respectively;
2. notify creditors by a notice or public announcement;
3. dispose of and liquidate relevant unfinished business of the Company;

4. pay up all outstanding tax and pay up tax generated during the liquidation process;
5. clear up claims and debts;
6. dispose of the property left after full payment of the Company's debts;
7. participate in civil litigation on behalf of the Company.

Article 256 After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and a list of properties, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or relevant authorities in charge for confirmation.

The Company should allocate the remaining assets of the Company, after paying the liquidation charges, staff salary, social insurance, legally prescribed compensation, outstanding tax and company debts, in proportion to the shares held by shareholders.

During the liquidation period, the Company continues to exist, but it cannot commence operational activities not related to the liquidation. Before the Company assets have been used to pay off that as required in the preceding paragraph, it will not be distributed to shareholders.

Article 257 If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and a list of properties, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the People's Court has ruled to declare the Company bankrupt, the Company's liquidation committee shall refer the liquidation matters to the People's Court.

Article 258 Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

Article 259 Members of the liquidation group should be loyal to their duties and perform liquidation duties according to the law.

Members of the liquidation group should not make use of their duties to receive bribes or other illegal income, and cannot embezzle the Company's assets.

If a member of the liquidation group causes losses to the Company or creditors, deliberately or due to a significant mistake, he should be responsible for compensation.

Article 260 When the Company is declared bankrupt according to the law, the bankruptcy liquidation will be handled according to the relevant law on enterprise bankruptcy.



## **Chapter 15 Amendment of the Articles of Association**

Article 261 The Company may amend its Articles of Association in accordance with the laws, administrative regulations and its Articles of Association.

Article 262 In any one of the following circumstances, the Company should amend its Articles:

1. After amendment of the Company Law or relevant laws or administrative regulations, the contents of the Articles conflict with the law or administrative regulations after the amendment;
2. The circumstances of the Company have changed so that they are different from the contents of the Articles;
3. The shareholders' general meeting decides to amend the Articles.

Article 263 Where an amendment to the Company's Articles of Association involves matters provided for in the Prerequisite Clauses, it shall become effective after being examined and approved by the departments authorized by the State Council to examine and approve companies and the securities regulatory authorities of the State Council. Where an amendment to the Company's Articles of Association involves matters of company registration, the registration shall be amended according to the law.

Article 264 The board of directors will amend these Articles according to the resolutions of the shareholders' general meeting to amend the Articles, and the opinion provided after examination by the authorities in charge.

Article 265 Amendment to the Articles which involves information to be disclosed, required by laws or regulations, should be publicly announced according to the requirements.

## **Chapter 16 Settlement of Disputes**

Article 266 The Company shall comply with the following principles of disputes settlement:

1. If any dispute or claim concerning the Company's business on the basis of the rights or obligations provided for in the Articles of Association of the Company or in the Company Law or other relevant laws or administrative regulations arises between a holder of foreign investment shares listed outside the People's Republic of China and the Company, between a holder of foreign investment shares listed outside the People's Republic of China and a director, a supervisor, general manager or other senior management staff of the Company or between a holder of foreign investment shares listed outside the People's Republic of China and a holder of domestic investment shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, directors, supervisors, the manager or other senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.

2. A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

3. Unless otherwise provided by the law or administrative regulations, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in subparagraph (1).
4. The award of the arbitration institution shall be final and binding upon each party.

## **Chapter 17 Supplementary Provisions**

Article 267 The board of directors can lay down by-laws of the Articles according to the requirements of the Articles. The by-laws cannot conflict with the Articles.

Article 268 The term “accounting firm” as used in the Articles of Association shall have the same meaning as “auditor”.

Article 269 The Articles of Association is written in Chinese, and the Chinese version shall prevail whenever there is any discrepancies between the Chinese version and the version in any other language.

Article 270 In these Articles, ‘more than’, ‘including’, ‘less than’ all include the proceeding number. ‘Not exceeding’, ‘excluding’, ‘below’, ‘above’ do not include the preceding number.

Article 271 Appendixes to the Articles of Association include Rules of Procedure for Shareholders' General Meetings, Rules of Procedure for Board Meetings and Rules of Procedure for Supervisory Committee Meeting.

The board of directors of the company is responsible for explaining these Articles.

*The English version of these Rules for Shareholders' General Meetings is for reference only. In case of any inconsistency with the Chinese version, the Chinese version shall prevail.*

## **RULES FOR SHAREHOLDERS' GENERAL MEETINGS**

**OF**



**洛陽欒川鉬業集團股份有限公司**

**China Molybdenum Co., Ltd.\***

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

(Stock Code: 03993)

(adopted by special resolution passed on 26 January 2011 and effective on 9 October 2012)

\* *For identification purposes only*

## **Chapter 1 General Provisions**

Article 1 In order to protect the lawful interests of China Molybdenum Co., Ltd. (“Company”) and its shareholders, clearly define the responsibilities and authorities of shareholders’ general meeting, enhance the efficiency of the procedures of the shareholders’ general meetings and ensure that the general meetings exercise the functions and powers thereof according to laws, the Rules are formulated in accordance with the Company Law of the People’s Republic of China (“Company Law”), the Rules for Shareholders’ General Meetings of Listed Companies, the Guide to Articles of Association of Listed Companies (2006 revised), the Articles of Association of China Molybdenum Co., Ltd. (“Articles of Association”), Listing Rules of Shanghai Stock Exchange and other applicable laws and regulations.

Article 2 The Board shall earnestly perform its duties and organise the general meeting in a careful and timely manner. All the directors of the listed company shall perform their due diligence obligations to ensure that the shareholders’ general meeting can be held in due manner and its powers can be exercised in accordance with the laws.

## **Chapter 2 Nature and Functions and Powers of the General Meeting**

Article 3 The nature of the shareholders’ general meeting: Shareholders’ general meeting is the highest authority of the Company.

Article 4 The general meeting shall exercise its powers within the scope of the Company Law and the Articles of Association.

Article 5 The general meetings are divided into annual general meeting and extraordinary general meeting. The annual general meetings shall be convened once a year and shall be held within six months after the close of the preceding accounting year.

Article 6 The Company shall convene an extraordinary general meeting within two months upon the occurrence of following circumstances:

- (1) the number of directors is below the minimum quorum as required by the Company Law, or is less than two-thirds of the number provided in the Articles of Association;

- (2) the outstanding losses of the Company reach one-third of the total amount of its paid-up share capital;
- (3) upon request by shareholders individually or collectively holding 10% or more of the Company's shares;
- (4) deemed as necessary by the Board;
- (5) the Supervisory Committee so requests;
- (6) other circumstances stipulated by laws, administrative regulations, department rules, Listing Place Regulations and the Articles of Association.

Article 7 The Board shall convene the general meeting within the time frame as required by Article 5 and 6 above on a timely basis.

### **Chapter 3 Extraordinary General Meeting proposed to be convened by Independent Directors, Supervisory Committee or Shareholders**

Article 8 Independent shareholders are entitled to propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receiving such proposal from the independent directors.

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after the passing of the relevant resolution of the Board. In the event that the Board does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given by way of announcement.

Article 9        The supervisory committee is entitled to, by signing one or more copies of requisition(s) in the same form and content stating the topics to be discussed at the meeting, propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving aforesaid written requisition(s).

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the Supervisory Committee.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such requisition(s), the Board shall be deemed as incapable of performing or failing to perform the duty of convening a general meeting, in which case the Supervisory Committee may convene and preside over such meeting by itself.

Article 10       Shareholders either individually or collectively holding more than 10 percents of the shares of the Company may, through signing one or more copies of requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall, in accordance with the laws, administrative regulations and Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving aforesaid written requisition(s).

