

**Xinjiang Goldwind Science & Technology Co.,  
Ltd.**

**Articles of Association**

December 2019

# Table of Contents

Chapter 1 General Provisions .....	2
Chapter 2 Purpose and Scope of Business .....	4
Chapter 3 Shares and Registered Capital .....	5
Chapter 4 Capital Reduction and Share Repurchase.....	8
Chapter 5 Financial Assistance for Purchase of the Company’s Shares .....	10
Chapter 6 Shares and Shareholder Register .....	12
Chapter 7 Rights and Obligations of Shareholders .....	16
Chapter 8 The Shareholders’ General Meetings .....	20
Chapter 9 Special Procedures about Voting of the Class Shareholders .....	38
Chapter 10 The Board .....	40
Chapter 11 The CEO, President, and other Senior Management Personnel .....	49
Chapter 12 Secretary of the Company .....	51
Chapter 13 The Supervisory Committee .....	53
Chapter 14 Qualification and Obligations of Directors, Supervisors and Senior Management Personnel of the Company .....	57
Chapter 15 Financial and Accounting Policy, Profit Distribution, and Internal Audit .....	63
Chapter 16 Appointment of Accountancy Firm .....	69
Chapter 17 Merger and Division of the Company .....	71
Chapter 18 Dissolution and Liquidation of the Company .....	72
Chapter 19 Procedure for Amending these Articles .....	75
Chapter 20 Dispute Settlement.....	76
Chapter 21 Notice .....	77
Chapter 22 Notes.....	78

Note: The abbreviations in the marginal notes to the provisions of these Articles of Association have the following means:

- “GAALC” means the Guidelines on Articles of Association for Listed Companies (2006 Amendment);
- “MP” means the Mandatory Provisions for Articles of Association of Companies to be Listed Abroad;
- “ZJHH” means the Letter of Opinions on Supplementation and Amendment to Articles of Association of Companies to be Listed in Hong Kong;
- “Opinions” means the Opinions on Further Standardizing the Operation and Deepening the Reform of Overseas Listed Companies;
- “Guidelines for Secretaries” means the “Guidelines for Secretaries of Overseas Listed Companies’ Boards of Directors;
- “A3” means Appendix 3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; and
- “A13D” means Part D of Appendix 13 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

# Xinjiang Goldwind Science & Technology Co., Ltd.

## Articles of Association

### Chapter 1 General Provisions

- 1.01 These Articles of Association (these “**Articles**”) have been formulated in order to protect the lawful rights and interests of the Company and its shareholders and creditors, and to govern the activities and organization of the Company. These Articles are formulated in accordance with relevant national laws and administrative regulations, including the *Company Law of the PRC*, the *Securities Law of the PRC*, the *Special Regulations*, the *Mandatory Provisions*, and the *Guidelines on Articles of Association*.

The Company is a company limited by shares incorporated in accordance with the *Company Law of the PRC* and other relevant national laws and administrative regulations.

Following authorization by the *Approval regarding the Incorporation of Xinjiang Goldwind Science & Technology Co., Ltd.* (Xin Zheng Han [2001] No. 29) issued by the government of Xinjiang Uyghur Autonomous Region (“**Xinjiang**”), the Company was established by way of the overall restructuring of Xinjiang New Wind Kegongmao Co., Ltd.. On 26 March 2001, that Company received its business license upon registration with the Administration for Industry and Commerce of Xinjiang.

**The Company was jointly founded by 5 Corporate Shareholders and 9 Individual Shareholders. Each initiator uses their equity shares in the Xinjiang New Wind Engineering and Commercial Co., Ltd. that total RMB32,343,459.10 of book value of net assets and end 31 December 2000 to convert into 32,300,000 shares without discount rate as capital input for the Company. RMB 43,459.10 balance has enrolled into capital reserves. All the verified amount has been paid in full on 8 March 2001. Each initiator shareholder and their shareholding and percentage at the time of establishment are as followed:**

No.	Name of Initiator	Shareholding (ten thousands shares)	Percentage (%)
1	Xinjiang Wind Power Co., Ltd.	1,232.25	38.15
2	China Water Conservancy Investment Group Co., Ltd.	819.77	25.38
3	Tao Yi	159.24	4.93

4	Xinjiang Wind Power Institute	158.27	4.90
5	Wei Hongliang	125.00	3.87
6	Gu Baoyu	116.93	3.62
7	Xinjiang Solar Energy Technology Development Co., Ltd.	115.31	3.57
8	Wang Bin	105.62	3.27
9	Hu Nan	90.44	2.80
10	Ma Hui	87.53	2.71
11	Wu Gang	63.31	1.96
12	Guo Jian	61.05	1.89
13	Wang Jin	54.26	1.68
14	Beijing Junhe Huiye Investment Consulting Co., Ltd.	41.02	1.27
	Total Capital	3,230.00	100.00

Following authorization by the *Notice regarding Approval of the IPO of Xinjiang Goldwind Science & Technology Co., Ltd.* (Zheng Jian Fa [2007] No. 453) issued by the China Securities Regulatory Commission (the “CSRC”) on 5 December 2007, the Company initially offered 50 million Renminbi (“RMB”) denominated ordinary shares to the public and became listed on the Shenzhen Stock Exchange (the “SZSE”) on 26 December 2007.

Business License Number of the Company is: 650000410001060.

1.02 Registered corporate name:

Chinese: 新疆金风科技股份有限公司

English: XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.

1.03 Place of business: No. 107 Shanghai Road, Economic & Technological Development District, Urumqi, Xinjiang.

Postcode: 830026

Telephone: (0991)-3767411

Facsimile: (0991)-3767411

1.04 The Chairman of the Board (the “Chairman”) is the legal representative of the Company.

1.05 The Company is a company limited by shares for perpetual existence.

The Company is an Independent Legal Entity, and is governed and protected by national laws and administrative regulations of the PRC.

- 1.06 These Articles shall be legally binding upon the Company and its shareholders, directors, supervisors, and senior management personnel; each of such personnel may raise claims regarding Company’s matters in accordance with these Articles.

In accordance with these Articles, a shareholder may sue other shareholders, shareholders may sue the directors, supervisors, and senior management personnel of the Company, shareholders may sue the Company, and the Company may sue its shareholders, directors, supervisors, and senior management personnel.

The term “sue” used in the above paragraph means the initiation of legal proceedings in a court with jurisdiction in the PRC; the matters described in the above paragraph may also be referred to the specified arbitration organization for arbitration in accordance with these Articles.

- 1.07 All assets of the Company are divided into equally valued shares, with the liability of shareholders towards the Company limited to their respective shareholdings in the Company. The Company shall be liable for its debts with all its assets.

The Company may invest in other limited liability companies and companies limited by shares, and its liabilities to such companies shall be limited to the extent of its investments in such companies.

The Company shall not become an unlimited liability shareholder in other for-profit organizations.

- 1.08 The senior management personnel referred to in these Articles mean the Chief Executive Officer (the “CEO”), the president, the Chief Finance Officer (the “CFO”), the vice presidents, the Chief Engineer, and the Secretary of the Company.

- 1.09 Subject to approval by the competent approval authority, these Articles shall become effective from the date of the listing of the Company’s publicly issued H shares on the Hong Kong Exchanges and Clearing Limited (the “HKEx”). As of the effective date of these Articles, the Company’s previous articles of association and the amendments thereto shall automatically expire.

These Articles shall, from the effective date hereof, become a legally binding document governing the organization and behavior of the Company, and the rights and obligations between the Company and its shareholders, and between shareholders.

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

- 2.01 The purpose of the Company is to continuously improve its standard of

technology and operational management, create values for its shareholders, customers and suppliers to the maximum extent; create development opportunities for its employees; and stimulate the development of China's wind power industry, the improvement of environment, and the sustainable use of energy.

- 2.02 The business scope of the Company is as approved by the company registration authority.

The business scope of the Company includes: the manufacturing and marketing of large scale wind turbine generators (“WTGs”), and the import, development and utilization of WTG technologies; the construction and operation of pilot-scale wind farms; the manufacturing and marketing of WTG components; technical services and consultations related to the manufacturing of WTGs, and wind farm construction and operation; the import and export of WTGs, their components, and related technologies.

### **Chapter 3 Shares and Registered Capital**

- 3.01 The Company shall have ordinary shares at all times. The Company may have shares of other classes as needed, subject to approval by the appropriate department authorized by the State Council of the PRC (the “**State Council**”).

- 3.02 The Company's shares shall be issued in accordance with the principles of openness, fairness, and equality, with equal rights attributed to each of the shares of the same class.

Shares of the same class issued at the same time shall be issued at the same conditions and same price per share; the same price per share shall be paid for the shares subscribed for by any institution or individual.

- 3.03 Shares issued by the Company shall have a par value that is RMB1.00 per share.

The term “RMB” used in the above paragraph refers to the lawful currency of the PRC.

- 3.04 The Company may issue shares to domestic investors and foreign investors upon approval by the CSRC.

The foreign investors referred to in the above paragraph mean investors from foreign countries and from Hong Kong, Macao, and Taiwan regions that have subscribed for shares issued by the Company; the domestic investors referred to in the above paragraph mean investors from the PRC, excluding the regions specified above, that have subscribed for shares issued by the Company.

- 3.05 Shares issued by the Company to domestic investors and subscribed for in RMB shall be referred to as “domestic shares”.

Shares issued by the Company to foreign investors and subscribed for in a foreign currency shall be referred to as “foreign shares”. Foreign shares that are listed outside the PRC shall be referred to as “overseas listed foreign shares”.

The holders of both domestic shares and foreign shares are ordinary shareholders, and shall be entitled to the same rights and bear the same responsibilities.

Upon approval by the State Council’s securities regulatory body, domestic shareholders of the Company may transfer their shares to foreign investors, and such shares may be listed and traded overseas. The listing and trading of the shares transferred on an overseas stock exchange shall also comply with the regulatory procedures, regulations, and requirements of the overseas securities market. The listing and trading of such transferred shares on an overseas stock exchange is not subject to voting at a meeting of class shareholders.

- 3.06 Foreign shares issued by the Company and listed in Hong Kong are referred to as H Shares. H Shares are shares that have been approved for listing by the HKEx, with a par value denominated in RMB, and are subscribed for and traded in Hong Kong Dollars (“**HKD**”).
- 3.07 The total number of issued ordinary shares of the Company would be 4,225,067,647, of which 3,451,495,248 would be domestic shares listed in the PRC, accounting for 81.69% of the total number of ordinary shares issued by the Company, and 773,572,399 would be H Shares, accounting for 18.31% of the total number of ordinary shares issued by the Company.

Domestic shares of the Company are centrally entrusted with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. Foreign shares listed on the HKEx are principally entrusted with the Hong Kong Securities Clearing Company Limited, and may also be held by a shareholder in the name of an individual.

- 3.08 Regarding the plan for issuing overseas listed foreign shares and domestic shares by the Company as approved by the CSRC, the Board of Directors (the “**Board**”) of the Company may arrange for the implementation of such plan through separate issues.

The Company’s plan for the separate issues of overseas listed foreign shares and domestic shares in accordance with the above paragraph may be implemented separately within 15 months of the date of approval by the CSRC.

- 3.09 In issuing the planned shares, the Company shall issue the domestic shares and the overseas listed foreign shares in single tranches respectively. Where there are special circumstances such that the shares cannot be issued in one tranche, the Company may issue the shares in several tranches, subject to approval by

the CSRC.

- 3.10 The Company's registered capital will be RMB 4,225,067,647.
- 3.11 The Company may approve of capital increases in accordance with relevant provisions of these Articles depending on its business and development requirements.

The Company may increase its capital by:

- (1) issuing new shares to non-specific investors;
- (2) issuing new shares to specific investors;
- (3) placing new shares to existing shareholders;
- (4) distributing new shares to existing shareholders;
- (5) converting provident fund into share capital increases;
- (6) other means permitted by laws and administrative regulations.

Upon approval in accordance with the provisions of these Articles, the increase of capital by the Company shall be implemented in accordance with the relevant national laws, administrative regulations, and the procedures required by the securities regulatory body of the place of listing.

- 3.12 Unless otherwise required by laws, administrative regulations or these Articles, shares of the Company may be freely transferred with no lien attached.

The Company shall not accept its shares as the subject of pledge.

- 3.13 Shares of the Company held by the originators shall not be transferred within one year as of the date of incorporation of the Company. Shares of the Company that were issued prior to a public issue shall not be transferred within one year as of the date on which A Shares of the Company are listed and traded on the SZSE.

Directors, supervisors, and senior management personnel of the Company shall declare to the Company their shareholdings in the Company and the changes therein, and shall transfer no more than 25% of their total shareholdings in the Company each year during their term of office. No A Shares held by such individual shall be transferred within one year upon the listing of and dealings in the domestic shares. No A shares held by such individual shall be transferred within half year upon the termination of his or her service with the Company.

- 3.14 In the event that any of the Company's directors, supervisors, and senior management personnel as well as its shareholders each holding more than 5% shares in the Company sell their shares within 6 months after the purchase of such shares, or purchase shares within 6 months after the sale of such shares, all proceeds obtained there from shall be vested in the Company, and the Board of the Company will forfeit such proceeds. However, for a securities company



that holds more than 5% shares due to its underwriting of unsold shares, the sale of such shares shall not be subject to the 6-month period restriction.

In the event that the Board of the Company fails to comply with the provisions of the preceding paragraph, shareholders have the right to request the Board to implement the related provisions within 30 days. In the event that the Board of the Company fails to implement the requirements within the period specified above, shareholders may initiate litigation in the People's Court directly in their own names for the interest of the Company.

In the event that the Board of the Company does not comply with the provisions of the first paragraph of this Article, the responsible Director or Directors shall bear joint and several liabilities according to the law.

## **Chapter 4 Capital Reduction and Share Repurchase**

- 4.01 Under the condition that relevant provisions of national laws and administrative regulations have been complied with, the Company may reduce its registered capital in accordance with the provisions of these Articles.
- 4.02 The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital, and shall publish an announcement to that effect in the *Securities Times* within 30 days of the said date. Creditor shall be entitled to require the Company to repay its debts in full or to provide a corresponding guarantee of repayment within 30 days of receiving the written notice, or within 45 days of the date of the announcement for those who did not receive the written notice.

The registered capital of the Company after capital reduction shall not be less than the statutory minimum.