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such requisition(s), shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee to convene the extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after receiving such proposal. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

Failure of the Supervisory Committee to issue the notice of the general meeting within required time frame shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, in which case, shareholders individually or collectively holding 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on his/her/their own.

Article 11 Where the supervisory committee or shareholders decide(s) to convene the general meeting by itself/themselves, it/they shall send out a written notice to the Board, and shall file with the dispatched office of CSRC at the locality of the Company and the stock exchange. The shareholding of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting. The Supervisory Committee or the convening shareholder shall submit relevant evidence to the dispatched office of CSRC at the locality of the Company and the stock exchange upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

Article 12 The Board and the secretary to the Board shall provide cooperation with respect to matters relating to a general meeting convened by the Supervisory Committee or shareholders on its/their own. The Board shall provide the register of shareholders as of the date of record date.

Article 13 Expenses arising from convening of a general meeting by the Supervisory Committee or shareholders shall be born by the Company.



## **Chapter 4 Proposal or Notice of the General Meeting**

Article 14 Content of proposals at the shareholders' general meeting shall be matters falling within the functions and powers of general meeting. It shall have definite topics to discuss and specific matters to resolve and comply with the laws, administrative regulations and the requirements in the Articles of Association.

Article 15 When the Company convenes a general meeting, the Board, Supervisory Committee or the shareholders either individually or collectively holding 3% or more of the Company's shares may put forward proposals to the Company.

Shareholders either individually or collectively holding 3% or more of the Company's shares may submit their provisional motions to the convener 10 days before the date fixed for convening of the meeting. The convener shall issue a supplementary notice of the general meeting 2 days after the motions have been received and announce the name of the shareholder submitting the provisional motions, shareholding percentage and the contents of the motions.

Other than the circumstances referred to in the preceding paragraph, after the convener has issued the notice on the general meeting, no changes shall be made to the motions listed in the notice of the meeting nor new motions shall be added.

The general meeting shall not vote on or resolve motions not listed in the notice of the general meeting or motions which do not meet the requirements in Article 14 of the Rules.

Article 16 A forty-five (45) days' written notice for convening the general meeting shall be given to notify shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve the written reply to the Company twenty (20) days prior to the date of the meeting.

The calculation of relevant time frame is exclusive of the date on which such meeting is held.

Article 17 The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total voting shares, the Company may hold the meeting; if not, the Company shall within 5 days notify the shareholders by public notice of the matters to be transacted at, the place and date for, the meeting and the Company may convene such meeting after making such announcement.

An extraordinary general meeting shall not transact matters not stated in the notice of meeting.

Article 18 A notice of a general meeting shall meet the following criteria:

- (1) be in writing;
- (2) specify the place, the form and the time of the meeting;
- (3) set out the matters to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals. Without limiting the generality of the foregoing, 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 transaction must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, general manager or other senior management members in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- (6) set out the full text of any special resolution proposed to be passed at the meeting;

- (7) contain a noticeable writing statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.
- (9) contain the record date for shareholders who are entitled to attend the general meeting;
- (10) contain the name and telephone number of the contact person for meeting affairs.

Article 19      The notice of the general meeting and the supplementary notice of the general meeting shall fully and completely disclose the specific content of the proposal and all the information and explanations necessary for the shareholders to make reasonable judgment on the matters to be discussed. In the event that the matters to be discussed need an advice from independent shareholders, their advices and reasons shall be disclosed when the notice of the general meetings or supplementary notice are dispatched.

Article 20      Where the election of directors and supervisors is proposed to be discussed at the general meeting, the notice of the meeting shall fully disclose the detailed information of the candidates for directors and supervisors, which should at least include the following:

- (1) educational background, working experience, and any part-time job;
- (2) whether there is any connected relationship between them and the Company or its controlling shareholder(s) or de facto controller;
- (3) disclosure of their shareholdings in the Company;
- (4) whether or not they have been subject to any punishment by CSRC or other related authorities or stock exchanges.

In addition to the adoption of the accumulative voting system to elect directors and supervisors, each of the candidates for directors or supervisors shall be proposed in a separate motion.

Article 21 Notice of a shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to the address of the shareholders as shown in the register of shareholders. For the holders of Domestic-Invested Shares, notice of the meetings may also be issued by way of public announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by CSRC within the interval between forty-five (45) days and fifty (50) days before the date of the meeting.

Article 22 After despatching the notice of general meeting, the general meeting shall not be postponed or cancelled without proper reasons. The motions stated in the notice of general meeting shall not be cancelled. In the event that the general meeting was postponed or cancelled, the convener shall make announcement at least 2 business days prior to the date on which the meeting is originally scheduled and expatiate on the reasons. In the case of adjournment, the date for the postponed meeting shall be stated in the notice.

## **Chapter 5 Registration for the Meeting**

Article 23 All shareholders or their proxies whose names appeared in the Register of the Company at the record date are entitled to attend the general meeting, and exercise their voting rights in accordance with relevant laws, regulations and Articles of Associations of the Company. Shareholders may attend the general meeting in person or appoint a proxy to attend and vote on their behalf.

Article 24 The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney duly authorised in writing, or in the case the principal is a legal person, either under its official seal or under the hand of its director or its attorney duly authorised.

Article 25 The power of attorney appointing a proxy to attend the general meeting on his/her behalf as produced by the shareholder shall state the following:

- (1) name of the proxy;
- (2) whether empowered with right to vote or not;

- (3) instructions to vote in favour of, against or abstain from, as the case may be, each proposal set out in the agenda of the general meeting;
- (4) the date of issuance of the power of attorney and the valid period;
- (5) signature (seal) of the principal. In the case that the principal is a legal person shareholder, the power of attorney shall bear the official seal of that legal person.

Article 26 Any form issued to a shareholder by the Board of the Company for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder to instruct at his/her own discretion the proxy to vote in favour of or against each resolution proposed at the meeting. Such proxy form shall specify, in the absence of specific instructions from the shareholder, whether the proxy may vote as his own discretion.

Article 27 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 principal, the power of attorney or other authorization 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 of the meeting.

In the case that the principal is a legal person, the proxy shall be authorized by the legal representative, the Board or other authority body of that legal person to attend the Company's general meeting.

Article 28 The meeting attendance register shall be prepared by the Company. The register of attendance shall include names of individuals or entities present at the meeting, identification card numbers, addresses, number of shares held or represented with voting rights, the principals' (individuals or entities) names, etc.

Article 29 The chairman of the meeting and the persons (including but not limited to lawyers, external auditors or staff members of the share registrars) retained by the Company shall verify the legal eligibility of the shareholders based on the register of shareholders provided by the securities registration and clearing authority and shall register the name of the shareholders and the numbers of shares with voting rights in their possession. Registration for the meeting shall be ended before the chairman of the meeting declares the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights in their possession.

Article 30 The Board, independent directors and qualifying shareholders are entitled to solicit voting rights from other shareholders to attend and vote at the general meeting.

## **Chapter 6 Holding of General Meeting**

Article 31 The Board shall organise the general meeting in a careful and timely manner in strict accordance with the Company Laws and other laws and regulations.

All the directors of the Company bear the fiduciary obligations for the normal convening of the general meeting, and shall not counteract the lawful function and power performed by the general meeting.

Article 32 The Board shall appoint a lawyer to attend a general meeting and give legal opinions on the following matters which shall be published thereafter:

- (1) whether the procedures for convening and holding the general meeting comply with the relevant laws and regulations, the Rules for the Shareholders' General Meetings of Listed Companies as well as the Articles of Association;
- (2) whether the eligibility of attendees and the convenor is lawful and valid;
- (3) whether or not the voting procedure and the voting results of the general meeting is lawful and valid;
- (4) legal opinions on other matters on the request of the Company.