- 4.03 The Company may purchase its outstanding shares in accordance with procedures provided for in laws, administrative regulations, and these Articles, in the following circumstances:
- (1) deregistration of shares resulting from reduction of share capital of the Company;
  - (2) merger with another company that holds shares in the Company;
  - (3) using the shares for employee shareholding schemes or as share incentives;
  - (4) request from shareholders for the Company to repurchase their shareholdings due to their objection to the resolution of merger or division

made at a shareholders' general meeting;

(5) using the shares for converting bonds issued by the Company to convert them to stocks;

(6) necessary acts by the Company to protect its value while safeguarding the interests of shareholders.

Unless mentioned above, the Company shall not be involved in the purchases of its own shares.

Purchase of issued shares by the Company shall be conducted in accordance with the provisions of Articles 4.04 to 4.07 of these Articles.

4.04 The Company purchase its shares, by open on-market centralized transactions, or by other means authorized by the relevant laws and regulations and CSRC.

In circumstances categorized under provision (3), (5) and (6) of Article 4.03 of these Articles, the Company shall purchase its shares by open on-market centralized transactions.

4.05 The Company's repurchase of its shares by off-market agreement is subject to prior approval by the shareholders' general meeting in accordance with the provisions of these Articles. Upon prior approval by the shareholders' general meeting in the same manner, the Company may rescind or change the contracts concluded in the manner set forth above, or waive any of its rights in such contracts. If the Company repurchases its redeemable shares by means other than through the market or a tender, the price of such shares shall not exceed a certain maximum price; in the case of repurchase through a tender, then a tender proposal shall be provided to all shareholders on the same conditions.

The share repurchase contracts referred to in the above paragraph shall include (but not limited to) agreements whereby it's agreed to bear the obligation and obtain the right to repurchase shares.

The Company may not transfer its contract for the repurchase of its shares or any of its rights therein.

4.06 When the Company is to purchase shares because of the circumstances categorized under provisions (1) and (2) of Article 4.03, prior approval shall be obtained in shareholders' general meeting; when the Company is to purchase shares because of the circumstances categorized under provisions (3), (5) and (6) set out above, prior approval shall be obtained in board meeting where over two-thirds of the directors are present, with reference to the regulations of the Articles or authorization of the general meeting.

After the Company has bought back its shares according to law, unless otherwise specified by the government and the regulatory authorities, it shall

cancel or transfer the portion of shares concerned in accordance with the regulations of the law or these Articles and shall apply to the industry and commerce registration authority of the change in registered capital following cancellation.

The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled.

4.07 The Company shall comply with the following provisions when repurchasing its issued and outstanding shares, unless the Company is already in the process of liquidation:

- (1) In the event that shares of the Company are repurchased at par value, the payment therefore shall be deducted from the Company's book balance of distributable profit and the proceeds from a new share issue made to repurchase old shares;
- (2) In the event that shares of the Company are repurchased at a price higher than the par value, the portion equivalent to the par value shall be deducted from the Company's book balance of distributable profit and the proceeds from a new share issue made to repurchase old shares; and the portion in excess of the par value shall be handled as follows:
  1. in the event that shares are repurchased at par value, the payment therefore shall be deducted from the book balance of distributable profit of the Company;
  2. in the event that shares are repurchased at a price higher than the par value, the payment therefore shall be deducted from the Company's book balance of distributable profit and the proceeds from a new share issue made to repurchase old shares; provided, however, that the amount deducted from the proceeds from the new share issue shall not exceed the total premium obtained at the time of issuance of the old shares, nor shall it exceed the balance of the premium account (or capital reserve account) of the Company (including the premiums from the new share issue) at the time of repurchase;
- (3) Payments by the Company for purposes set forth below shall be paid out of the distributable profits of the Company:
  1. acquisition of the right to repurchase its shares;
  2. modification of the contract for the repurchase of its shares;
  3. release from any of its obligations under the repurchase contract.
- (4) After the par value of the deregistered shares has been deducted from the registered capital of the Company in accordance with relevant regulations, the amount deducted from the distributable profits for repurchasing the portion of the par value of shares shall be included in the premium account (or capital reserve account) of the Company.

## **Chapter 5 Financial Assistance for Purchase of the Company's Shares**

- 5.01 The Company or its subsidiaries shall not provide any financial assistance in any form and at any time to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company described above shall include persons that directly or indirectly undertake obligations due to their purchase of the Company's shares.

The Company or its subsidiaries shall not provide financial assistance in any form and at any time to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article do not apply to the circumstances described in Article 5.03 of this Chapter.

- 5.02 The financial assistances referred to in this Chapter shall include (but not limited to) those given by way of:

- (1) gift;
- (2) guarantee (including the undertaking of liability or the provision of property by the guarantor in order to secure the performance of the obligation by the obligor), compensation (however, not including compensation arising from faults made by the Company), and the 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, and a change in the parties to such loan or contract as well as the transfer of rights under such loan or contract;
- (4) financial assistance in any other form when the Company is insolvent or has no net assets, or when such assistance would lead to a major reduction in the net assets of the Company.

The undertaking of obligations referred to in this Chapter shall include the undertaking of an obligation by the obligor through concluding a contract or making an arrangement (regardless of whether such contract or arrangement is enforceable or not, and whether such obligation is undertaken by the obligor individually or jointly with any other person), or through changing its financial position in any other way.

- 5.03 Subject to the *Company Law of the PRC* and other laws, regulations, and regulatory documents, the following actions shall not be regarded as actions prohibited under Article 5.01 of this Chapter:

- (1) the Company provides the relevant financial assistance in good faith for the benefit of the Company, and the main purpose of such assistance is not for the purchase of shares of the Company, or such assistance is a part of an general project plan of the Company;
- (2) the Company lawfully distributes its assets as dividends;
- (3) the Company distributes dividends in the form of shares;

- (4) the Company reduces its registered capital, repurchase its shares, or adjust its shareholding structure in accordance with these Articles;
- (5) the Company provides a loan by the Company in the ordinary course of its business and within its business scope (provided that such action does not lead to a reduction in the net assets of the Company, or that the financial assistance is paid out of the distributable profits of the Company if a reduction of net assets does occur);
- (6) the Company provides money for an employee shareholding scheme (provided that such action does not lead to a reduction in the net assets of the Company, or that the financial assistance is paid from the distributable profits of the Company if a reduction of net assets does occur).

## **Chapter 6 Shares and Shareholder Register**

- 6.01 Shares of the Company shall be in bearer shares.

In addition to the particulars provided for in the *Company Law of the PRC*, the share certificates of the Company shall clearly indicate such other particulars as required to be specified by the stock exchange on which shares of the Company are listed.

- 6.02 The share certificates of the Company shall be signed by the Chairman. In the event that signatures of other senior management personnel of the Company are required by the stock exchange on which shares of the Company are listed, the share certificates shall also be signed by such other senior management personnel. The share certificates shall become effective once the Company's seal (including the Company's securities seal) is affixed thereto or printed thereon. Authorization by the Board shall be attained prior to the Company's seal or securities seal being affixed or printed on the share certificates of the Company. The signature of the Chairman or other senior management personnel on the share certificates may also be in printed form.
- 6.03 If the Company's shares are traded in a paperless form, the matters set forth in Article 6.01 and 6.02 of these Articles shall otherwise be subject to the regulations of the appropriate securities regulatory body of the place of listing.
- 6.04 The Company shall establish a shareholder register for the domestic shares, based on the credentials provided by the domestic securities regulatory body. The company shall set up an H Share shareholder register to register the following matters:

- (1) each shareholder's name, address (domicile), occupation or nature;
- (2) class and quantity of the shares held by each shareholder;
- (3) amount paid or payable for the shares held by each shareholder;
- (4) serial number of the shares held by each shareholder;

- (5) each shareholder's date of registration as a shareholder
- (6) each shareholder's date of termination as a shareholder

The shareholder register is the full proof of a shareholder's holding of the Company shares, unless there's evidence to the contrary.

- 6.05 The Company shall sign a Shares Custodian Agreement with the domestic securities registration agency, periodically check the major shareholders' information and the changes in their shareholdings (including equity pledges), to keep up with the Company's shareholding structure.

The Company may, based on the understanding and agreement reached between the State Council's securities regulatory body and the relevant foreign securities regulatory authority, deposit the shareholder register for overseas listed foreign shares outside the PRC and entrust a foreign agency to manage the register. The original shareholder register for the Company's overseas listed foreign shares listed in Hong Kong shall be deposited in Hong Kong.

The Company shall place a duplicate of the shareholder register for overseas listed foreign shares at the Company's domicile; the entrusted foreign agency shall keep the original copy and the duplicate of the shareholder register for overseas listed foreign shares consistent with each other.

If there is inconsistency between the original and the duplicate, the original copy shall prevail.

- 6.06 The Company shall keep a complete shareholder register.

The shareholder register shall consist of the following parts:

- (1) the shareholder register kept at the Company's domicile, with the exception of the ones stated in paragraphs (2), (3) and (4) below;
- (2) the shareholder register for domestic shares kept at the domestic registration and clearing agency;
- (3) the shareholder register for overseas listed foreign shares kept at the place of the stock exchange for overseas listing;
- (4) the shareholder registers kept elsewhere as needed for the listing of the Company's shares as decided by the Board.

- 6.07 Different parts of the shareholder register shall not overlap with one another. The transfer of shares registered in a particular part of the shareholder register shall not be registered in another part of the register during the existence of the registration of such shares.

All paid-up overseas listed foreign shares listed in Hong Kong may be transferred freely in accordance with these Articles. However, the Board may deny any document of transfer without providing any reason for the overseas listed foreign shares listed in Hong Kong unless they meet the following

conditions:

- (1) HKD2.50 (per transfer document), or the charge required by the Board from time to time (such charge shall not exceed the higher amount to be specified in the HKEx Listing Rules) has been paid to the Company for registration of the document of transfer and other documents that relate to or may affect the ownership of shares;
- (2) the document of transfer only involves overseas listed foreign shares listed in Hong Kong;
- (3) stamp duty has been paid in respect of the document of transfer, and registration has been made in accordance with the requirements of HKEx;
- (4) the relevant shares, and proof of the transferor's right to transfer shares as requested reasonably by the Board;
- (5) if shares are to be transferred to joint holders, then the number of such joint holders shall not be more than four;
- (6) the relevant shares are attached with no lien of the Company.

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.

No shares shall be transferred to persons that are underage, not of full mental health, and does not possess appropriate legal rights.

- 6.08 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.
- 6.09 When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated, or to carry out other acts requiring confirming of equity interests, the Board or the Board meeting convener shall decide a date for the record date. Shareholders whose names appear on the register at the end of the record date shall be the shareholders of the Company.
- 6.10 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 court with such jurisdiction for correction of the register.
- 6.11 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 ("**Relevant Shares**") if his share certificates ("**Original Share Certificate**") is lost.

Applications for the replacement of share certificates from holders of domestic shares that have lost their certificates shall be dealt with in accordance with relevant regulations of the *Company Law of the PRC*.

Applications for the replacement of share certificates from holders of overseas listed foreign shares that have lost their certificates may be dealt with in accordance with the laws, securities exchange regulations, or other relevant regulations of the place where the original register of holders of overseas listed foreign shares is kept.

Where holders of H Shares apply for replacement of their certificates after losing 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 notary certificate or statutory declaration. The notary 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; 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 photocopy of the public announcement that it intends to publish;

- (5) At the expiration of the 90-day period provided for in Items (3) and (4) hereof, if the Company has not received any objections to the issuance of a replacement share certificate from any persons, 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 guarantee.

- 6.12 After the Company has issued a replacement share certificate in accordance with these Articles, 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).
- 6.13 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.
- 6.14 All transfers of foreign shares listed in Hon Kong shall be done through common or normal format, or any other written format accepted by the Board (including the standard transfer format provided by provisions set out by the HKEx from time to time, or transfer form); The written document may be signed by hand, or by a company stamp (if either the transferor or transferee is a company). If either the transferor or transferee is a clearing agency recognized by the relevant provisions brought into effect from time to time of the laws of Hong Kong (“**Recognized Clearing Agency**”), or other agents, the transfer form may be signed in printed form.

## **Chapter 7 Rights and Obligations of Shareholders**

- 7.01 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.

- 7.02 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) Request, convene, host, participate, or appoint proxies to participate in shareholders’ general meetings in accordance with laws, and exercise corresponding voting rights;
  - (3) Supervise and control the Company's business activities, and raise suggestions and inquiries;
  - (4) Transfer, gift, or pledge of their shares in accordance with laws, administrative regulations, and these Articles;
  - (5) Obtain relevant information in accordance with these Articles, including:
    1. Obtaining these Articles after payment of a charge to cover costs;
    2. Being entitled to browse and copy, after payment of reasonable charges,

the following:

- a. All parts of the register of shareholders;
  - b. Personal information on the directors, supervisors, and senior management staff of the Company, including:
    - i. Current and previous names and aliases;
    - ii. Main address (domicile);
    - iii. Nationality;
    - iv. Full-time and all other part-time occupations and duties;
    - v. 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 for such purchases;
  - e. The minutes of shareholders' general meetings;
  - f. The minutes of board meetings;
  - g. The minutes of Supervisory Committee meetings;
  - h. The financial reports.
- (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 for the Company to repurchase the shareholdings of shareholders who objects to resolutions of mergers and demergers approved in shareholders' general meetings;
- (8) Other rights conferred by laws, administrative regulations, and these Articles.

7.03 Shareholders who request for the information described in the previous Article shall provide written documentation as proof of their shareholdings' category and amount. The Company shall provide the information as requested upon confirmation of the identification of the shareholders.

7.04 Shareholders have the right to apply to the civil courts for contents of resolutions of shareholders' general meetings and board meetings that are in violation of laws and administrative regulations to be found invalid.

In the event that the convening and voting procedures of shareholders' general meetings and board meetings that are in violation of laws, administrative regulations, or these Articles, or the contents of resolutions are in violation of these Articles, shareholders have the right to apply to the civil courts for revocation within 60 days of the date of resolutions.

7.05 In the event that directors and senior management staff violate laws, administrative regulations, or these Articles whilst performing duties of the Company, resulting in losses for the Company, shareholders that individually or jointly hold over 1% of shares of the Company and continuously for over 180 days have the right to request the Supervisory Committee to begin legal

proceedings in the civil courts by written application; in the event that the Supervisory Committee violate laws, administrative regulations, or these Articles whilst performing duties of the Company, resulting in losses for the Company, shareholders described above have the right to request the Board to begin legal proceedings in the civil courts by written application.

In the event that the Supervisory Committee or the Board refuse to begin legal proceedings after receiving the written request of shareholders described in the previous provision, or have not begun legal proceedings within 30 days of receiving the written request, or do not begin legal proceedings immediately under urgent circumstances that will lead to irreparable losses to the interests of the Company, the shareholders described in the previous provision have the right to begin legal proceedings directly with the civil courts for the best interests of the Company.