- Article 33 The company shall hold the general meeting at its address or the place as required by the Articles of Association.
- General meetings will set meeting venue and be convened by ways of onsite meetings. The company may provide convenience for shareholders by ways of internet or other ways which are safe, economical and convenient. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.
- Article 34 In the event that the general meeting of the Company adopts online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.
- The beginning time for voting via internet or other ways for the general meeting shall not be earlier than 3:00 p.m. on the day prior to date when the on-site general meeting is convened, and shall not be later than 9:30 a.m. on the date when the on-site general meeting is convened. Its closing time shall not be earlier than 3:00 p.m. on the date when the onsite general meeting is concluded.
- Article 35 The Board and other chairman of the meeting shall take such necessary measures to ensure the normal order of the general meeting. For any disturbance to the normal order of the meeting and acts infringing on the lawful interests of the shareholders, measures will be taken to prevent them, and the relevant authority will be reported to pursue the matter.
- Article 36 When convening a general meeting by the Company, all directors, supervisors and the secretary to the Board shall attend the meeting while managers and other senior management members shall attend the meeting as non-voting attendees.
- Article 37 The general meeting shall be presided over and chaired by the chairman of the Board; Should the chairman is unable or fails to perform his/her duties, a Vice-chairman shall preside over the meeting; should the Vice-chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a Director elected by more than half members of the Board.

The chairman of the supervisory committee shall preside over and act as the chairman of the meeting of any general meetings convened by the supervisory committee on its own. In event that the chairman of the supervisory committee fails to or is unable to perform his/her duty, a supervisor elected by more than half of the supervisors shall preside over the meeting.

For general meetings convened by Shareholders by themselves, a representative nominated by the convener shall preside over the meeting and take the chair of the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to be the chairman of the meeting. If for any reason, the shareholders are unable to elect a chairman, then the shareholder (or its proxy) present and holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

When the general meeting is held and the chairman of the meeting violates these Rules which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the general meeting to act as the chairman of the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.

Article 38 The Chairman of meeting shall announce the beginning of the meeting as scheduled. Issues and proposals set out in the agenda shall be resolved item-by-item. Reasonable time shall be given for the discussion of each issue and proposal at the general meeting.

Article 39 Chairman of the meeting should announce the number of shareholders and proxies present at the venue of the meeting and the total shares held by them with voting rights, and the number of shareholders and proxies present at the venue of meeting and the shares held by them with voting rights shall be the number as shown on the registration of the meeting.

Article 40 At the annual general meeting, the Board and the Supervisory Committee shall report to the general meeting on their work over the previous year, and each of the independent directors shall also submit his/her work report.



Article 41 Except information involving commercial secrets of the Company, Directors, Supervisors and senior management shall respond to and explain the enquiries raised by shareholders at the general meeting. They may refuse to answer the inquiries in connection with the following circumstances but specify the reason:

1. inquires not relating to issues;
2. inquiries subject to further investigation;
3. information involving commercial secrets of the Company that can not be disclosed at the shareholders' general meeting;
4. response to inquiries which shall damage the overall interests of shareholders.

Article 42 Shareholders who request to address the general meeting shall complete the enrollment at the secretariat of the meeting. Shareholders' speeches shall be arranged in an order in direct proportion to number of their shareholding based on the enrolment. Shareholders shall make a speech at a designated seat after approval of the chairman of the meeting, which shall focus on the major topics of the meeting.

Article 43 The Chairman of the meeting shall specify the speaking duration and times for each speaker based on the circumstances. Speech of shareholders shall not be interrupted within the time limit, unless in special circumstances such as when it relates to information involving commercial secrets. Nor shall the shareholders interrupt the report of the Board or the supervisory committee by requiring for a speech.

The chairman of the meeting may refuse or stop such shareholders who breach aforesaid provisions.

Article 44 The chairman of the meeting has the right to announce the adjournment of meeting in accordance with the progress and the time arrangement of the meeting. The Chairman of the meeting also has the right to announce the adjournment of the meeting as and when he/she thinks necessary.

## **Chapter 7 Special Procedures for Voting by a Class of Shareholders**

Article 45 Shareholders holding different classes of shares are referred to as class shareholders.

A class of shareholders shall, in accordance with laws, administrative regulations and the articles of association, enjoy rights and assume obligations.

Article 46 Rights conferred on any class of shareholders in the capacity of shareholders (“Class Rights”) may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 48 to 52.

Article 47 The following circumstances shall be deemed to be a variation or abrogation of the rights of holders of certain class shares:

- (1) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights, distribution rights, or privileges equal or superior to the shares of such class;
- (2) to convert all or part of a class of shares into another class, or to convert all or part of another class of shares into that class of shares, or to grant such conversion right;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;

- (7) the creation of a new class of shares having voting or equity rights, distribution rights or other privileges equal or superior to the shares of such class;
- (8) the imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;
- (10) the increase in rights or privileges of shares of another class;
- (11) the restructuring of the Company which will result in shareholders of different classes bearing a disproportionate burden of such proposed restructuring;
- (12) the variation or abrogation of the provisions of this chapter.

Article 48 Shareholders of the affected class, whether or not otherwise entitled to vote at shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub paragraphs (2) to (8), (11) to (12) of Article 47, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of "interested shareholder(s)" as mentioned in the preceding paragraph is:

- (1) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on a stock exchange under Article 30 of the Articles of Association, a controlling shareholder within the meaning of Article 63 in the Articles of Association;
- (2) in the case of a repurchase of share by an off-market agreement under Article 30 of the Articles of Association, a shareholder to whom the proposed agreement relates;

- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Article 49 Resolutions of a class meeting shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class attending the class meeting who have the right to vote at the meeting according to Article 48.

Article 50 A 45 days' written notice convening a class meeting shall be given, to notify shareholders whose names appear in the register of shareholders of such class shares of the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve the written reply to the Company twenty (20) days prior to the date of the meeting.

If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total voting class shares at the meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders by public notice of the matters to be transacted at, the place and date for, the meeting again. The Company may convene such a meeting after such announcement.

Article 51 A notice of a class meeting shall be served exclusively on shareholders entitled to vote at such meeting.

Any class meeting shall be conducted as nearly as possible as any general meeting. Provisions in the Articles of Associations which relate to any general meeting shall apply to any class meeting.

Article 52 Apart from holders of other classes of shares, holders of domestic shares and overseas listed overseas shares shall be regarded as holders of different classes of shares.

The special procedures for voting by a class of shareholders shall not apply to the following circumstances:

- (1) any proposed issuance of domestic invested shares and overseas listed foreign invested shares by the Company in every 12 months, whether separately or together, if such proposed issuance of domestic invested shares and overseas listed foreign invested shares are approved by the shareholders in a general meeting by way of special resolution, and the domestic invested shares and overseas listed foreign invested shares proposed to be issued by the Company of not exceeding 20% of the shares in issue of such class;
- (2) where the Company's plan to issue domestic shares and overseas-listed shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority under the State Council; or
- (3) Shares held by holders of domestic shares are transferred to overseas investors under the approval by the securities regulatory authority of the State Council, and are dealt with on overseas stock exchanges. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

## **Chapter 8 Voting and Resolution of General Meeting**

Article 53 For connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting on such connected transactions, and the number of shares they represent carrying voting rights shall not be counted into the total number of shares with valid voting rights; the public announcements on resolutions passed at the general meeting shall fully disclose the voting of non-connected shareholders on the transactions.

If connected shareholders who are required to abstain from voting fail to do so, non-connected shareholders may request the connected shareholders to abstain from voting.

Shareholders (including proxies) shall exercise their voting rights based on the number of shares carrying voting rights represented by them, and each share has one vote. Voting on resolution at a general meeting may be conducted by registered poll.

The shares held by the Company itself carry no voting rights, and shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

Article 54 Apart from the accumulative voting mechanism, all the proposals shall be voted at the general meeting item by item. In case of different proposals for the same matter, the proposals shall be voted chronologically with resolutions adopted accordingly. The general meeting shall not vote on a proposal derived from combination of proposals or separation of a proposal or amend them in other ways. Unless a general meeting is suspended or no resolution can be reached due to force majeure or other special reasons, no proposal shall be set aside or receive no voting at the general meeting.

Article 55 When considering a proposal at the general meeting, no change shall be made thereto. Otherwise, the relevant change shall be treated as a new proposal which shall not be voted at the said general meeting.

Article 56 The same voting right can only be exercised by only one of the following means: on-site, via internet and other ways. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.

Article 57 Shareholders attending the general meeting shall submit their voting in one of the following ways: “for”, “against” or “abstain”. Ballot papers that are left in blank, unduly completed or illegible or that have not been cast, are deemed as void votes which means the voter has waived his rights, and the voting results corresponding to the shares in their possession shall be treated as “Abstain from voting”.

Article 58 Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be appointed by the chairman of the meeting to act as vote counters and scrutineers. Any shareholder who is interested in the matter under consideration and proxies of such shareholder shall not participate in the vote counting or scrutinizing.

For resolutions voted on at the general meeting, lawyers, shareholder representatives, the audit bodies appointed by the Company or share registrar and supervisor representatives shall count and scrutinize the votes jointly, and the voting results shall be announced forthwith. Voting results of the meeting shall be recorded in the minutes of meeting.

Shareholders or their proxies that vote on line or in other ways shall have the right to check and inspect their voting results through the relevant voting system.

Article 59 The conclusion of on-site general meeting shall not be earlier than the general meeting via internet or by other ways. The presider of the meeting shall announce the voting results of each proposal, and announce whether the proposal is passed or not based on the voting results. Prior to announcement of the voting results, companies, vote counter, scrutineer, substantial shareholder, internet service provider and other relevant parties involved in the general meeting, whether on-site, via internet or other ways, are obliged to keep confidentiality for the voting results.

Article 60 Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by not less than half of the voting rights held or represented by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by votes representing more than two-thirds of the voting rights held or represented by the shareholders (including their proxies) present at the meeting.

Article 61 The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board and the supervisory committee;
- (2) profit distribution plan and loss offset plan formulated by the Board;
- (3) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (4) the Company's annual report;
- (5) matters other than those required by the laws and administrative regulations or Articles of Association to be adopted by special resolution.

Article 62 The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) appointment or removal of members of the Board and the supervisory committee, their remuneration and manner of payment;
- (2) increase or reduction of the registered share capital and issue of shares of any class, stock warrants or other similar securities of the Company;
- (3) issuance of corporate bonds;
- (4) demerger, merger, dissolution and liquidation of the Company;
- (5) amendments to the Articles of Association of the Company;
- (6) any guarantee provided by the Company within one year, the amount of which exceeds 30% of the net assets as presented in the latest audited consolidated financial statements of the Company;
- (7) any purchase or disposal of substantial assets made by the Company within one year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;
- (8) share incentive scheme;
- (9) any other matters as required by the laws, administrative regulations or the Articles of Association of the Company and matters which, if resolved by way of an ordinary resolution at general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.

Article 63 Without a prior approval by way of special resolution is obtained in a general meeting, the Company shall not enter into any contract with any person other than the directors, general managers and other senior management members whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person, save for special circumstances such as the Company is in a crisis.



- Article 64 Resolutions of a general meeting shall be announced timely, and the announcement shall contain the number of shareholders and proxies present, the total number of shares carrying voting rights and the percentage of the total voting shares of the Company, means of voting, the voting result for each motion and the details of each of the resolutions passed.
- Article 65 If a motion is not passed, or if a resolution of the previous general meeting is changed at the said general meeting, special notes in connection therewith should be made in the announcement of the resolutions of the general meeting.
- Article 66 The chairman of the meeting should ensure that the meeting proceeds without interruption until resolutions have been reached. Where the meeting is interrupted or terminated due to special reasons such as force majeure, necessary measures should be taken to resume the meeting as soon as practicable, or to end the meeting directly with a timely announcement. The chairman should also report this situation to the local office of CSRC and the stock exchange(s).
- Article 67 The Board is responsible for the execution of the resolutions passed at the general meeting and asking for the chairman of the Board to arrange relevant staff to implement the resolutions based on the contents of resolutions; For resolutions to be implemented by the Supervisory Committee, they shall be organized and implemented by the Supervisory Committee directly.
- Article 68 Where a motion in relation to election of directors or supervisors is passed at a general meeting, the term of office for the newly elected directors or supervisors shall come into effect after resolutions have been passed at the general meeting.
- Article 69 Where a general meeting approves proposals regarding cash distribution, bonus issue or transfer of surplus reserve into share capital, the specific proposals shall be implemented within 2 months after the close of the general meeting.

Article 70 The chairman of the Board shall report the implementation status of the resolutions passed at the general meeting to the Board, and the Board shall report it to the next general meeting. Supervisory Committee shall directly report the resolutions implementation undertaken by it to the general meeting, or when it deems necessary, to the Board in advance.

Article 71 The resolutions passed at the general meeting are invalid should they are in violation of any laws, or administrative regulations. Should the procedures for convening a general meeting, or the way of voting, be in violation of any laws, administrative regulations or the Articles of Association of the Company, or a resolution be in violation of the Articles of Association of the Company, the shareholders may, within 60 days from the date when the resolution is made, request the People's Court to revoke it.

## **Chapter 9 Minutes of the General Meeting**

Article 72 Minutes of a general meeting shall be recorded by the secretary to the Board and include the followings:

- (1) time, place, agenda of meeting and name of the chairman of the meeting;
- (2) names of the chairman of the meeting, Directors, supervisors, general managers and other senior management present at the meeting;
- (3) number of shareholders and proxies present at the meeting, total number of the shares carrying voting rights held or represented by them, and the percentage of shares carrying voting rights held or represented by them to the total number of shares of the Company;
- (4) process of consideration for each motion, the gist of speaking and voting results;
- (5) shareholders' questions or recommendations and reply or explanation thereto;
- (6) names of the lawyer, the vote counter and the scrutineer;

(7) other matters which shall be recorded in the meeting minutes pursuant to the Articles of Association.

Article 73 The chairman of the meeting should ensure the truthfulness, accuracy and completeness of the minutes of the meeting. Directors, supervisors, the secretary to the Board, the convener or his representative and the chairman of the meeting shall sign on the minutes of the meeting. The minutes of the meeting should be maintained together with the register for attendance of shareholders present in person, the proxy forms of their proxies and valid information on voting via internet and by other means for a period of not less than 10 years.

## **Chapter 10 Miscellaneous**

Article 74 The Rules, as an annex to the Articles of Association, shall take effect and be implemented from the date of completion of the A Share Issue and listing of A Shares of the Company, after being considered and approved at the shareholders' general meeting of the Company.

Article 75 The Rules shall be drafted by the Board and subject to approval of the general meeting. Matters not covered by the Rules shall be executed in accordance with the relevant laws, regulation, regulatory documents, regulatory rules and listing rules at the place of listing of the Shares of the Company including the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Listing Rules of Shanghai Stock Exchange (“Listing Place Regulations”) and Articles of Association of the Company.. In case of any conflict between the Rules and the relevant laws, regulation, regulatory documents, Listing Place Regulations and Articles of Association of the Company, the latter shall prevail.