In the event that the lawful rights of the Company are violated by others resulting in losses, shareholders described in the first provision of this Article may begin legal proceedings with the civil courts in accordance with the previous provisions of this Article.

- 7.06 In the event that directors and senior management staff act in violation of laws, administrative regulations, or these Articles, resulting in the loss of interests of shareholders, shareholders may begin legal proceedings with the civil courts.
- 7.07 Holders of ordinary shares of the Company shall have the following obligations:
- (1) Abide by laws, administrative regulations, and these Articles;
  - (2) To pay subscription fees on the basis of the shares subscribed by them and the method of capital injection;
  - (3) Shall not give up their shares other than in circumstances stipulated by laws or regulations;
  - (4) Shall not abuse shareholder rights to damage the interests of the Company or other shareholders; Shall not abuse the independent position and limited liability of the corporate judicial person to damage the interests of the debtors of the Company; Shareholders that abuse their shareholder rights and cause losses for the Company or other shareholders shall be held responsible for compensation in accordance with laws. Shareholders that abuse the independent position and limited liability of the corporate judicial person and evade debts, resulting in serious damages to the interests of debtors of the Company, shall be held responsible for all associated responsibilities of Company debts.
  - (5) Other obligations imposed by laws, administrative regulations, and these Articles.

Shareholders shall not bear any further liabilities to the share capital other than the conditions agreed to by the subscriber of the relevant shares upon

subscription.

- 7.08 The controlling shareholder and actual controller of the Company shall not exploit their connected relations to damage the interests of the Company. In the event that a violation of this regulation results in losses for the Company, they shall be responsible for compensation.

The controlling shareholder and actual controller of the Company have the obligation of integrity towards the Company and social public share shareholders of the Company. The controlling shareholder shall strictly perform the rights of investors in accordance with laws. The controlling shareholder shall not exploit dividend distributions, capital restructures, external investments, funds occupancies, loan guarantees, and other methods to damage the legal rights of the Company and social public share shareholders, and shall not exploit the controlling position to damage the rights of the Company and social public share shareholders.

The controlling shareholder and actual controller of the Company shall not exercise any authority solely due to any persons that possess direct or indirect rights and did not disclosure such rights to the Company, and shall not use freezing or other methods to damage the rights associated with shares.

In addition to obligations imposed by laws, administrative regulations, or the listing rules of the securities exchanges on which the shares of the Company are listed, controlling shareholders shall not, in the exercise of their authority, 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 directors and supervisors of the responsibility to act honestly in the best interest of the Company;
- (2) Approving directors and supervisors (for their 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 directors and supervisors (for their own or another person's benefit) of depriving other shareholders of their individual rights, including (but not limited to) rights to distributions and voting rights, but does not include a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with these Articles.

- 7.09 The term "controlling shareholder" used in the previous Article shall refer to a person that satisfies any of the following conditions:

- (1) The person, acting alone or in concert with others, has the power to elect more than half of the directors;
- (2) The person, 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) The person, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
  - (4) The person, acting alone or in concert with others, actually controls the Company in any other manner.
- 7.10 Shareholders that hold over 5% of shares of the Company with voting rights and intend to pledge their shareholding shall submit a written report to the Company on the day of such action.

## **Chapter 8 The Shareholders' General Meetings**

- 8.01 The shareholders' general meeting shall be the authoritative organization of the Company and shall exercise the functions and powers in accordance with laws.
- 8.02 The shareholders' general meeting shall exercise the functions and powers to:
- (1) decide on the business policies and investment plans of the Company;
  - (2) elect and replace Directors and non-employee represented Supervisors, and decide on matters concerning the remuneration of Directors and Supervisors;
  - (3) deliberate and approve reports of the Board;
  - (4) deliberate and approve reports of the Supervisory Committee;
  - (5) deliberate and approve the annual financial budget and final account proposals of the Company;
  - (6) deliberate and approve the Company's plans for profit distribution and making up losses;
  - (7) make resolutions concerning the increase or reduction of the Company's registered capital;
  - (8) make resolutions concerning the issuance of corporate bonds;
  - (9) make resolutions on matters such as the mergers, divisions, dissolution, liquidation, or changes to the structure of the Company;
  - (10) amend these Articles;
  - (11) make resolutions on the employment, dismissal, or non-renewal of the accounting firms by the Company;
  - (12) deliberate the proposals raised by shareholders representing 3% or more of the Company's voting shares;
  - (13) deliberate and approve the guarantees described in Article 8.03 of these Articles;
  - (14) deliberate the Company's (including its Subsidiaries') significant acquisition or sales of material assets conducted within the period of one year with a value exceeding 30% of the latest audited total assets of the Company ;
  - (15) decide the connected transactions as required to be decided in the shareholders' general meetings in accordance with the provisions of the SZSE;
  - (16) deliberate and approve changes to the usage of raised funds;

- (17) deliberate the stock option incentive plan;
- (18) deliberate other matters as required to be decided in the shareholders' general meetings in accordance with laws, administrative regulations, departmental regulations, these Articles, and the listing rules of the place of listing of the Company.

8.03 Any of the following external guarantees to be provided by the Company (including its Subsidiaries) shall be subject to the deliberation and approval of the shareholders' general meeting:

- (1) any subsequent guarantee after the total amount of external guarantees reaches or exceeds 50% of the latest audited net assets;
- (2) any subsequent guarantee after the total amount of external guarantees reaches or exceeds 30% of the latest audited total assets;
- (3) any guarantee provided to any party with a gearing ratio of over 70%;
- (4) any single guarantee exceeding 10% of the latest audited net assets;
- (5) any subsequent guarantee after the total amount of guarantees for 12 consecutive months exceeds 30% of the latest audited total assets of the Company;
- (6) any subsequent guarantee after the total amount of guarantees for 12 consecutive months exceeds 50% of the latest audited net assets, and with an amount of more than RMB50 million;
- (7) any guarantee provided to shareholders, actual controllers, and their respective connected parties.

8.04 Without prior approval of the shareholders' general meeting, the Company shall not enter into any contract with any person other than Directors, Supervisors, or senior management personnel to entrust the management of all or a material part of the businesses of the Company to such person.

8.05 The shareholders' general meetings shall be divided into the annual general meeting ("AGM") and the extraordinary general meeting ("EGM"), convened by the Board. The AGM shall be convened once a year and shall be held within six months following the end of the preceding fiscal year.

The Board shall convene an EGM within two months of the occurrence of any of the following circumstances:

- (1) the number of Directors is less than the number provided for in the Company Law of the PRC or less than two-thirds of the total as required by these 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 jointly, holding 10% or more of the Company's issued and outstanding voting shares, request to convene an EGM in writing;

- (4) when deemed necessary by the Board or proposed by the Supervisory Committee;
- (5) other circumstances as required by laws, administrative regulations, departmental regulations, or these Articles.

8.06 The location of the shareholders' general meetings shall be at the address of the Company, or an alternative location that is clearly stated in the notice of shareholders' general meetings.

The shareholders' general meetings shall have a conference setting, and be held in an on-site form. The Company may also provide online, webcam, or other methods for the convenience of shareholders' participation. Shareholders that participate in the shareholders' general meetings through the methods described above shall be considered in attendance.

8.07 The Company shall engage lawyers for the shareholders' general meetings to provide, and subsequently announce, legal opinions on the following issues:

- (1) whether the convening of the meeting and the meeting process is compliant with laws, administrative regulations, and these Articles;
- (2) whether the attendees and conveners of the meeting are legally qualified to do so;
- (3) whether the voting process and poll results of the meeting are legally valid;
- (4) as requested by the Company, the legal opinions issued on other related matters.

8.08 Independent directors have the right to propose the convening of an EGM to the Board. In response to the proposal from the independent directors for the convening of an EGM, the Board shall, in accordance with laws, administrative regulations, and these Articles, provide a written feedback within 10 days after receiving the proposal with respect to whether it agrees with the proposal to convene an EGM.

In the event that the Board agrees to convene an EGM, a notice of the shareholders' general meeting shall be given within 5 days of such resolution by the Board; in the event that the Board disagrees with the convening of an EGM, the reasons for such shall be stated and announced.

8.09 The Supervisory Committee has the right to propose to the Board for the convening of an EGM, and such proposal shall be made in writing to the Board. The Board shall, in accordance with laws, administrative regulations, and these Articles, provide a written feedback within 10 days after receiving the proposal with respect to whether it agrees with the proposal to convene an EGM.

In the event that the Board agrees to convene an EGM, a notice of shareholders'

general meetings shall be given within 5 days of such resolution by the Board. Alterations to the original proposals in the notice shall be approved by the Supervisory Committee.

In the event that the Board disagrees with the convening of an EGM, or fails to provide any feedback within 10 days after receiving the proposal, the Board shall be considered to be unable or unwilling to perform the obligation to convene a shareholders' general meetings. The Supervisory Committee may at its sole discretion convene and preside over the EGM in accordance with these Articles.

- 8.10 Shareholders that, either individually or jointly, hold over 10% of shares of the Company have the right to propose to the Board for the convening of an EGM, and such proposal shall be made in writing to the Board. The Board shall, in accordance with laws, administrative regulations, and these Articles, provide a written feedback within 10 days after receiving the proposal with respect to whether it agrees with the proposal to convene an EGM.

In the event that the Board agrees to convene an EGM, a notice of the shareholders' general meeting shall be provided within 5 days of such resolution by the Board. Alterations to the original proposals in the notice shall be approved by the relevant shareholders.

In the event that the Board disagrees with the convening of an EGM, or fails to provide any feedback within 10 days after receiving the proposal, shareholders that, either individually or jointly, hold over 10% of shares of the Company have the right to propose to the Supervisory Committee for the convening of an EGM, and such proposal shall be made in writing to the Supervisory Committee.

In the event that the Supervisory Committee agrees to convene an EGM, a notice of the shareholders' general meeting shall be provided within 5 days of such resolution by the Board. Alterations to the original proposals in the notice shall be approved by the relevant shareholders.

In the event that the Supervisory Committee did not provide a notice of the shareholders' general meeting within the specified timeframe, the Supervisory Committee shall be considered to be unwilling to convene and preside over the shareholders' general meeting. The shareholders that, either individually or jointly, hold over 10% of shares of the Company for a period of 90 consecutive days or more may at their sole discretion convene and preside over the EGM in accordance with these Articles.

Any reasonable fees associated with shareholders' convening and hosting the meeting at their sole discretion due to the unwillingness of the Board to do so as described above shall be borne by the Company, and shall be deducted from



the fees payable to the Directors that neglected their duties.

- 8.11 In the event that the Supervisory Committee or shareholders at the sole discretion decide to convene a shareholders' general meeting, it shall notify the Board of the same in writing, as well as file with the branches of the CSRC in the place where the Company is located and related securities exchanges.

Prior to the publication of the resolutions of the shareholders' general meeting, the shareholdings, either individually or jointly, of shareholders that intend to convene the meeting shall not fall below 10% for 90 consecutive days.

Whilst publishing the notice and resolutions of the shareholders' general meeting, the shareholders that intend to convene the meeting shall provide related validation materials to the branches of the CSRC in the place where the Company is located and related securities exchanges.

- 8.12 The Board and the Secretary of the Board shall provide cooperation for the shareholders' general meetings convened by the Supervisory Committee or shareholders at the sole discretion. The Board shall provide the register of members as of the date of record.

The Company shall be responsible for all necessary fees related to the shareholders' general meetings convened by the Supervisory Committee or shareholders at the sole discretion.

- 8.13 Proposals of the shareholders' general meetings shall fall within the purview of the shareholders' general meetings, and shall have clear discussion subjects and specific matters to be resolved, and be in compliance with the relevant provisions of laws, administrative regulations, and these Articles.

- 8.14 When the Company is to hold a shareholders' general meeting, it shall give a written notice 45 days prior to the meeting, informing all the registered shareholders of the matters to be deliberated 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 regarding the proposed attendance.

- 8.15 Based on the written replies received 20 days prior to a shareholders' general meeting, the Company shall calculate the number of shares carrying voting rights of the shareholders intending to attend the meeting. The Company may convene the shareholders' general meeting if the number of the shares carrying voting rights of the shareholders who propose to attend is more than half of the total number of shares carrying voting rights of the Company. If the requirement is not met, the Company shall publish an announcement containing the proposed agenda, date and place of the meeting within five (5) days to re-notify the shareholders of the meeting. The Company may convene

the shareholders' general meeting after having published the announcement.

An EGM shall not resolve on matters which are not contained in the announcement.

- 8.16 When the Company convenes a shareholders' general meeting, the Board, the Supervisory Committee, and shareholders that, either individually or jointly, hold more than 3% of shares of the Company have the right to make proposals to the Company. The Company shall include all matters in the proposals that fall within the purview of the shareholders' general meeting into the agenda of this meeting.

Shareholders that, individually or jointly, hold more than 3% of shares of the Company can make and deliver the temporary proposals to the convener in writing 10 days or more prior to the shareholders' general meeting. The convener shall give a supplementary notice of the shareholders' general meeting within 2 days after receiving such proposals, and announce the contents of the temporary proposals.

Other than circumstances stipulated in the above provision, proposals already listed in the notice of the shareholders' general meeting shall not be altered and new proposals shall not be added following the issuance of the announcement of the notice of the shareholders' general meeting by the convener.

Proposals that are not clearly listed in the notice of the shareholders' general meeting or are not in compliance with Article 8.13 of these Articles shall not be voted on and decided during the shareholders' general meeting.

- 8.17 A notice of the shareholders' general meeting shall:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize the share capital structure of the Company or other restructuring, the terms of the proposed transaction shall be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal shall be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, or any senior management personnel of the Company in the matters to be discussed and the effect of the matters to be discussed on them in their capacity as shareholders so far as it is

- different from the effect on the interest of shareholders of the same class;
- (6) contain the text of any special resolution proposed to be resolved at the meeting;
  - (7) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote for and on behalf of him and that a proxy need not also be a shareholder;
  - (8) state the time and place for delivery of power of attorney for use at the meeting;
  - (9) state the record date for shareholders entitled to attend the meeting; and
  - (10) state the name and telephone number of the contact person for the meeting.

If a shareholders' general meeting is convened by the Supervisory Committee or shareholders at the sole discretion in accordance with these Articles, provisions of this Article are applicable to the notice of such shareholders' general meeting. .

- 8.18 Notices and supplementary notices of a shareholders' general meeting shall fully and completely disclose all detailed contents of all proposals. For matters to be discussed that require opinions from the independent directors, the opinions of the independent directors and reasons thereof shall be simultaneously disclosed with the notice or supplementary notice of the shareholders' general meeting.

For the shareholders' general meetings that utilize website services, the voting time and procedures for such method shall be clearly stated in the notice of the shareholders' general meeting.

- 8.19 If matters relating to election of Directors and Supervisors are proposed to be discussed at a shareholders' general meeting, detailed information concerning the candidates shall be fully disclosed in the notice of the shareholders' general meeting, which shall at least include the following:

- (1) educational background, work experience and all other positions undertaken on a part - time basis;
- (2) whether the candidates are connected with the Company, its controlling shareholders or de facto controllers;
- (3) disclosing the candidates' shareholdings in the Company;
- (4) whether the candidates have been subject to any punishment by the CSRC or other relevant department or to any sanction by any stock exchange.

- 8.20 Following the issuance of the notice of the shareholders' general meeting, without proper cause, the shareholders' general meetings shall not be postponed or cancelled, and proposals listed in the notice of a shareholders' general meeting shall not be cancelled. In the event that postponement or cancellation occurs, the convener shall publish an announcement and explain the reasons thereof at least 2 working days prior to the original meeting date.

- 8.21 The notice of a shareholders' general meeting shall be delivered to H Share shareholders (whether or not entitled to vote thereat) by personal delivery or mail postage prepaid to the recipients' address shown in the register of members. For the domestic shareholders, the notice of a shareholders' general meeting may be given through a public announcement.

The public announcement referred to in the preceding paragraph shall be published in the *Securities Times* during the period between 45 and 50 days prior to the meeting. Once the announcement is made, all domestic shareholders shall be deemed to have received the notice of the relevant shareholders' general meeting.

- 8.22 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions made at that meeting..
- 8.23 All shareholders or their proxies as registered on the record date shall have the right to attend the shareholders' general meetings, and may exercise their right to vote in accordance with relevant laws, regulations, and these Articles.

Shareholders may attend the shareholders' general meetings in person, or may also appoint a proxy to attend and vote on their behalf.

- 8.24 Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (whether a shareholder or not) as his proxies to attend and vote for and on his behalf. Such proxies may exercise the following rights according to the entrustment by the shareholder:
- (1) having the same right as the shareholder to speak at the shareholders' general meeting;
  - (2) individually demanding or joining in demanding a poll;
  - (3) voting by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

In the event that such shareholder is a recognized clearing house (or its proxy), such shareholder may authorize one or more suitable persons to act as its representative at any shareholders' general meeting or at any class shareholders' general meetings; however, if more than one person is authorized, the power of attorney shall clarify the amount and type of shares associated with such persons' authorization. The persons who have received such authorization may exercise the rights on behalf of the recognized clearing house(or its proxy) , as is such persons were an individual shareholders of the Company.

- 8.25 Individual shareholders attending a meeting in person shall present their

personal identification card or other valid documentation, proof, or stock account card that can clarify their identity; proxies attending a meeting on behalf of shareholders shall present their valid personal identification card and the power of attorney signed by the shareholders.

Corporate shareholders shall attend the meeting through their legal representative or proxies authorized by the legal representative. In the event that the legal representative is in attendance, such persons shall present their personal identification card and valid proof to show that they qualify as the legal representative; in the event that proxies are in attendance, such proxies shall present their personal identification card and the power of attorney issued by the legal representative of the corporate shareholder affixed with the corporate seal, or signed by the Directors or officially appointed proxy.

The power of attorney shall clarify the number of shares represented by the proxy. In the event that more than one proxy is authorized, the power of attorney shall clarify the number of shares represented by each proxy.

- 8.26 The power of attorney appointing a voting proxy shall be deposited 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. In the event that the power of attorney is signed by another person authorized by the entrusting party, the power of attorney or other authorization documents authorizing the signature shall be notarized. The notarized power of attorney or other authorization documents shall be placed together with the power of attorney appointing a voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

In the event that the entrusting party is a legal person, once the power of attorney is signed by the official authorized representative, its legal representative or any person authorized by the Board or by other decision-making body shall attend the Company's shareholders' general meeting as a representative.

- 8.27 The power of attorney issued by shareholders to appoint proxies to attend a shareholders' general meeting shall clarify the following details:

- (1) Name of proxies;
- (2) Whether or not they have voting rights;
- (3) Instructions to vote for, against, or abstain for each of the matters to be deliberated set forth in the agenda of the shareholders' general meeting ;
- (4) Date of issuance and the valid term of the power of attorney;
- (5) Signature (or seal) of the entrusting party.

- 8.28 Any form of power of attorney provided to the shareholders by the Company's

Board for the appointment of shareholders' proxies shall allow the shareholders to elect freely to instruct the proxy in the casting of votes (in favor or against) and give instructions in respect of each matter of every business to be transacted at the meeting for which a poll is required. The power of attorney shall specify that if no instruction is given by a shareholder, the proxy may vote according to his own will.

- 8.29 A vote given by a proxy in accordance with a power of attorney shall be valid notwithstanding the death or incapability of the entrusting party, revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such matters as aforesaid shall have been received by the Company before the commencement of the meeting in connection therewith..
- 8.30 The Company shall be responsible for the preparation of the meeting attendance register. The meeting attendance register shall state the name (or name of shareholders), personal identification number, registered address, number of shares with voting rights held or represented, name of person being represented (or name of shareholders), and other matters of the persons in attendance of the meeting.
- 8.31 The convener and lawyers retained by the Company shall jointly verify the legitimacy of the qualifications of shareholders in accordance with the register of members provided by the securities registration and clearing authority and appointed foreign agencies, and shall register the names (or aliases) of shareholders and the respective number of shares with voting rights held. The chairman of the meeting shall announce the number of shareholders and proxies physically present at the meeting and the total number of shares with voting rights held prior to the voting on the meeting. The meeting registration shall come to a close before the chairman of the meeting announces the number of shareholders and proxies physically present at the meeting and the total number of shares with voting rights held. The meeting registry shall represent the official data for the number of shareholders and proxies physically present at the meeting and the total number of shares with voting rights held.
- 8.32 When convening a shareholders' general meeting, all Directors, Supervisors and the Secretary of the Board of the Company shall attend the meeting. The senior management personnel shall attend the meeting as participants..
- 8.33 The Chairman of the Board shall convene and act as the chairman of the shareholders' general meeting. If the Chairman of the Board is unable to attend the meeting, the vice-chairman of the Board shall convene and act as the chairman of the shareholders' general meeting. If both the Chairman and vice-chairman are unable to attend the meeting, the meeting shall be chaired by a Director jointly nominated by more than half of the Directors.

The chairman of the Supervisory Committee shall preside over the shareholders' general meetings convened by the Supervisory Committee at its sole discretion. In the event that the chairman of the Supervisory Committee is unable to or fails to fulfill the required obligations, the meeting shall be presided over by a Supervisor jointly nominated by more than half of the Supervisors.

For the shareholders' general meetings convened by shareholders at their sole discretion, the convener shall nominate a representative to preside over the meeting.

In the event that the chairman violates the procedural regulations during the shareholders' general meeting that results in the shareholders' general meeting being unable to continue, upon approval by more than half of the shareholders with voting rights present at the meeting, a person may be nominated to chair the shareholders' general meeting and the meeting may continue.

- 8.34 The Company shall formulate the shareholders' general meeting's procedural regulations, detailing the convening and voting procedures of the shareholders' general meeting, including notices, registration, deliberation of proposals, voting, vote counting, announcement of poll results, formulation of meeting resolutions, meeting minutes and its signature and announcement, etc., and the principles and contents of authorization by the shareholders' general meeting to the Board shall be clear and detailed. The shareholders' general meeting's procedural regulations shall be prepared by the Board, approved by the shareholders' general meeting, and included in the Appendix of these Articles.
- 8.35 On the annual general meeting of shareholders, the Board and Supervisory Committee shall report on their work over the last year. Each of independent directors shall also report on their work.
- 8.36 The Directors, Supervisors, and senior management personnel shall provide responses and explanations to the queries or recommendations raised by the shareholders at a shareholders' general meeting.
- 8.37 The minutes of the shareholders' general meeting shall be kept, and shall be prepared by the Secretary of the Board. The minutes shall record the following contents:
- (1) The time, place, agenda, and name or alias of the convener of the meeting;
  - (2) The name of the chairman of the meeting and those of the Directors, Supervisors, the president, and other senior management personnel who attend the meeting as attendees and participants;
  - (3) The number of shareholders and proxies present at the meeting, the total number of shares with voting rights held and the percentage in terms of the total share capital of the Company;

- (4) The deliberation, key points, and poll results of every proposal;
- (5) Queries or recommendations of the shareholders and the corresponding response or explanation in relation thereto;
- (6) The Names of lawyers, vote counters, and scrutineers;
- (7) Other contents that are required to be recorded into the minutes by these Articles.

8.38 The convener shall ensure that the content of the minutes shall be true, accurate and complete. Minutes of the shareholders' general meeting shall be recorded by the Secretary and signed by the Directors, Supervisors, Secretary of the Board, the convener or its representative and the chairman of the meeting presented in the meeting. The minutes shall be kept for a minimum of 10 years, and filled with attendance register of shareholders present, power of attorney of proxies, and valid documents regarding to the online and other methods of voting.

8.39 The convener shall ensure that a shareholders' general meeting is held on a continuous basis until a final resolution is adopted. If a shareholders' general meeting is suspended or no resolution can be adopted due to force majeure or other exceptional reasons, necessary measures shall be taken so as to promptly re-convene the shareholders' general meeting or to directly terminate the shareholders' general meeting, and public announcement relating thereto shall also be made on a timely basis. At the same time, the convener shall report the same to the branches of CSRC and the relevant stock exchanges.

8.40 Resolutions of the shareholders' general meeting shall be divided into the Ordinary Resolution and Special resolution.

An Ordinary Resolution by a shareholders' general meeting shall require the approval of shareholders (including proxies) representing more than half of the voting rights present at the meeting.

A Special Resolution by a shareholders' general meeting shall require the approval of shareholders (including proxies) representing more than two-thirds of the voting rights present at the meeting.

8.41 When shareholders (including proxies) vote at a shareholders' general meeting, they shall exercise their voting rights according to the number of shares with voting rights represented by them. Each share shall carry one voting right.

Shares of the Company held by the Company do not have voting rights, and such portion of shares shall not be calculated into the total number of shares with voting rights represented at the shareholders' general meeting.

Voting for medium and small investors shall be separately counted for major events of deliberation of shareholders' meeting affecting profits of medium and



small investors. The results of separate counting shall be public disclosure in time.

The board of directors, independent directors and shareholders satisfying related specified conditions can collect voting right of shareholders publicly. Information of specific voting intention shall be fully disclosed to the collected for collection of voting rights from shareholders. It's forbidden to collect voting rights of shareholders in way of compensation or disguised compensation. The company cannot impose a minimum shareholding percentage threshold for the collection of voting rights.

- 8.42 When a shareholders' general meeting is deliberating matters relating to connected transactions, the relevant connected shareholders may not exercise any voting rights, and the voting rights represented by the number of shares held by such connected shareholders shall not be calculated in the total number of shares valid and voting. The announcement of the resolutions of the shareholders' general meeting must fully disclose the results of the non-connected shareholders' voting.
- 8.43 Under the condition that the shareholders' general meetings is guaranteed to be legal and effective, the Company shall facilitate the participation of shareholders in the shareholders' general meeting through various methods, including the provision of online voting platforms and other modern information technology methods.
- 8.44 Other than the Company being in crisis and other special circumstances, the Company shall not enter into contracts for the delegation of the management of the whole or part of major businesses of the Company to persons other than Directors and senior management personnel without the approval of special resolutions at the shareholders' general meeting.
- 8.45 The list of candidates for Directors and Supervisors shall be proposed to the shareholders' general meetings for deliberation. The Board shall announce to the shareholders the curriculum vitae ("CV") and basic information of candidates for Directors and Supervisors.
- (1) Candidates for Directors and Supervisors that are not employee representatives of the Company can be nominated by the Board and the Supervisory Committee, respectively;
  - (2) Shareholders that individually or jointly hold more than 3% of shares shall have the right to nominate candidates for directors and supervisors that are not employee representatives. Written notice concerning the shareholders' proposed nominations of candidates for Directors and Supervisors as described above shall be sent to the Board as a single motion no later than 7 days prior to the shareholders' general meeting is convened, together with the detailed information of the candidates for Directors and

Supervisors as required under Article 8.19 of these Articles. The total number of candidates for Directors and Supervisors nominated by each shareholder shall be no more than the total number of vacancies of Directors and Supervisors. The Board shall verify the relevant information of candidates under the provisions of Article 8.19 of these Articles within 2 days after receiving such nominations submitted by the shareholders as described above in accordance with the provisions. For the nominations of qualified candidates for Directors and Supervisors, the Board shall submit as a provisional motion to the shareholders' general meeting and publish a timely announcement or supplementary circular; for the nominations of unqualified candidates for Directors and Supervisors, the Board shall provide a timely explanation to the nominator; The Board shall evaluate whether it is necessary to postpone the shareholders' general meeting at which the nominated director candidates as described above shall be elected, in order to give shareholders at least 10 business days to consider the relevant information disclosed in the announcement or the supplementary circular.

- (3) Supervisors that are employee representatives shall be democratically elected through the association of employee representatives of the Company;
- (4) The cumulative voting system shall be used for the election of two or more Directors and Supervisors at the shareholders' general meeting.

The term "cumulative voting system" used in the previous provision refers to during the election of Directors and Supervisors at the shareholders' general meeting, voting rights of each share shall be the same as the number of candidates for Directors or Supervisors. Shareholders with voting rights may cast all votes to one candidate.

Shareholders' meeting shall abide by the following rules when electing directors and supervisors by cumulative voting:

- (I) The number of director or supervisor candidates can be larger than the number to be elected in shareholders' meeting, but the candidate number voted by each shareholder cannot exceed the number of director or supervisor to be elected in shareholders' meeting. The summation of allocated votes cannot exceed vote owned by shareholders; otherwise, the vote shall be cancelled;
- (II) Separate voting shall be implemented for independent directors and non-independent directors. When electing independent directors, the vote that every shareholder has the right to obtain shall equal to product of stock number held by themselves multiplying the number of independent directors to be elected, which can be only voted to candidates of independent directors of the company. When electing non-independent directors, the vote that every shareholder has the right to obtain shall equal to product of stock number held by themselves

multiplying the number of non-independent directors to be elected, which can be only voted to candidates of non-independent directors of the company.