Article 76 In the Rules, references to “more than”, “within”, “below” “exceed” are all inclusive, while references to “not exceed”, “less than”, “beyond”, “lower than”, “higher than” are all exclusive.

Article 77 The Rules shall be interpreted by the Board.

*The English version of these Rules for Board Meetings is for reference only. In case of any inconsistency with the Chinese version, the Chinese version shall prevail.*

## **RULES FOR BOARD MEETINGS**

**OF**



**洛陽樂川鉬業集團股份有限公司**

**China Molybdenum Co., Ltd.\***

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

(Stock Code: 03993)

(adopted by special resolution passed on 26 January 2011 and effective on 9 October 2012)

(Amended by special resolution passed on 21 December 2012  
and effective on the same date)

\* *For identification purposes only*

## **Article 1 PURPOSE**

In order to further regulate meeting and decision-making procedures of the Board of Directors of China Molybdenum Co., Ltd. (hereinafter referred to as “the Company”), procure the Directors and the Board to effectively perform their duties and enhance the Board in terms of standardized operations and efficiency in decision-making, the Company has formulated the Rules in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guidelines for the Governance of Listed Companies, Proposed Model Rules of Procedure for Board of Listed Companies on Shanghai Stock Exchange and the Articles of Association of China Molybdenum Co., Ltd. (the “Articles of Association”).

## **Article 2 OFFICE OF THE BOARD**

The Office of the Board is established by the Board which is responsible for dealing with daily affairs of the Board.

The Secretary to the Board or Securities Representative concurrently acts as the head of Office of the Board to maintain the seals of the Board and the Office of the Board under authorization of the Board.

The Secretary to the Board shall ensure that procedures and all general rules of the Board are complied with.

## **Article 3 REGULAR MEETINGS**

The meetings of the Board shall be in the form of either regular meetings or extraordinary meetings.

At least four regular meetings of the Board shall be held in each year, which means an approximately quarterly frequency.

## **Article 4 PROPOSALS FOR REGULAR MEETINGS**

Before giving the notice on holding the regular board meetings, the Office of the Board shall thoroughly seek all Directors’ opinions to preliminarily reaches the meeting proposals which will be handed to the Chairman for determination.

The Chairman shall, If necessary, seek opinions from the General Manager and other senior management before determining the proposals.

## **Article 5 EXTRAORDINARY MEETINGS**

The Board shall convene an extraordinary meeting in any of the following circumstances:

- (1) when proposed by the shareholders representing more than one tenth of voting rights;
- (2) when proposed jointly by more than one third of the Directors;
- (3) when proposed by the Supervisory Committee;
- (4) when proposed by the General Manager;
- (5) when proposed by the Chairman;
- (6) when proposed by two or more Independent Directors;
- (7) when required by Listing Place Regulations of the company or the securities regulatory authority;
- (8) other circumstances provided by the Articles of Association.

## **Article 6 PROPOSING PROCEDURES FOR EXTRAORDINARY MEETINGS**

Where an extraordinary meeting of the Board is proposed in accordance with the provisions set out in the preceding paragraph, a written proposal signed under the hand (or seal) of the proponent shall be submitted through the Office of the Board or directly to the Chairman of the Board. The following shall be indicated in the written proposal:

- (1) the name of the proponent;
- (2) the reasons for the proposal or objective facts/causes on which the proposal is based;

- (3) the time or timeframe, venue and form of the proposed meeting;
- (4) the proposals in clear and specific terms; and
- (5) the contact information of the proponent and the date of proposal, etc.

The proposals shall be concerning matters that fall within the scope of the authorities of the Board as prescribed in the Articles of Association, and be submitted together with the relevant materials.

After receiving the aforesaid written proposals and the relevant materials, the Office of the Board shall forward such to the Chairman on the same day. If the Chairman considers the contents of the proposals not clear and not specific, or consider the relevant materials insufficient, they may request the proponent to revise or supplement the relevant contents.

The meeting of the Board shall be convened and presided over by the Chairman within 10 days upon receipt of the proposals or the request of the securities regulatory authority.

## **Article 7 THE CONVENING AND CHAIRING OF THE MEETING**

The meeting of the Board shall be convened and presided over by the Chairman of the Board. Where the Chairman of the Board is unable to or fails to perform his/her duties and responsibilities, the Vice Chairman shall convene and preside over the meeting. When the Vice Chairman is unable to or fails to perform his/her duties and responsibilities, one of the Directors shall be elected by half or more of the Directors to convene and preside over the meeting.

## **Article 8 NOTICES ON THE MEETING**

To hold regular meetings and extraordinary meetings of the Board, the Office of the Board shall deliver written notice of the meeting bearing its seal to all the Directors, Supervisors, the General Manager and the Secretary to the Board by hand, fax, email or other means within fourteen days and five days in advance respectively. If not delivered by person, the delivery shall be confirmed by calls and relevant records shall be made.

Where the circumstance is urgent and requires an extraordinary meeting of the Board to be held as soon as practical, appropriate notice on the meeting may be circulated at any time by phone or other verbal means, but the convener shall make explanations at the meeting.

**Article 9            CONTENTS OF THE NOTICE ON THE MEETING**

A written notice on the meeting shall at least include:

- (1) the time and venue of the meeting;
- (2) the form in which the meeting is convened;
- (3) the matters (proposals) to be reviewed;
- (4) the convener and the presider of the meeting, the proponent of the extraordinary meeting as well as its written proposals;
- (5) meeting materials necessary for the Directors' voting;
- (6) the requirement on that a Director shall attend the meeting in person or shall appoint other Directors to attend the meeting on his/her behalf;
- (7) the contact person and contact method;

A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the Board under urgent circumstances.



## **Article 10     ALTERATION OF THE NOTICE ON THE MEETING**

After a written notice on the regular meeting of the Board is circulated, if the time or venue or such other details of the meeting needs to be changed or the proposals for the meeting need to be supplemented, revised or cancelled, a written notice on changes specifying the circumstances, the relevant details of the new proposals, and other relevant materials shall be distributed three days before the original date of the meeting. If the meeting is less than three days away, the meeting shall be correspondingly postponed or held as originally scheduled with the unanimous approval of all Directors attending the meeting.

After a notice on an extraordinary meeting of the Board is issued, if the time or venue or such other details of the meeting needs to be changed or the proposals for the meeting need to be added, changed or cancelled, prior approval of all the attending Directors shall be obtained and corresponding records shall be made.

## **Article 11     HOLDING OF THE MEETINGS**

The meeting of the Board shall be held only when over half of the Directors attend the meeting. If the quorum of the meeting cannot be met as a result of Directors' refusal to attend or absence without reasons, the Chairman of the Board and the Secretary of the Board shall timely report such circumstances to the regulatory authority.

Supervisors may attend the meeting as non-voting delegates; the General Manager, or the Secretary of the Board who is not a Director shall attend the meeting as non-voting delegates. If considered necessary, the presider of the meeting may notify other relevant persons to attend the meeting as non-voting delegates.

**Article 12 PERSONAL ATTENDANCE AND ATTENDANCE BY PROXY AT THE MEETING**

In principle, Directors shall attend the meeting of the Board in person. If they are not able to attend the meeting due to certain reasons, they shall read the meeting materials in advance, form clear opinions and appoint other Directors in written to attend the meeting on their behalf.

A letter of authorization shall indicate:

- (1) the names of the appointing party and his/her proxy;
- (2) Brief opinions on every proposal made by the appointing party;
- (3) the scope of authorization of the appointing party and his/her instructions on voting intention in respect of the proposals;
- (4) reasons of the appointing party failing to attend meeting;
- (5) the signature of the appointing party and his/her proxy and the date, etc.