- (III) The final elect shall be determined on votes of director or supervisor candidates, but the least votes of each elect must exceed half of sum of shares held by shareholders attending shareholders' meeting (including shareholder agents). Where the elected directors or supervisors are less than the number of directors or supervisors that shareholders' meeting plans to elect, additional voting shall be taken for all director and supervisor candidates with insufficient votes on gaps; if it remains insufficient, by-election shall be taken on the next shareholders' meeting of the company. If more than two director or supervisor candidates get same votes but only part of them can be elected due to limit of planned number, separate vote and election needs taking again for the director and supervisor candidates with same votes.

8.46 Unless a poll is demanded by the following persons before or after a show of hands, resolutions at a shareholders' general meeting shall be passed by a show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders or proxies having the right to vote;
- (3) One or more shareholders (including proxies) that, individually or jointly, hold 10% or more of shares with voting rights at the meeting.

Unless a poll is demanded, a declaration by the chairman of the meeting that a proposal has been adopted by a show of hands and recorded in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who demands it.

A poll demanded on the election of the chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other questions shall be taken at such time as the chairman of the meeting directs, and any business other than that on which the poll has been demanded may be preceded with, pending the taking of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

8.47 On a poll, shareholders (including proxies) having the right to cast two or more than two votes need not cast all their votes in favor of or against a resolution. Blank, invalid and illegible votes, and votes that are not submitted by the voter shall be considered as abstention from voting, and the voting of such shares held by such voters shall be counted under "abstention" of the poll results.

Where any shareholder is under the Listing Rules of the HKEx required to abstain from voting or restricted to voting only for or only against any particular matter to be resolved, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted..

- 8.48 Other than the cumulative voting system, the shareholders' general meeting shall vote on each proposal separately. For matters that contain different proposals, voting shall be in the order of the time that each proposal was proposed. Other than force majeure and other special circumstances that cause the suspension of and failure to make resolutions at the shareholders' general meeting, the shareholders' general meeting shall not postpone or refuse to vote on resolutions.
- 8.49 Resolutions may not be amended during the deliberation at the shareholders' general meeting, otherwise, the relevant amendments shall be considered as a new proposal, and shall not be voted on during this shareholders' general meeting.
- 8.50 Each individual voting right shall only choose to vote by one of on-site, online, or any other voting method. In the event that an individual voting right voted more than once, the results of the first vote shall prevail.
- 8.51 Before a resolution is decided on a proposal at a shareholders' general meeting, two representatives of the shareholders shall be nominated to participate in counting the votes as well as supervising the counting process. If a shareholder is interested in the matters under deliberation, the relevant shareholder and his proxies shall not participate in counting the votes or supervising the counting process.

When a resolution is decided on a proposal at a shareholders' general meeting, legal advisers, representatives of shareholders and representatives of Supervisors shall jointly participate in counting the votes as well as supervising the counting process. They shall announce the voting results to the meeting. The voting results in connection with the resolution shall be recorded in the minutes.

Shareholders or proxies that vote through online or other methods have the right to inspect their voting results through the respective voting platforms.

- 8.52 A shareholders' general meeting shall not be declared closed for shareholders who attend in person at a time earlier than for those shareholders who attend via internet or other permitted means. The chairman of the meeting shall announce to the meeting the voting details and results of each proposal and shall declare whether or not a proposal is adopted on the basis of the relevant voting results.

Prior to formally announcing the voting results, all those who are involved in the meeting whether in person or via internet or other permitted means, including any companies, persons responsible for counting the votes, persons responsible for supervising the counting process, major shareholders, internet service providers and other relevant parties shall have the obligation to keep matters related to voting confidential.

- 8.53 When the number of votes for and against a proposal is equal, the chairman of the meeting shall be entitled to one additional vote.
- 8.54 If the chairman of the meeting has any doubt about the results of voting resolutions, a vote count may be organized for the submitted votes; shareholders or proxies attending the meeting that disagree with the results announced by the chairman of the meeting have the right to request a vote count immediately after the announcement of the poll results, and the chairman of the meeting shall immediately organize a vote count.
- 8.55 The resolutions of a shareholders' general meeting shall be promptly announced, and the announcement shall include the number of shareholders and proxies attending the meeting, total number of shares with voting rights held and its percentage with respect to the total number of shares with voting rights of the Company, voting method, poll results of each proposal, and detailed information of each resolution that was approved.
- 8.56 Special notification shall be made in the results announcement of the shareholders' general meeting for resolutions that were not approved, or resolutions of the previous shareholders' general meeting that were amended in this shareholders' general meeting.
- 8.57 After the approval by the shareholders' general meeting of resolutions regarding the election of Directors and Supervisors, the term of office of new Directors and Supervisors shall begin on the day after the approval of the resolution by the shareholders' general meeting.
- 8.58 The following matters shall be resolved by way of Ordinary Resolutions at the shareholders' general meeting:
- (1) work reports of the Board and Supervisory Committee;
  - (2) Plans for the profits distribution and making up of losses formulated by the Board;
  - (3) the appointment and removal of members of the Board and Supervisory Committee, their remuneration and method of payment of their remuneration;
  - (4) the annual budget, final accounts, balance sheet, profit and loss account, and other financial statements of the Company;

- (5) the annual report of the Company;
- (6) other matters except those required to be adopted by special resolution in accordance with the provisions of law or administrative regulations or the Company Articles.

8.59 The following matters shall be resolved by way of Special Resolutions at the shareholders' general meeting:

- (1) increase or reduction of share capital and issuance of any class of shares, warrants, or other similar securities by the Company;
- (2) Issuance of corporate bonds;
- (3) Division, merger, dissolution, and liquidation of the Company;
- (4) Amendments of these Articles;
- (5) Purchases and sales of assets by the Company after the purchases and sales of major assets within one year reaches or exceeds 30% of the latest audited total assets;
- (6) External guarantees provided by the Company after the external guarantees reaches or exceeds 30% of the latest audited total assets;
- (7) Stock incentive plans;
- (8) Share repurchases by the Company;
- (9) Other matters required by laws, administrative regulations, or these Articles, and matters as resolved by way of ordinary resolutions by the shareholders' general meetings that may have a significant impact on the Company and require approval by way of special resolutions.

Other matters which are provided in the laws, administrative or these Articles, and resolved by shareholders by Ordinary Resolutions and are considered by the shareholders to be material to the Company and are required to be passed by Special Resolutions.

8.60 The chairman of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed, and such decision shall be final and shall be announced at the meeting and recorded in the minutes.

8.61 In the event that a vote count takes place at the shareholders' general meeting, the count results shall be recorded in the minutes.

The resolutions approved at the shareholders' general meeting shall be edited into a meeting summary. The meeting minutes and summary shall be written in Chinese, and the meeting minutes shall be kept at the domicile of the Company together with attendance register of the shareholders' general meeting and power of attorney of proxies.

8.62 Shareholders may review photocopies of the meeting minutes during working hours of the Company free of charge. If any shareholder requests relevant

photocopies of meeting minutes from the Company, the Company shall dispatch the photocopies within 7 days of receiving reasonable charges.

## **Chapter 9 Special Procedures about Voting of the Class Shareholders**

9.01 Holders of different classes of shares are class shareholders.

Class shareholders shall have the same rights and obligations in accordance with law, administrative regulations and these Articles.

9.02 Rights conferred on any class shareholder may not be varied or abrogated unless approved by a Special Resolution at the shareholders' general meeting and by shareholders of that class at a separate shareholders' general meeting held in accordance with Articles 9.04 to 9.08 of these Articles.

9.03 The following shall be deemed to be a variation or abrogation of the class rights:

- (1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;
- (2) to effect a conversion of all or a part of the shares of such class into another class or to effect a conversion or create a right of conversion of all or part of the shares of another class into the shares of such class;
- (3) to remove or reduce rights to dividends, rights to accrued dividends or rights to cumulative dividends of such class;
- (4) to reduce or remove the preferential rights to dividends of such class or the preferential rights to asset distributions of such class upon liquidation of the Company;
- (5) to add, remove to reduce the rights to conversion, option, voting, transfer, preferential placement or acquisition of the Company's securities of such class;
- (6) to remove or reduce the rights to receive payment in particular currencies of such class;
- (7) to create a new class of shares having voting or distribution rights or other privileges equal or superior to the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or add to such restrictions;
- (9) to issue rights to subscribe for, or to convert into, shares in the Company of such class or another class;
- (10) to increase the rights or privileges of another class;
- (11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring;
- (12) to vary or abrogate the provisions of these Articles.

9.04 Shareholders of the affected class, whether or not otherwise having voting rights at the shareholders' general meeting, shall have the right to vote at meetings of class shareholders with respect to matters involving items (2) to (8) and (11) to (12) of Article 9.03. However, interested shareholders shall not have the right to vote at class meetings.

The term "interested shareholders" described in the previous provision shall have the following meanings:

- (1) If the Company made a repurchase offer to all shareholders with the same proportion or has repurchased its own shares through open transactions on a securities exchange in accordance with Article 4.04 hereof, the controlling shareholders as defined in Article 7.09 hereof shall be deemed to be "interested shareholders";
- (2) If the Company has repurchased its own shares by an agreement outside a securities exchange in accordance with Article 4.04 hereof, shareholders related to such agreement shall be deemed to be "interested shareholders";
- (3) Under a restructuring proposal of the Company, an "interested shareholder" means 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

9.05 Resolutions of any class shareholders' meeting shall be made by more than two-thirds of the votes of the shareholders whose shares carry rights to vote of that class present at that meeting in accordance with Article 9.04 of these Articles.

9.06 When the Company is to hold a meeting of class shareholders, it shall give a written notice 45 days prior to the meeting informing all the registered shareholders of that class of the matters to be deliberated 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 regarding the proposed attendance.

If the number of shares with voting rights at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of such class with voting rights at the meeting, the Company may hold the meeting of class shareholders; if not, the Company shall within five days inform shareholders once again of the matters to be deliberated 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 meeting of class shareholders.

9.07 Notice of class shareholders' meeting needs only be served on class



shareholders who are entitled to vote thereat.

The procedures of a meeting of any class shareholders shall be conducted as nearly as possible as those of the shareholders' general meetings. The provisions of these Articles relating to any shareholders' general meeting shall apply to any meeting of the class shareholders.

- 9.08 Other than shareholders of other class shares, domestic shareholders and overseas listed foreign shareholders shall be deemed to be different classes of shareholders.

The special procedures of approval by separate class shareholders shall not apply to the following circumstances:

- (1) where the Company issues, upon approval by a Special Resolution of the shareholders' general meeting, either separately or concurrently once every twelve months, not more than twenty per cent. (20%) of each of the existing issued domestic shares and overseas listed foreign shares of the Company; or
- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares on establishment is implemented within fifteen (15) months from the date of approval by the CSRC.

## **Chapter 10 The Board**

- 10.01 The Board is established by the Company and shall be responsible to the shareholders' general meeting. Directors shall be natural persons.

The Board shall be composed of 9 directors, including 3 independent directors (namely, directors who are independent from the shareholders of the Company and do not hold any office in the Company, hereinafter referred to as "independent directors").

The Board shall elect one Chairman, and one Vice Chairman.

The Board shall establish such specialized committees as the Nomination Committee, Strategy Committee, Audit Committee, Remuneration and Assessment Committee, etc. Such specialized committees shall be responsible for the Board and perform duties in accordance with the Articles and the authorization of the board of directors. The proposal shall be proposed and reviewed by the Board. Such specialized committees comprise only directors. The number of independent directors in each of the Audit Committee, Nomination Committee and Remuneration and Assessment Committee shall be in the majority and the convener of these committees shall be an independent director. The convener of the Audit Committee shall be an accounting professional. The Board is responsible for constituting the terms

and references of such specialized committees, and the regulation of such specialized committees' operations.

The president and senior management can also be directors, but the total number of directors who are also president, senior management and employee representatives shall not exceed one half but not less than one third of the total number of directors of the Company.

- 10.02 Directors shall be elected and changed by the shareholders at general meetings and can be removed from office before the end of term of office. The directors shall serve a term of three years and may serve consecutive terms if reelected upon the expiration of their terms.

The written notices in relation to the intentions for nominations of candidates for directors and the agreement of the candidates to accept the nominations shall be given to the Company at least 7 days prior to the shareholders' general meeting, and the Company shall proceed in accordance with Article 8.45 of these Articles.

The Chairman and the Vice Chairman shall be elected and removed by a vote of more than one-half of all the directors.

Subject to compliance with all relevant laws and administrative regulations, the shareholders' general meetings may by Ordinary Resolution remove any Director whose term of office has not expired (however this will not prejudice any request for compensation which may be raised pursuant to any contract).

Directors are not required to hold shares in the Company.

- 10.03 The term of office of directors shall begin on the day they assume office until the end of the term of office of the Board. In the event that a timely reelection fails to be conducted upon expiry of the term of office of directors, the original Directors shall perform their duties as directors in accordance with relevant provisions of laws, administrative regulations, departmental rules and these Articles before the newly elected directors take office.
- 10.04 Directors shall, in accordance with applicable laws, administrative regulations, and these Articles, perform the following responsibilities of loyalty to the Company that they:
- (1) shall not accept bribes or other illegal incomes by taking advantages of their functions, and shall not embezzle properties of the Company;
  - (2) shall not misappropriate the corporate funds;
  - (3) shall not deposit assets or funds of the Company in accounts established under their respective name or the name of any other person;
  - (4) shall not violate the regulations of these Articles by providing financial

loans to other persons with the corporate funds or providing guarantees to other persons with the assets of the Company without prior approval from the shareholders' general meeting or the Board;

- (5) shall not establish contracts or conduct transactions with the Company in violation of the regulations of these Articles or without prior approval from the shareholders' general meeting;
- (6) shall not, by taking advantage of their functions, obtain, whether for themselves or for others, such business opportunities that should have been procured by the Company, or engage in any type of business which is the same as or similar to that of the Company whether for themselves or for others without prior approval from the shareholders' general meeting;
- (7) shall not personally accept commissions from transactions with the Company;
- (8) shall not disclose secrets of the Company without authorization;
- (9) shall not damage the interests of the Company by taking advantage of their connections with the Company;
- (10) shall perform other responsibilities of loyalty stipulated by laws, administrative regulations, departmental regulations and these Articles.

Income gained by Directors in violation of this Article shall belong to the Company; if any losses are caused to the Company thereby, Directors shall bear the appropriate liabilities for damages.