In case a Director authorizes any other Director to sign a written confirmation for a regular report, he shall make a special authorization in the letter of authorization.

The Director so appointed shall submit a letter of authorization to the presider of the meeting, stating the details of such appointment on the shareholders' attendance list of the meeting.

**Article 13 RESTRICTIONS ON ATTENDANCE BY PROXY**

The following principles shall be observed by Directors appointing proxies to attend the meeting of the Board and the proxies so appointed:

- (1) when a connected transaction is being reviewed, a Director who is not a related party shall not appoint a Director who is a related party to attend the meeting, and a Director who is a related party shall not accept the appointment of any Director who is not a related party;

- (2) an independent Director shall not appoint any non-independent Director to attend and vote at the meeting, and a non-independent Director shall not accept the appointment of any independent Director;
- (3) a Director shall not appoint any other Director to attend the meeting to act on his/her behalf with full discretion without having explained his/her opinions and voting intentions on the proposals, and the relevant Directors shall not accept any appointment with full discretion or with unclear scope of authorization;
- (4) a Director shall not accept the appointment from more than two Directors, nor shall a Director appoint any Director that has accepted the appointment from two Directors to attend the meeting on his/her behalf.

#### **Article 14 FORM IN WHICH A MEETING IS HELD**

In principle, the meeting of the Board shall be held on-site. When necessary, the meeting may also be held as voting via video, telephone, fax, or e-mail, etc. upon consent of the convener (presider) and the proponents so long as the Directors are able to fully express their opinions. The meeting of the Board can also be held on-site in combination with other means.

In the case of meetings other than meetings held on-site, the number of attending Directors shall be calculated by including the Directors who are on the spot as showed by video, the Directors who have expressed opinions in the telephone conference, valid votes actually received within the prescribed deadline via faxes, e-mails, or the written confirmation letters submitted by the Directors proving that they have attended the meeting.

#### **Article 15 CONSIDERATION PROCEDURES OF THE MEETINGS**

The presider shall request all the Directors attending the meeting of the Board to express clear opinions in respect of each proposal.

With respect to the proposals that shall be approved in advance by the independent Directors according to relevant provisions, the presider shall, before considering relevant proposals, designate one independent Director to read out the written approval opinions reached by the independent Directors.

The presider shall restrain in a timely manner any Director who obstructs the normal conduct of the meeting or interrupts the speech of other Directors.

Unless it is unanimously agreed by all attending Directors, the meeting of the Board shall not vote on any proposal not included in the notice on the meeting. Where a Director accepts the appointment of any other Director to attend the meeting of the Board on his/her behalf, he shall not vote on the proposal not included in the notice on the meeting on behalf of any other Director.

## **Article 16 EXPRESSING OPINIONS**

The Directors shall carefully read relevant meeting materials, and independently and prudently express their opinions in a fully informed manner.

A Director may inquire, prior to the meeting, the Office of the Board, the convener, the General Manager and other senior officers, the Special Committee of the Board, the accountant firm, the legal firm and other relevant persons and institutions to obtain necessary information for decision-making, and may also propose to the presider during the course of the meeting to request the aforesaid persons or representatives of the institutions to attend the meeting to give relevant explanations.

## **Article 17 VOTING AT THE MEETING**

After each proposal has been fully discussed on, the presider shall at an appropriate timing require the attending Directors to vote on it.

Voting for the meeting shall be executed by way of show of hands, written vote or open ballot on the basis of one vote per person.

Resolutions of the Board meeting may be made by means of fax signed by Directors present at the meeting on the basis that each Director is ensured to fully express his/her opinions.

The voting intention of the Directors shall be divided into the following categories: affirmative, negative or abstaining from voting. The attending Directors shall choose any one of the aforesaid voting intentions. If any Director does not choose any intentions or simultaneously chooses two or more intentions, the presider shall require such Director to make a new choice. If such Director refuses to do so, he/she shall be deemed as abstaining from voting. If any Director leaves the meeting venue halfway without returning and thus does not make a choice, he/she shall be deemed as abstaining from voting.

## **Article 18      CALCULATION OF VOTING RESULTS**

After the voting of the Directors present at the meeting, the Securities Representative and relevant personnel of the Office of the Board shall timely collect the Directors' votes, and pass them to the Secretary to the Board for calculation under the supervision of one Supervisor or Independent Director.

If the meeting is convened on site, the presider of the meeting shall announce the voting results forthwith. In other cases, the presider of the meeting shall require the Secretary to the Board to notify the Directors of the voting results before the next business day after the close of the specified voting time.

If the Directors vote after announcement of the voting results by the presider of the meeting or after close of the specified voting time, their votes shall be disregarded.

## **Article 19      FORMATION OF RESOLUTIONS**

Except for matters provided in Article 20 herein, a resolution on a proposal considered and passed at the Board meeting shall be voted for by more than half of all the Directors. Where any provision in any laws, administrative regulations or the Articles of Association prescribes a higher proportion of affirmative votes cast by Directors for the adoption of resolutions by the Board, such provision shall prevail.

Where the Board makes a resolution for guarantee matters and external investment matters within the scope of its powers according to the provisions in the Articles of Association and internal regulations of the Company, there shall be more than three fourths of all Board members who cast affirmative votes.

In case there is any conflict between different resolutions in terms of contents or meaning, the resolution formed at a later time shall prevail.

## **Article 20 ABSTAINING FROM VOTING**

A Director shall abstain from the voting on the relevant proposals in any of the following circumstances:

- (1) where such abstaining is prescribed in the regulatory requirements in the Company's listing place;
- (2) where the Director is of the view that he/she should abstain;
- (3) any other circumstances under which the Director shall abstain as a result of his/her being related to the enterprise involved in the proposal as prescribed in the Articles of Association;
- (4) any resolution in which the Director or his/her connected person is materially interested.

Under the circumstances where any Director abstains from voting, relevant Director shall not be counted in the quorum of the meeting. Relevant meeting of the Board can be held if more than half of the non-related Directors attend the meeting, and the resolution thus formed shall be passed by more than half of the non-related Directors. Where there are less than three non-related attending Directors, the relevant matters shall instead be submitted to the General Meeting for consideration.

## **Article 21 NON-EXCEEDING THE SCOPE OF AUTHORITY**

The Board shall transact business in strict compliance with its scope of authority as mandated by the general meeting and laid down in the Articles of Association, and shall not adopt any resolution beyond its authority.

## **Article 22 SPECIAL PROVISIONS ON DISTRIBUTION OF PROFITS**

Where the meeting of the Board needs to make a resolution regarding the distribution of profits, it may first notify the certified public accountant of the preliminary distribution plan to be submitted to the Board for review, and require the certified public accountant to issue a draft of audit report based thereon (all financial data other than those relating to the distribution of profits shall have been ascertained). After making a resolution on the distribution of profits, the Company shall require the certified public accountant to issue a formal audit report, on the basis of which the Board shall make resolutions on other relevant matters of the regular report.

In the event that the relevant laws, regulation, regulatory documents or regulatory rules and listing rules at the place of listing of the Shares of the Company do not require the Company to obtain a formal audit report from a certified public accountant, the Board is not required to follow the preceding paragraph when deciding on the distribution of profits.

## **Article 23 ABORTED PROPOSALS**

Where a proposal fails to be passed at a meeting of the Board, any proposal with the same contents shall not be considered again before the period of one month has lapsed in the absence of any significant changes in the relevant conditions and factors.

## **Article 24 SUSPENSION OF VOTING**

The presider of the meeting shall require the subject matter to be postponed for voting at the meeting if more than half of the Directors present at the meeting or more than two Directors consider the proposal to be indefinite and unspecific, or where an informed judgement cannot be made due to other reasons including inadequate meeting materials.

The Directors who suggest suspending the voting shall put forward specific requirements necessary for the resubmission of a proposal.

**Article 25      AUDIO RECORDS OF MEETING**

Audio records may be made where necessary for the whole process of a meeting of the Board held on-site, via video or telephone and by other means.

**Article 26      MINUTES OF MEETING**

The Secretary of the Board shall arrange the staff members of the Office of the Board to prepare the minutes of meeting for the meeting of the Board as early as possible. The minutes of meeting shall include:

- (1) the number of session, time, venue of the meeting and the form in which it is convened;
- (2) the delivery of the notice on the meeting;
- (3) the convener and the presider of the meeting;
- (4) whether the Directors attended the meeting in person or by proxy;
- (5) proposals considered at the meeting, the gist of every Director's speaking and main opinions in respect of relevant matters and voting intents for the proposals;
- (6) the voting method and results of each proposal (the number of affirmative, negative and abstaining votes shall be specifically indicated);
- (7) such other matters which the attending Directors consider necessary to record.

Where a reasonable notice is given by any Director, the Board shall provide relevant meeting minutes for his/her inspection at reasonable time.



## **Article 27 MEETING SUMMARY AND RESOLUTION RECORDS**

In addition to the minutes of meeting, the Secretary of the Board may also arrange the staff members of the Office of the Board to make summarized record of the meeting when necessary, and to make separate records of the resolutions formed at the meeting based on the voting results.

## **Article 28 SIGNATURE OF DIRECTORS**

The attending Directors shall sign their names on the minutes of meeting and record of resolution for confirmation on behalf of themselves or the Directors who appoint them to attend the meeting. If any Director holds dissenting opinions to the minutes of meeting or record of resolution, he/she may make a written note when signing his/her name. Where necessary, the Director may report the same to the regulatory authority or make a public declaration.

If any Director refuses to give confirmation by signature in accordance with the preceding paragraph, nor does he/she express dissenting opinions with written explanation, report his/her dissenting opinions to the regulatory authority or deliver a public declaration, such Director shall be deemed to be in total agreement with the contents of the minutes of meeting and records of resolutions.

## **Article 29 ANNOUNCEMENT OF RESOLUTIONS**

The announcement of the resolutions adopted by the Board shall be made by the Secretary of the Board according to Listing Place Regulations. Before the disclosure of an announcement of resolutions, the attending Directors, the persons attending the meeting as non-voting delegates, the personnel for recording and other services, etc. shall be obliged to keep the resolutions confidential.

## **Article 30 IMPLEMENTATION OF RESOLUTIONS**

The Chairman of the Board shall procure the relevant persons to implement the resolutions formed by the Board, check the implementation of resolutions, and report at future meetings of the Board the implementation of resolutions adopted.

### **Article 31 MAINTENANCE OF MEETING ARCHIVES**

The Board meeting archives including meeting notices, meeting materials, attendance lists of the meeting, letter of authorization for appointment of Director's proxy, audio record of the meeting, votes, meeting minutes signed by the Directors for confirmation, meeting summary, announcement of resolutions, shall be kept by the Secretary to the Board.

The meeting archives of the meeting of the Board shall be kept for 10 years or more.

### **Article 32 SUPPLEMENTARY PROVISIONS**

In the Rules, reference to “over” or “more than” shall be inclusive.

Matters not covered by the Rules shall be executed in accordance with the relevant laws, regulation, regulatory documents, regulatory rules and listing rules at the place of listing of the Shares of the Company including the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Listing Rules of Shanghai Stock Exchange (“Listing Place Regulations”) and Articles of Association of the Company. In case of any conflict between the Rules and the relevant laws, regulation, regulatory documents, Listing Place Regulations and Articles of Association of the Company, the latter shall prevail.

The Rules, as an annex to the Articles of Association, shall take effect and be implemented from the date of completion of the A Share Issue and listing of A Shares of the Company, after being considered and approved at the shareholders' general meeting of the Company.

The Rules shall be subject to the interpretation by the Board.

*The English version of these Detailed Working Rules for Supervisory Board Meetings is for reference only. In case of any inconsistency with the Chinese version, the Chinese version shall prevail.*

**DETAILED WORKING RULES FOR  
SUPERVISORY BOARD MEETINGS  
OF**



**洛陽欒川鉬業集團股份有限公司**  
**China Molybdenum Co., Ltd.\***

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

(Stock Code: 03993)

(adopted by special resolution passed on 26 January 2011 and effective on 9 October 2012)

\* For identification purposes only

## **Article 1 PURPOSE**

In order to further regulate meeting and decision-making procedures of the Supervisory Committee of China Molybdenum Co., Ltd. (hereinafter referred to as “the Company”), procure the Supervisors and the Supervisory Committee to effectively perform their duties and enhance legal person governance structure, the Company has formulated the Rules in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guidelines for the Governance of Listed Companies, Proposed Model Rules of Procedure for Supervisory Committee of Listed Companies on Shanghai Stock Exchange and the Articles of Association of China Molybdenum Co., Ltd. (the “Articles of Association”).

## **Article 2 OFFICE OF THE SUPERVISORY COMMITTEE**

The Office of the Supervisory Committee is established by the Supervisory Committee to attend to the daily affairs of the Supervisory Committee.

Chairman of the Supervisory Committee acts as the head of the Office of Supervisory Committee and maintains the seals. The Chairman of the Supervisory Committee may require the Securities Representative or other personnel of the Company to assist him/her in dealing with the daily business of the Supervisory Committee.

## **Article 3 REGULAR MEETINGS AND EXTRAORDINARY MEETINGS OF THE SUPERVISORY COMMITTEE**

Meetings of the Supervisory Committee shall be in the form of regular meetings and extraordinary meetings.

At least one regular meeting of the Supervisory Committee shall be held every six months. The Supervisory Committee shall convene an extraordinary meeting within ten days in any of the following circumstances:

- (1) When any Supervisor so requests;

- (2) When the General Meeting or a meeting of the Board passed resolutions in violation of the provisions and requirements of laws, rules, regulations and supervisory authorities, the Articles of Association, the resolutions of General Meeting and other relevant provisions;
- (3) When the malpractice of the Directors and the Senior Management may cause material damage or result in material adverse effect in the market;
- (4) When lawsuits are filed by shareholders against the Company, Directors, Supervisors and the Senior Management;
- (5) When the Company, Directors, Supervisors and Senior Management are punished by securities regulatory authorities or censured publicly by the Shanghai Stock Exchange;
- (6) When the securities regulatory authorities so requests;
- (7) Other circumstance required by the Articles of Association.

#### **Article 4 PROPOSALS FOR REGULAR MEETINGS**

The Office of the Supervisory Committee shall collect proposals from all Supervisors prior to issuing the notice to convene a regulatory meeting and shall seek opinions from the employees of the Company for two days at least and preliminarily reaches the meeting proposals for the Chairman's decision.

The Chairman shall seek the General Manager and other senior managers' opinions (where necessary) before determining the proposals. In respect of proposal collecting and opinion seeking, the Office of the Supervisory Committee shall explain that the focus of the Supervisory Committee is on the supervision of the standardized operation of the Company and the acts of Directors and Senior Management rather than the decision on the operation and management of the Company.

## **Article 5      PROPOSING PROCEDURES FOR EXTRAORDINARY MEETINGS**

Where the Supervisors propose to convene the extraordinary meeting, written proposal signed by the proposing Supervisors shall be submitted through the Office of the Supervisory Committee or directly to the Chairman of the Supervisory Committee. The written proposal shall include:

- (1) the name of the proposing Supervisor;
- (2) the reasons for the proposal or objective facts/causes on which the proposal is based;
- (3) the time or timeframe, venue and form of the proposed meeting;
- (4) the proposals in clear and specific terms;
- (5) the contact information of the proposing Supervisor and the date of proposal, etc.