10.05 Directors shall, in accordance with applicable laws, administrative regulations and these Articles, perform the following responsibilities of diligence to the Company that they:

- (1) shall exercise the authority given by the Company with prudence, earnest, and diligence, in order to guarantee the business operations of the Company are in compliance with the requirements of national laws, administrative regulations, and various national economic policies, and ensure the commercial activities shall not exceed the business scope stipulated by the business license;
- (2) shall treat all shareholders fairly;
- (3) shall stay abreast of the operations and management of businesses of the Company;
- (4) shall provide signatory confirmation for the periodic reports of the Company. Shall ensure information disclosed by the Company are truthful, accurate, and complete;
- (5) shall truthfully provide relevant information and data to the Supervisory Committee, and shall not obstruct the Supervisory Committee or Supervisors from performing their duties;
- (6) shall perform other responsibilities of diligence stipulated by laws, administrative regulations, departmental regulations, and these Articles.

10.06 In the event that the directors fail to attend the Board meeting in person or by

proxy on two consecutive occasions, they shall be deemed to be unable to perform their duties. The Board shall propose to the shareholders' general meeting for a replacement of the Director.

- 10.07 Directors may request to resign prior to the expiration of their term of office. The resigning director shall submit a written resignation report to the Board. The Board shall disclose the relevant information within 2 days.

In the event the number of members of the Board of the Company is less than the minimum number required by law as a result of resignation of any Director, the original Directors shall perform their duties as directors in accordance with relevant provisions of laws, administrative regulations, departmental rules and these Articles before the newly elected Directors take office.

Other than the circumstance mentioned in the foregoing paragraph, the resignation of Directors shall be effective immediately upon the service of the resignation report on the Board.

- 10.08 Any director shall not act as an individual on behalf of the Company or the Board unless as provided by these Articles or legally authorized by the Board. In circumstances where a Director is acting as an individual and a third party may reasonably believe that the Director is acting on behalf of the Company or the Board, the Director shall make a prior statement specifying his position and capacity.
- 10.09 Directors shall be liable for compensation if the Company incurred any losses due to violations of applicable provisions of laws, administrative regulations, department rules or these Articles on the part of the Directors in performing their duties.
- 10.10 Independent directors shall perform their duties in accordance with relevant provisions of laws, administrative regulations, and departmental rules.
- 10.11 The Board shall be responsible to the shareholders' general meeting and shall exercise the following powers:
- (1) to be responsible for convening the shareholders' general meetings and reporting on its work to the shareholders' general meetings;
  - (2) to implement the resolutions of the shareholders' general meetings;
  - (3) to decide on the business plans and investment proposals of the Company;
  - (4) to formulate the proposed annual financial budget and final accounts of the Company;
  - (5) to formulate the Company's profit distribution plan and plan for recovery of losses;
  - (6) to formulate the Company's proposals for increases in or reductions of the Company's registered capital and the issue of corporate bonds or other

- securities and plans for listing of the Company;
- (7) to prepare plans for major acquisitions or repurchase of the shares of the Company, and for the merger, division, dissolution or changing of the form of the Company;
  - (8) to determine on establishment of the internal management organ of the Company;
  - (9) to determine on matters relating to purchase or sale of major assets, provision of guarantees within the scope of authority conferred by the shareholders' general meetings;
  - (10) subject to the principle of prudent authorization, the shareholders' general meeting may authorize the Board of the Company to determine on matters relating to the Company's (including any Subsidiary controlled by it) investment and entrusted financing for each financial year where in each case the amount does not exceed 50% of the latest audited net assets of the Company, and may also authorize the Chairman or Subsidiaries controlled by the Company to determine on such matters within the scope of the authorization by establishing various sound systems, unless as otherwise provided by the securities exchange of the place where the shares of the Company are listed;
  - (11) to determine on matters of connected transactions that should be decided on by the Board according to relevant regulations of the SZSE;
  - (12) to formulate proposals for amendments to these Articles;
  - (13) to engage or dismiss the President or the Secretary of the Company; to engage or dismiss the CFO, Vice Presidents, Chief Engineers, and other senior management personnel of the Company in accordance with the nominations provided by the CEO and the President, and determine on matters of remuneration, bonuses, and punishments of such persons;
  - (14) to determine on the internal management system of the Company;
  - (15) to formulate the basic management system of the Company;
  - (16) to management matters of information disclosure of the Company;
  - (17) to decide on the engagement of sponsors;
  - (18) to formulate the stock option incentive plan of the Company;
  - (19) to listen to the work report of the President of the Company and to inspect the work of the President;
  - (20) to propose to the shareholders' general meeting for the engagement or replacement of the accounting firm in charge of auditing for the Company, unless otherwise provided by these Articles;
  - (21) to determine on the salary standard, benefits and bonuses plan of the Company;
  - (22) to determine the format of specialized committees, and to engage and dismiss relevant personnel;
  - (23) other authorities given by the shareholders' general meeting and these Articles.

Resolutions by the Board on matters referred to in the preceding provisions may be made by an affirmative vote of more than half of the directors, with

the exception of resolutions on matters referred to in items (6), (7), and (12), and other matters stipulated by laws, administrative regulations, and these Articles, which shall require an affirmative vote of more than two-thirds of the directors.

Resolutions for connected transactions of the Company made by the Board will not take effect unless signed by the independent non-executive directors.

- 10.12 The Board of the Company shall account to the shareholders' general meeting for the non-standard audit opinions issued by the registered accountant with regard to the financial reports of the Company.
- 10.13 The Board shall formulate the procedural regulations of the Board in order to guarantee the implementation of resolutions of the shareholders' general meetings by the Board, improve work efficiency and guarantee a logical decision-making process.

The procedural regulations of the Board attached hereto as an appendix shall be formulated by the Board and approved by the shareholders' general meeting.

- 10.14 Subject to the principle of prudent authorization, the shareholders' general meeting may authorize the Board of the Company to exercise the following rights with regard to matters of purchase and sale of assets, provision of guarantees and so forth:
- (1) to determine on matters of purchase and sale of major assets by the Company (including Subsidiaries controlled by it) for each year that in each case do not exceed 30% of the latest audited total assets of the Company;
  - (2) matters of provision of guarantees by and mortgage of assets of the Company shall require the approval of over two-thirds of all the directors present at the Board meeting and the approval of over two-thirds of all the independent directors; besides, matters of provision of guarantees as stipulated in Article 8.03 of these Articles shall be submitted to the shareholders' general meeting for approval upon agreement of the Board in accordance with this provision.
- 10.15 The Board, in disposing of the Company's fixed assets, shall not without the prior approval of the shareholders' general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the proposed disposition and any fixed assets of the Company which have been disposed of in the period of four (4) months immediately preceding the proposed disposition exceeds thirty-three per-cent (33%) of the value of the Company's fixed assets as shown in the last balance sheet submitted to the shareholders' general meeting for review.

For the purpose of this Article, the term “disposition of fixed assets” shall include an act involving transfer of interest in certain asset but shall not include an act of providing guarantees with fixed assets.

The validity of transactions conducted by the Company for the disposal of fixed assets shall not be affected by a violation of the first provision of this Article.

10.16 The Chairman shall exercise the following functions and authorities:

- (1) to preside over the shareholders’ general meeting and convene and preside over Board meeting;
- (2) to organize the implementation of the responsibilities of the Board, and to supervise the implementation of Board resolutions;;
- (3) to sign the Company’s shares, corporate bonds and other valuable securities;
- (4) to sign major documents of the Board and other documents which require signature by the legal representative of the Company;
- (5) to exercise the powers of the legal representative;
- (6) to be responsible for jobs relating to the Company’s strategy research and management, corporate culture building as well as auditing;
- (7) to hold the final approval rights for major decisions of the Company (including Subsidiaries of the Company) regarding finance and human resources (the engagement and dismissal of mid-level management staff, the proposal for the engagement and dismissal of senior management personnel).
- (8) in case of major natural disaster or other circumstances of force majeure, to exercise special management of matters of the Company in accordance with laws, regulations, and the interests of the Company, and subsequently to report to the Board and the shareholders’ general meeting;;
- (9) other powers authorized by the Board.

10.17 The Vice Chairman shall assist with the work of the Chairman. The Vice Chairman shall perform the duties if the Chairman is unable or fails to perform his duties; if the Vice Chairman is unable or fails to perform his duties, a Director shall be elected to perform such duties by more than half of all the Directors.

10.18 Board meeting shall be convened at least 4 times a year by the Chairman and notice of such meeting shall be given to all the Directors 10 days prior thereto. In case of urgent matters extraordinary Board meetings may be convened upon proposal by the Chairman or more than one-third of all the Directors without being restricted by the regulations of these Articles regarding notice of meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the Board or Supervisory Committee may propose to convene an

extraordinary Board meeting. The Chairman shall convene and preside over a Board meeting within 10 days of receiving the proposal.

Board meetings shall be held at the domicile of the Company in principle or otherwise held in other locations within or without the PRC as resolved by the Board.

10.19 Notice of Board meeting shall be given in the following manner:

- (1) regular Board meetings may be held without notice if the time and place of such meetings have been fixed in advance by the Board;
- (2) notice of the time and place of Board meetings, for which a time and place have not otherwise been fixed in advance by the Board, shall be given by the Chairman to all the Directors by telefax, telegram, facsimile, EMS or registered airmail or personal delivery not less than 10 days in advance;
- (3) notices, including the agenda and the subject shall be given in the Chinese language. An English version may be attached if necessary. The agenda shall also be given. Any of the Directors may waive his right to receive notice of Board meeting;

10.20 Majors matters that require the approval of the Board shall be notified to all Directors in accordance with the timeframe stipulated in Articles 10.18 and 10.19, whilst sufficient information shall also be provided, and shall proceed strictly in accordance with the stipulated procedures. Directors may request supplementary information to be provided. In the event that more than a quarter of all the Directors or more than 2 external directors deem the information provided to be insufficient or illogical, they may jointly propose to postpone the Board meeting or the resolution of certain matters, and such proposal shall be adopted by the Board.

Resolutions of the Board meeting shall be put to vote by open ballot in writing. For extraordinary Board meetings convened through facsimile, voting may be performed through facsimile under the condition that directors can be guaranteed to be able to fully express their opinions. For extraordinary Board meetings convened through teleconference due to the Company encountering a crisis and other special or emergency circumstances, voting may be performed through teleconference under the condition that directors can be guaranteed to be able to fully express their opinions.

10.21 The notice of Board meeting shall include the following details:

- (1) date and location of the meeting;
- (2) duration of the meeting;
- (3) particulars of matters and resolutions to be considered at the meeting;
- (4) date of the notice.



- 10.22 The quorum for a Board meeting is over half of all the Directors (including directors who appoint other directors as proxies to attend the Board meeting according to relevant provisions of these Articles). Each director shall be entitled to one vote. Resolutions of the Board must be adopted by the affirmative vote of more than half of all Directors.

When there is a tie, the Chairman shall be entitled to one additional vote.

- 10.23 Directors that are connected with the legal persons and natural persons involved in matters discussed at the Board meeting shall neither vote on such resolution nor vote on behalf of other Directors. The Board meeting may proceed if more than half of the Directors that have no connected relations with the above legal persons and natural persons are present, and resolutions of the Board meeting may be adopted if approved by more than half of Directors that have no such connected relations. Where the number of the Directors who have no such connected relations attending the applicable Board meeting is less than 3, then matters to be discussed at such meeting shall be submitted to the shareholders' general meeting for consideration.
- 10.24 Board meetings shall be attended by the Directors in person. If any Director cannot attend a meeting for any reason, he may authorize another Director by way of a written instrument of proxy to attend on his behalf. The power of attorney shall specify the scope of authority.

Any Director acting as a proxy in attending a Board meeting shall exercise the right of the authorizing Director within the scope of authority as set out in the power of attorney. In the event that no proxy is appointed by the absent Director to attend a Board meeting, the absent Director shall be deemed to have waived his right to vote at such a meeting.

Costs incurred by Directors for attending Board meetings shall be paid by the Company. Such expenses shall include transportation costs from the place where the Director is located to the place of the meeting and the cost of accommodation and meals during the period the meeting is held. Incidental expenses, such as the rent of the place of the meeting and local transportation, shall also be borne by the Company.

- 10.25 The Board shall keep minutes of decisions on matters discussed at the meetings. Directors attending a meeting and the person recording the minutes shall sign the minutes of that meeting. The minutes of board meeting shall be kept as archives of the Company with a period of not less than ten years.

The minutes of the Board meeting shall include the following details:

- (1) date and location of the meeting and the name of the convener;
- (2) names of Directors in attendance and names of Directors authorized to

- attend the Board meeting on behalf of others;
- (3) agenda of meeting;
- (4) key points of speeches of Directors;
- (5) the mechanism and results of voting each resolution (the results shall state the number of votes cast for and against the resolution and the number of abstention votes).

The Directors shall bear liability for the decisions of the Board meetings. Where a resolution of the Board meeting is in violation of laws, administrative regulations, or these Articles, 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.

## **Chapter 11 The CEO, President, and other Senior Management Personnel**

- 11.01 The Company shall elect one CEO and one President who shall be nominated by the Chairman and appointed or removed by the Board.

The CEO and President shall have a term of office for 3 years, and may serve consecutive terms if re-elected.

- 11.02 Situations regarding circumstances that prohibit certain persons from becoming Directors in the *Company Law of the PRC* shall also be applicable to senior management personnel.

Senior management personnel shall perform their duties in accordance with laws, administrative regulations, and these Articles, and perform such obligations with integrity and diligence. The responsibilities of loyalty and diligence of Directors in these Articles shall also be applicable to senior management personnel.

- 11.03 Persons that hold any job other than a Director in organizations of the controlling shareholders and actual controllers of the Company may not serve as a senior management personnel of the Company.

- 11.04 The CEO and President may request to resign prior to the expiry of their respective term of office. The specific procedures and means for the resignation of the CEO and President shall be regulated by their respective employment contract with the Company.

The CEO and President may attend the Board meetings as non-voting member; the CEO and president that are not Directors shall not have the right to vote at

the Board meetings.

11.05 The CEO shall be responsible to the Board and perform the following duties:

- (1) to supervise and inspect the Company's production, operation and management under the stewardship of the President;
- (2) to supervise and inspect the implementation of resolutions of the Board and annual plans of the Company by the President;
- (3) to be responsible for drafting and implementing the annual investment plan of the Company;
- (4) to be responsible for equity management of Subsidiaries of the Company;
- (5) together with the Chairman:
  1. to propose the engagement or removal of the CFO, Vice Presidents, and Chief Engineers of the Company to the Board;
  2. to engage or dismiss mid-level management personnel relevant to the powers of the CEO;
  3. to determine the plans for the salary, benefits, and bonuses of employees of the Company.
- (6) to report the progress of work to the Board.

11.06 The President shall be responsible to the Board and perform the following duties:

- (1) to be in charge of the Company's production, operation and management of the Company and organize the implementation of the resolutions of the Board;
- (2) to be responsible for drafting and implementing the annual business plan of the Company;
- (3) to draft the basic management policy of the Company;
- (4) to formulate the specific rules and regulations of the Company;
- (5) to engage or dismiss employees of the Company;
- (6) to implement salary, benefits and bonuses plans formulated for the employees of the Company;
- (7) together with the Chairman:
  1. to engage or dismiss mid-level management staff relevant to the powers of the President;
  2. to draft the internal management system plan of the Company.

11.07 The President shall formulate the work procedures of the President and implement the same after approval by the Board.

11.08 The work procedures of the President shall include the following contents:

- (1) the requirements, procedures and attendees of a President meeting;
- (2) the usage of the Company's funds and assets, the limits of his authority to enter into material contracts, and the mechanism of reporting to the Board

- and Supervisory Committee;
- (3) other matters as the Board shall deem necessary.

11.09 The senior management shall compensate the damages suffered by the Company due to the violation of the provisions of laws, administrative regulations, departmental regulations or the Articles when discharging their duties.

## **Chapter 12 Secretary of the Company**

12.01 The Company shall have one Secretary of the Board. The Secretary is one of the senior management personnel of the Company.

12.02 The Secretary of the Company shall be a natural person that possesses the necessary professional knowledge and experience and shall be appointed by the Board.

The main duties of the Secretary are:

- (1) to assist Directors in performing the day-to-day functions of the Board; continuously provide, remind and ensure that Directors understand the requirements of local and overseas regulatory bodies on the Company's operations, policies and requirements; assist Directors and the President to exercise their powers in accordance with the local and overseas laws and regulations, the Company's Articles and other relevant rules;
- (2) to be responsible for organizing and preparing documents for Board meetings and Shareholders' general meeting; preparing minutes, ensuring that resolutions are passed in accordance with procedures required by law and be informed about the implementation of the Board resolutions;
- (3) to be responsible for organizing and coordinating the Company's disclosure, maintaining investor relations and enhancing the Company's transparency;
- (4) to participate and coordinate fund raising in the capital markets;
- (5) to maintain relationships with market intermediaries, regulatory bodies, media and maintaining public relations.

The scope of duties of the Secretary includes the following:

- (1) to coordinate and organize Board meetings and Shareholders' general meetings, prepare the relevant materials for the meeting, arrange matters relating to the meeting, responsible for keeping minutes of the meetings, ensuring the accuracy of the minutes, keeping documents and minutes of the meeting, actively informing himself of the implementation of resolutions; reporting and providing recommendations to the Board on material matters that are being implemented;

- (2) to ensure that material decisions of the Board are performed strictly in accordance with the relevant requirements. Upon the request of the Board, participate in the consultation and analysis of the matters before the Board and offer his opinion and make recommendations accordingly; be authorized to perform the day-to-day functions of the Board and other committees;
- (3) to act as the Company's contact person with securities regulatory bodies, be responsible for organizing, preparing and submitting documents required by such regulatory bodies, be responsible for accepting, organizing and completing tasks delegated by such regulatory bodies; ensuring that the Company prepares and submits to the authorized bodies reports and documents required by such bodies in accordance with the law;
- (4) to be responsible for coordinating and arranging for the disclosure of the Company, putting in place an appropriate disclosure mechanism, participating in all meetings relating to information disclosure, be made aware of the Company's material operating decisions and all related information;
- (5) to be responsible for keeping in confidence any price sensitive information of the Company, and put in place effective rules and systems for maintaining confidentiality of information. Where price sensitive information of the Company has been revealed to the public, take all necessary actions to rectify, explain and clarify and notify the overseas securities regulatory body of the place in which the Company is listed and the China Securities Regulatory Commission;
- (6) to be responsible for coordinating market publicity, reception of visitors, managing investor relations, maintaining relationships with investors, market intermediaries and the mass media; be responsible for ensuring that enquiries of the public are addressed, ensuring that investors receive information disclosed by the Company on a timely basis; to organize and prepare publicity campaigns of the Company locally and overseas, prepare reports summarizing market publicity and material visits and arrange to report any related matters to the China Securities Regulatory Commission;
- (7) to be responsible for managing and keeping the Company's register of members, register of Directors, information relating to shareholdings of substantial shareholders and Directors, and a list of holders of debentures issued by the Company;
- (8) to assist Directors and the President in exercising their powers in accordance with domestic and overseas laws and regulations, these Articles and other requirements, and provide them with relevant information (including, but not limited to, providing newly appointed Directors with all latest information published by the Company regarding corporate governance). When the Secretary is aware that the Company has made or may possibly pass resolutions that are in breach of the relevant requirements, he has an obligation to duly remind the Company of such breach or possible breach and has the right to report the same to applicable domestic and overseas securities regulatory bodies;

- (9) to coordinate the provision of all such information and materials as may be necessary for the Supervisory Committee of the Company and other inspection agencies to perform their respective monitoring functions and assist with the investigation of the integrity of the Company's financial director, Directors and President;
- (10) to perform other duties authorized by the Board and required by the securities exchange of the overseas place where the Company's shares are listed or listing outside of the PRC.

12.03 A Director or any other senior management personnel of the Company may concurrently hold the position of Secretary of the Company. The accountants of the accounting firm engaged by the Company shall not concurrently hold the position of Secretary of the Company.

Where the Secretary is also a Director of the Company and an act is required to be done by that Director and the Secretary separately, a person who is both the Secretary and the Director may not perform the act in both capacities.

12.04 The Secretary shall diligently perform his duties in accordance with the relevant regulations of these Articles.

The Secretary shall assist the Company in complying with relevant laws of the PRC and the regulations of the securities exchanges on which the shares of the Company are listed.

12.05 Directors, the President, and relevant internal departments of the Company shall assist the Secretary to perform the necessary duties in accordance with laws, and ensure there are necessary resources available in terms of corporate structure, employee allocation, financial budget, and other areas. The relevant departments of the Company shall actively cooperate with the work of the Secretary.

## **Chapter 13 The Supervisory Committee**

13.01 The Supervisory Committee shall be established by the Company. The Supervisory Committee is the permanent supervisory structure of the Company, and is responsible for the supervision of the Board and its members, the President, Vice Presidents, CFO, and other senior management personnel, in order to prevent such persons from exploiting their authority and violate the legal rights and interests of shareholders, the Company, and employees of the Company.

13.02 The Supervisory Committee shall be composed of 5 supervisors, one of whom shall be elected as the chairman. The term of office of Supervisors shall be 3 years, and may be reelected to serve consecutive terms. In the event that a timely reelection fails to be conducted upon expiry of the term of office of

Supervisors or the number of members of the Supervisory Committee is less than the number required by law as a result of a resignation by any Supervisor prior to the expiry of his term of office, the original Supervisors shall perform their duties as Supervisors in accordance with relevant provisions of laws, administrative regulations, and these Articles.

The appointment or removal of the chairman of the Supervisory Committee shall be decided by a unanimous vote of more than two-thirds of the Supervisory Committee members.

The chairman of the Supervisory Committee shall organize the implementation of the duties of the Supervisory Committee.

- 13.03 The Supervisory Committee members shall be composed of 3 representatives of shareholders and 2 representatives of employees of the Company. The representatives of shareholders shall be elected and removed by the shareholders' general meetings; and the representatives of employees shall be democratically elected and removed by the employees of the Company.

The Supervisory Committee shall establish an administrative body according to its needs to manage the Supervisory Committee's day-to-day operations.

- 13.04 Directors, the President, Vice Presidents, CFO, and other senior management personnel of the Company may not serve concurrently as Supervisors.

- 13.05 Supervisors shall comply with laws, administrative regulations, and these Articles, possess responsibilities of loyalty and diligence to the Company, shall not exploit the authority of their position to accept bribes or other illegal incomes, and shall not embezzle the assets of the Company.

- 13.06 Supervisors shall ensure that the information disclosed by the Company are truthful, accurate, and complete.

- 13.07 Supervisors shall not exploit their connected relations to damage the interests of the Company, and if they have caused the Company to suffer damages, they shall be liable for compensation.

- 13.08 Where the Supervisors violate laws, administrative regulations, departmental regulations, or these Articles in performing their duties and the Company suffered losses as a result thereof, the Supervisors shall be liable for compensation.

- 13.09 The Supervisory Committee meetings shall be held at least once every 6 months, and shall be convened by the chairman of the Supervisory Committee.

The chairman of the Supervisory Committee shall convene and preside over

the Supervisory Committee meetings; if the chairman of the Supervisory Committee is unable or fails to perform the duties, a Supervisor shall be elected to perform such duties by more than half of all the Supervisors.

Supervisors may propose to convene extraordinary Supervisory Committee meetings.

13.10 The Supervisory Committee shall be accountable to the shareholders' general meetings and perform the following duties according to law:

- (1) to review the periodic reports of the Company formulated by the Board and provide written review opinions;
- (2) to examine the financial affairs of the Company;
- (3) to supervise Directors and senior management personnel in relation to their performance of Company duties and to propose removal of Directors and senior management personnel that has violated laws, administrative regulations, these Articles, or resolutions of the shareholders' general meetings;
- (4) to request Directors and senior management personnel to rectify their behavior when their conduct is harmful to the interests of the Company;
- (5) to verify the financial reports, business reports, profit distribution proposal and other financial information proposed to be submitted to shareholders' general meetings and in case of doubt, may request public accountants or auditors in the name of the Company to assist reviewing the same;
- (6) to propose to convene an extraordinary shareholders' meeting, and shall convene and preside over shareholders' general meetings in the event that the Board does not perform the duties of convening and presiding over shareholders' general meetings as stipulated by the *Company Law of the PRC*;
- (7) to make proposals to the shareholders' general meetings;
- (8) to institute legal proceedings against Directors and senior management personnel in accordance with Article 152 of the *Company Law of the PRC*;
- (9) to conduct investigation into any identified irregularities in the Company's operations, and where necessary, to engage accountants, legal advisers or other professionals to assist in the investigation; and
- (10) to perform other duties stipulated by these Articles.

Supervisors shall attend Board meetings, and shall raise questions or provide recommendations regarding resolutions of Board meetings.

13.11 The Supervisory Committee meetings shall be attended by Supervisors in person. In the event that any Supervisor is unable to attend the meetings in person for various reasons, they may authorize other Supervisors to attend the Supervisory Committee meetings on their behalf in writing, and the scope of authorization shall be stated in the applicable power of attorney.



Any Supervisor acting as a proxy in attending a Supervisory Committee meeting shall exercise the rights of Supervisors within the scope of authorization. Any Supervisor who fail to attend a particular Supervisory Committee meeting in person or by proxy shall be deemed to have waived his right to vote at such meeting.

- 13.12 The Supervisory Committee shall formulate the Supervisory Committee meeting procedural regulations, clarifying the method of deliberation and voting procedures of the Supervisory Committee meetings to ensure the efficiency and scientific decision-making of the Supervisory Committee.

The Supervisory Committee meeting procedural regulations shall be included in the appendix of these Articles, and shall be formulated by the Supervisory Committee and approved by the shareholders' general meetings.

- 13.13 Minutes shall be kept for all Supervisory Committee meetings. All Supervisors attending the meeting and the person recording the minutes shall sign on the minutes of the Supervisory Committee meeting.

Supervisors shall bear liability for the decisions of the Supervisory Committee. Where a resolution of the Supervisory Committee is in violation of laws, administrative regulations, or these Articles, thereby causing serious losses to the Company, the Supervisors who took part in the resolution shall be liable to the Company for damages; however, where a Supervisor can prove that he expressed his opposition to such resolution when it was put to vote, and that such opposition was recorded in minutes of the meeting, the Supervisor may be relieved from such liability.

The Supervisory Committee meeting minutes shall be kept as corporate archives for a minimum of 10 years.

- 13.14 A notice of Supervisory Committee meeting shall be sent to all the Supervisors by EMS, registered mail, telegraph, cable, facsimile, personal delivery not less than 10 days prior to the meeting.

All the Supervisors unanimously agree that a notice of extraordinary meeting may be sent to all the Supervisors by any of the above means 5 days prior to the meeting.

The notice of Supervisory Committee meetings shall include the following details:

- (1) date, location, and timeframe of the meeting;
- (2) particulars of matters and resolutions to be considered at the meeting;
- (3) date of the notice.

The quorum for a Supervisory Committee meeting is over two-thirds of all the Supervisors. Each Supervisor shall be entitled to one vote.

Resolutions of the Supervisory Committee shall be adopted only after approval by over two-thirds of the Supervisory Committee members.

- 13.15 Any reasonable expenses incurred by the Supervisory Committee in employing professionals such as lawyers, certified public accountants or licensed auditors in the exercise of its authority shall be assumed by the Company.
- 13.16 A Supervisor shall act honestly in discharging his supervisory responsibilities in accordance with law, administrative regulations and these Articles.

## **Chapter 14 Qualification and Obligations of Directors, Supervisors and Senior Management Personnel of the Company**

- 14.01 A person shall be disqualified from being a Director, a Supervisor, a general manager or a senior officer of the Company if any of the following applies:
- (1) the individual has no civil capacity or his civil capacity is restricted;
  - (2) a period of less than five (5) years has elapsed since the person was released after serving the full term of a sentence of corruption, bribery, expropriation of assets, misappropriation of assets or social and economic disorder or since the deprivation of political rights on the person due to a criminal conviction was lifted;
  - (3) a period of less than three (3) years has elapsed since a company or an enterprise in which the person was director, a factory director or a manager was wound up due to mismanagement and the person was held personally liable to the winding up of the company or the enterprise;
  - (4) a period of less than three (3) years has elapsed since the revocation of the license of a company or an enterprise for illegal business operations under circumstances where the person was the legal representative of such company or enterprise and was held personally liable to the illegal business operations of the company or the enterprise;
  - (5) the person has a debt of a material amount which has not been repaid or cleared when due;
  - (6) the person has been involved in illegal activities subject to investigation by judicial authorities and the case has yet to be settled;
  - (7) provisions of law or administrative regulations stipulates that the person is not permitted to assume the position of a leader of an enterprise;
  - (8) the person is not a natural person;
  - (9) a period of less than five (5) years has elapsed since the date when the person was convicted of offences involving fraud or dishonesty and was considered by the relevant authorities to have violated relevant securities

regulations;

- (10) persons who have been identified as being prohibited from participating in the markets by the China Securities Regulatory Commission and where such prohibitions are still in force.
- (11) persons that hold any positions other than a director in the controlling shareholder or actual controller organizations of the Company shall not hold senior management positions of the Company.