The Office of the Supervisory Committee shall issue the notice to convene the extraordinary meeting within three days upon the Office of the Supervisory Committee or the Chairman receives the written proposal of the Supervisor.

Where the Office of the Supervisory Committee deliberately delays or withholds such notice, the proposing Supervisor shall timely report to the supervisory authorities.

## **Article 6      THE CONVENING AND CHAIRING OF THE MEETING**

The meeting of the Supervisory Committee shall be convened and presided over by the Chairman of the Supervisory Committee. Where the Chairman of the Supervisory Committee is unable to or fails to perform his/her duties and responsibilities, one of the Supervisors shall be elected by half or more of the Supervisors to convene and preside over the meeting.

## **Article 7 NOTICES ON THE MEETING**

To hold regular meetings and extraordinary meetings of the Supervisory Committee, the Office of the Supervisory Committee shall submit written notice of the meeting bearing its seal to all Supervisors by hand, fax, email or other means within ten days and five days in advance respectively. If not delivered by person, the delivery shall be confirmed by calls and relevant records shall be made.

Where the circumstance is urgent and requires an extraordinary meeting of the Supervisory Committee to be held as soon as practical, the notice on the meeting may be delivered at any time by phone or other verbal means, but the convener shall make explanations at the meeting.

## **Article 8 CONTENTS OF THE NOTICE ON THE MEETING**

A written notice on the meeting shall at least include:

- (1) the time and venue of the meeting;
- (2) the matters (proposals) to be reviewed;
- (3) the convener and the presider of the meeting, the proponent of the extraordinary meeting as well as the written proposals;
- (4) meeting materials necessary for the Supervisors' voting;
- (5) the requirement on personal attendance by Supervisors;
- (6) the contact person and contact method.

A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the Supervisory Committee under urgent circumstances.

## **Article 9 FORMS OF MEETING**

Meeting of the Supervisory Committee may be held on-site, by fax or telecommunication means.

In case of emergencies, the meetings of the Supervisory Committee may vote by telecommunication, however, the convener of the meeting (presider) shall describe the emergency in details to present Supervisors. In case of voting by telecommunication, the Supervisors shall fax their written opinions on the matters under consideration and the voting intention to the Office of the Supervisory Committee after confirmation by signature. The Supervisors shall not provide their voting intention only without written opinions or the reason for voting.

## **Article 10 HOLDING OF THE MEETINGS**

The meeting of the Supervisory Committee shall be held only when two third or more of the Supervisors attend the meeting. If the quorum of the meeting cannot be met as a result of Supervisors' refusal to attend or absence without reasons, other Supervisors shall timely report such circumstances to the regulatory authority.

The Secretary to the Board and the Securities Representative shall attend the meeting of the Supervisory Committee as non-voting participants.

## **Article 11 REVIEW PROCEDURES OF THE MEETINGS**

The presider shall request the Supervisors present at the meeting to express definite opinions on each proposal.

Upon proposal by the Supervisors, the presider of the meeting shall require relevant Directors, Senior Management, other employees of the Company or the personnel of relevant intermediary bodies to attend the meeting to receive inquiry.



**Article 12 RESOLUTION OF THE MEETING OF THE SUPERVISORY COMMITTEE**

Voting on resolutions at a meeting of the Supervisory Committee shall be executed in open ballot and in written with each person having one vote.

The voting intention of the Supervisors shall be divided into the following categories: affirmative, negative or abstaining from voting. The attending Supervisors shall choose any one of the aforesaid voting intentions. If any Supervisor does not choose any intentions or simultaneously chooses two or more intentions, the presider shall require such Supervisor to make a new choice. If such Supervisor refuses to do so, he/she shall be deemed as abstaining from voting. If any Supervisor leaves the meeting venue halfway without returning and thus does not make a choice, he/she shall be deemed as abstaining from voting.

Resolutions of the Supervisory Committee shall be passed by two-thirds or more of its members.

**Article 13 AUDIO RECORDS OF MEETING**

In respect of a meeting of the Supervisory Committee, audio record may be made, if necessary, for the whole meeting.

**Article 14 MINUTES OF MEETING**

The staff members of the Office of the Supervisory Committee shall prepare the minutes of meeting for on-site meetings. The minutes of meeting shall include:

- (1) the number of session, time, venue of the meeting and the form in which it is held;
- (2) the circulation of the notice on the meeting;
- (3) the convener and the presider of the meeting;
- (4) the attendance of the meeting;

- (5) proposals considered at the meeting, the gist of every Supervisor's speaking and main opinions in respect of relevant matters and voting intentions for the proposals;
- (6) the method and results of voting on each proposal (the number of affirmative, negative and abstaining votes shall be specifically indicated);
- (7) such other matters which the attending Supervisors consider necessary to record.

In respect of the meeting of the Supervisory Committee convened by telecommunication, the Office of the Supervisory Committee shall prepare minutes of the meeting with reference to the aforesaid stipulations.

## **Article 15 SIGNATURE OF SUPERVISORS**

Minutes of meetings shall be confirmed by the Supervisors present at the meeting with their signatures. If any Supervisor holds dissenting opinions to the minutes of meeting or records of resolution, he/she may make a written note when signing his/her name. Where necessary, the Supervisor may also report the same to the regulatory authority or make a public declaration.

If any Supervisor refuses to give confirmation by signature in accordance with the preceding paragraph, nor does he/she express dissenting opinions with written explanation, report his/her dissenting opinions to the regulatory authority or make a public declaration, such Supervisor shall be deemed to be in total agreement with the contents of the minutes of meeting and records of resolutions.

## **Article 16 ANNOUNCEMENT OF RESOLUTIONS**

The announcement of the resolutions adopted by the Supervisory Committee shall be made by the Secretary to the Board according to the regulatory rules and listing rules at the place of listing of the Shares of the Company including the Proposed Model Rules of Procedure for Supervisory Committee of Listed Companies on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Place Regulations").

## **Article 17 IMPLEMENTATION OF RESOLUTIONS**

The Chairman of the Supervisory Committee shall procure the relevant persons to implement the resolutions formed by the Supervisory Committee. The chairman of the Supervisory Committee shall report at future meetings of the Supervisory Committee the implementation of resolutions adopted.

## **Article 18 MAINTENANCE OF MEETING ARCHIVES**

The Supervisory Committee meeting archives including meeting notices, meeting materials, attendance lists of the meeting, audio record of the meeting, votes, meeting minutes signed by the Supervisors for confirmation, announcement of resolutions, shall be kept by personnel designated specially by the Chairman of the Supervisory Committee.

The meeting archives of the meeting of the Supervisory Committee shall be kept for 10 years or more.

## **Article 19 SUPPLEMENTARY PROVISIONS**

Matters not covered by the Rules shall be executed in accordance with Rules of Procedure for Board Meetings of the Company.

In the Rules, reference to “over” or “more than” shall be inclusive.

Matters not covered by the Rules shall be executed in accordance with the relevant laws, regulation, regulatory documents, Listing Place Regulations and Articles of Association of the Company. In case of any conflict between the Rules and the relevant laws, regulation, regulatory documents, Listing Place Regulations and Articles of Association of the Company, the latter shall prevail.

The Rules, as an annex to the Articles of Association, shall take effect and be implemented from the date of completion of the A Share Issue and listing of A Shares of the Company, after being considered and approved at the shareholders’ general meeting of the Company.

The Rules shall be subject to the interpretation by the Supervisory Committee.