14.02 The validity of an act of a Director, a general manager or other senior officers of the Company on behalf of the Company is not, vis-a-vis a bone fide third party, affected by any irregularity in his election or appointment or any defect in his qualification.

14.03 In addition to obligations imposed by laws, administrative regulations, or the listing rules of securities exchanges on which shares of the Company are listed, Directors, Supervisors, and senior management personnel of the Company shall have the following obligations to each shareholder in the performance of functions and powers granted to them by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any guise the Company's assets, including but not limited to any opportunities that are favorable to the Company;
- (4) not to deprive 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 meetings in accordance with these Articles.

14.04 Directors, Supervisors, and senior management personnel of the Company owe a duty, in exercising his powers and discharging his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

14.05 A Director, Supervisor and senior management personnel of the Company shall, in the exercise of the powers of the Company entrusted to him, be obligated to observe obligations of a fiduciary, not to place himself in a position where his duty and his interest may conflict. The principle includes without limitation a duty:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise the powers within his authority and not to exceed the relevant authority;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the direction of another and, unless and to the extent permitted by law, administrative regulations or the informed consent of shareholders

- in general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
  - (5) not to conclude a contract, enter into a transaction, or make an arrangement with the Company except in accordance with these Articles or with the informed consent of the shareholders at general meeting;
  - (6) not to use property of the Company for his own benefit in any way without the informed consent of the shareholders at general meetings;
  - (7) not to accept bribery or other illegal income and not to expropriate in any guise the Company's properties by taking advantage of his duties and powers, including without limitation not to usurp the Company's opportunities;
  - (8) not to accept commissions in connection with transactions of the Company without the informed consent of shareholders at general meeting;
  - (9) to abide by these Articles and act honestly in exercising his powers and discharging his functions and act in the best interest of the Company and not to use his position and power to make profits for himself;
  - (10) not to compete with the Company in any way without approval from the shareholders' general meetings which has been informed of such situation;
  - (11) not to expropriate funds of the Company or to lend the capital of the Company to others and not to expropriate the Company's assets and deposit the same in his own name or another's name and not to use the Company's assets to provide guarantee for any of the indebtedness of a shareholder of the Company or other person;
  - (12) unless otherwise permitted by the informed consent of shareholders in general meeting, to keep in confidence confidential information acquired by him in the course of and during his office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other governmental authorities is permitted if:
    1. disclosure is made under compulsion of law;
    2. disclosure is required for the interests of the public;
    3. disclosure is required for the personal interests of the Director, Supervisor, the President, and other senior management personnel.

Incomes gained by Directors and senior management personnel through violations of this Article shall belong to the Company.

14.06 Directors, Supervisors, and senior management personnel of the Company may not order the following persons or organizations ("**Connected Persons**") to do what such Directors, Supervisors, and senior management personnel cannot do:

- (1) The spouse or minor child of Directors, Supervisors, and senior management personnel of the Company;

- (2) Trustees of Directors, Supervisors, and senior management personnel of the Company, or of any persons referred to in Item (1) hereof;
- (3) Partners of Directors, Supervisors, and senior management personnel of the Company, or of any persons referred to in Item (1) and (2) hereof;
- (4) Companies over which Directors, Supervisors, and senior management personnel of the Company alone, or jointly with any persons referred to in Item (1), (2) and (3) hereof or any other Directors, Supervisors, and senior management personnel of the Company, has actual control;
- (5) Directors, Supervisors, and senior management personnel of companies being controlled as referred to in Item (4) hereof.

14.07 The obligation and credibility of the Company's Directors, Supervisors, manager and other senior management personnel 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 upon 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.

14.08 A Director, a Supervisor, the manager or other senior management personnel of the Company may be relieved from liability for a specific breach of obligations after the shareholders' general meetings has been informed, except in circumstances as specified in Article 7.08 hereof.

14.09 If a Director, a Supervisor, the manager or other senior management personnel 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 at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

If any resolutions of the Board conflicts with the interests of any Directors or Connected Persons, such Directors shall abstain from voting; upon confirmation that the number of Directors in attendance of the meetings is above the legal requirement, such Directors shall not be included in the total.

Unless the interested Director, Supervisor, manager or other senior management personnel of the Company has disclosed such interest to the Board as required under the preceding paragraph hereof and the matter has been approved by the Board at a meeting in which he was not counted in the quorum and had 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, manager or other senior management personnel concerned.

A Director, a Supervisor, the manager or other senior management personnel 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, manager or other senior management personnel has an interest.

- 14.10 If a Director, a Supervisor, the manager or other senior management personnel of the Company gives a written notice to the Board 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, manager or other senior management personnel of the Company shall be deemed for the purposes of the preceding Articles of this Chapter to have declared his interest, insofar as attributable to the scope stated in the notice.
- 14.11 The Company may not in any manner pay tax on behalf of its Directors, Supervisors, manager or other senior management personnel.
- 14.12 The Company may not directly or indirectly provide a loan or loan security for its Directors, Supervisors, manager or other senior management personnel, 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, the manager or other senior management personnel of the Company under an employment contract approved by the shareholders' general meetings, 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, the manager or other senior management personnel 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.
- 14.13 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.
- 14.14 The Company may not be forced to perform a loan security provided by the Company in violation of the first paragraph of Article 14.12, except:
- (1) When the loan is provided to a Connected Person of a Director, a

Supervisor, the manager or other senior management personnel 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.

14.15 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.

14.16 If a Director, a Supervisor, the manager or other senior management personnel of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and administrative regulations, have a right to:

- (1) Require the relevant Director, Supervisor, manager or other senior management personnel to compensate for the losses sustained 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, manager or other senior management personnel and contracts or with a third party (where such third party is aware or should be aware that the Director, Supervisor, manager or other senior management personnel representing the Company was in breach of his obligations to the Company);
- (3) Require the relevant Director, Supervisor, manager or other senior management personnel to surrender the gains derived from the breach of his obligations;
- (4) Recover any funds received by the relevant Director, Supervisor, manager or other senior management personnel that should have been received by the Company, including (but not limited to) commissions;
- (5) Require the relevant Director, Supervisor, manager or other senior management personnel to return the interest earned or possibly earned on the funds that should have been given to the Company.

14.17 The Company shall include a written contract with each Director and Supervisor of the Company concerning his emoluments. Such contract shall be approved by the shareholders’ general meetings 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 personnel of the Company;
- (2) Emoluments in respect of his service as a Director, Supervisor or senior management personnel 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.

14.18 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 meetings, have the right to receive the compensation or other funds obtainable for 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 the offeror becomes a controlling shareholder as defined in Article 7.09 hereof.

If the relevant Director or Supervisor has failed to comply with these 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 on a pro rata basis shall be borne by the relevant Director or Supervisor and may not be paid out of such fund.

## **Chapter 15 Financial and Accounting Policy, Profit Distribution, and Internal Audit**

15.01 The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and the accounting standards of the responsible financial authorities of the State Council.

15.02 The fiscal year of the Company shall follow the calendar year, that is, the period from January 1 to December 31 each year shall be counted as one fiscal year..

The Company shall use Renminbi as the currency for its accounts, and the accounts shall be prepared in Chinese.

The Company shall prepare its financial reports at the end of each fiscal year and such reports shall be verified in accordance with the law.

15.03 The Company shall submit annual, interim, and quarterly financial reports to domestic and foreign securities regulatory bodies in accordance with the regulations of such bodies.

The Board of the Company shall place before the shareholders at each shareholders' general meeting such financial reports as is required to be



prepared by the Company in accordance with laws, administrative regulations and normative documents promulgated by the local government and the departments in charge . Such reports shall be examined and verified.

- 15.04 The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to the convening of shareholders' general meetings. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send copies of the Board's Report and said financial reports to each overseas listed foreign shareholder by mail postage prepaid at least 21 days prior to a shareholders' general meeting, at the recipients' address shown in the register of members.

- 15.05 The financial statements of the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the places outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. In distributing the after-tax profits of the relevant fiscal year, the after-tax profits shall be the smaller amount in either of the financial statements.
- 15.06 Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards, laws and regulations as well as international standards or the accounting standards of the places outside the PRC where shares of the Company are listed.
- 15.07 The Company shall submit an annual financial report to the CSRC and the domestic and foreign securities exchanges within 120 days after the end of the fiscal year, an interim financial report to the branches of the CSRC and the domestic and foreign securities exchanges within 60 days after the end of the first six months of the fiscal year, and a quarterly financial report to the branches of the CSRC and the domestic and foreign securities exchanges within one month after the end of the first 3 months and 9 months of the fiscal year.
- 15.08 The Company shall have no accounting ledgers other than the statutory accounting ledgers.

The Company's assets shall not be held under any personal account.

- 15.09 When the Company is distributing profits after tax of the current year, 10% of which shall be taken and kept in the statutory common reserve of the Company. If the accumulated statutory common reserve of the Company reaches 50% or

more of the registered capital of the Company, such deductions are no longer required.

If the statutory common reserve of the Company is insufficient to cover the company's losses in the previous year, prior to withdraw for the statutory common reserve in accordance with the previous provision, profits of this year shall be used to cover the losses first.

After withdrawing the statutory common reserve from the profit after tax of the Company, any amounts of the common reserve may be withdrawn after approval by the shareholders' general meeting.

Remaining profits of the Company shall be distributed to shareholders in accordance with their shareholdings, after losses have been covered for and amounts for the statutory common reserve have been withdrawn.

15.10 Prior to covering losses of the Company and withdrawing the statutory common reserve, the Company shall not distribute profits or distribute dividends in any other way.

15.11 Capital common reserve shall include the following funds:

- (1) the premiums obtained from the issue of shares in excess of the par;
- (2) other revenue required by the responsible financial department of the State Council to be included in the capital common reserve.

Capital common reserves shall not be used to cover losses of the Company.

15.12 Statutory common reserve of the Company shall only be used to make up losses of the Company, expand the manufacture or operations of the Company or be transferred to increase the capital of the Company.

If statutory common reserve is transferred to the capital by the Company after approved by the shareholders' general meeting, new shares shall be distributed to shareholders in accordance with their shareholdings or proportionally increase the value of each share. However, if statutory common reserve is transferred to the capital, the remaining statutory common reserve shall not be less than 25% of the registered capital.

15.13 The Company shall distribute dividends in cash, shares or a combination of cash and shares. The Company shall take cash distribution as a preferable way of profit distribution.

15.14 Cash dividends and other payments made to the domestic shareholders shall be paid in Renminbi. Cash dividends and other payments made to the overseas listed foreign shareholders shall be declared and calculated in Renminbi but

paid in HKD. Foreign currencies required for payment of cash dividends or other payment items to overseas listed foreign shareholders shall be dealt with in accordance with relevant national foreign exchange management regulations.

Dividends of any shares paid prior to the called shares shall enjoy interests, but the holders of the shares do not have the rights to enjoy the dividends announced after the advanced share funds.

The right to confiscate unclaimed dividends shall only be exercised after 6 years or more of the date of such dividends announcement.

- 15.15 Except when relevant laws and administrative regulations otherwise stipulated, payment of cash dividends and other payment items in HKD, the exchange rate shall be the average exchange rate of the People's Bank of China during one week prior to the date of such announcement.
- 15.16 When distributing dividends to shareholders, the Company shall deduct and pay tax on shareholders' behalf in accordance with tax laws of the PRC and the distribution amounts.
- 15.17 The Company shall appoint recipient agents for holders of foreign investment shares listed outside the PRC to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of foreign investment shares listed outside the PRC.

The recipient agents appointed by the Company shall meet the requirements of the laws of the places, or the relevant regulations of the securities exchanges, where the shares are listed.

With regards to the dividends statement given to shareholders by the Company by post, if such shareholders do not cash in after the Company posts the dividends statements for 2 consecutive times, the Company has the right to no longer post the dividends statements to such shareholders. If the dividends statements cannot be posted to the recipient for the first time and is returned, the Company may proceed to exercise such right.

The Company has the right to recover, without compensation, the shares of shareholders that cannot be contacted and sell to any other persons under the following circumstances:

- (1) The Company has distributed dividends to such shares at least 3 times over a period of 12 years, and during that period such dividends have not been claimed;
- (2) Following the end of the 12 year period, the Company announces such intentions to sell these shares through relevant news channels and notify

the HKEx.

The recipient agents authorized by the Company for foreign investment share shareholders listed in Hong Kong shall be from registered trust companies in accordance with the *Trustees Ordinance*.

- 15.18 After the profit distribution plan has been approved by the shareholders' general meetings of the Company, the Board of the Company shall complete the distribution of share dividends (or shares) within 2 months of the shareholders' general meetings.
- 15.19 Conditional upon the Company being profitable and the retained distributable profit being positive as well as the cash flow being able to satisfy the continuing operation and sustainable development of the Company, the Company shall distribute cash dividends. The profits which the Company has accumulatively distributed in cash over the recent three years shall not be less than 30% of the average annual distributable profits realized in such three years.

When proposing distribution of dividends, the Board shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, profit level and whether it has any significant capital expenditure plans and formulate profits distribution proposals in accordance with the provisions set out below and procedures provided in the Articles of Association :

- (1) If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividends shall be at least 80% in the profit distribution;
- (2) If the Company is at the mature stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 40% in the profit distribution;
- (3) If the Company is at the growing stage and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 30% in the profit distribution.

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

If the operation of the Company is healthy, and the Board of the Company believes the scale of share capital does not match the operation scale of the Company and dividend payment in shares will be in the interests of all shareholders of the Company, the Company may propose to distribute dividends in shares.

The Company shall distribute the profit in accordance with the Company's consolidated financial statements or the financial statements of the Company itself, whichever is lower.

The Company shall pay dividends once a year in principle. However, the Board may propose payment of interim dividends in line with the profitability of the Company.

The Board shall propose the preliminary profit distribution plans. The independent non-executive directors shall provide their independent opinions on the plans. The shareholders of the Company at the general meeting will make decisions on the plans. Opinions of shareholders (especially minority shareholders) and the independent non-executive directors shall be heard and considered during the process of formulating and deciding the profit distribution plans. The Company shall take the initiative to communicate with shareholders, in particular minority shareholders through various channels, including investor interactive platform, investors hotline, email and etc. The Company shall provide feedback on questions from minority shareholders in a timely manner.

The independent non-executive directors may collect opinions from minority shareholders for formulating and putting forward a profit distribution proposal to the Board of the Company for consideration.

Where the Company needs to make adjustments to its profit distribution policies in line with its production and operation, investment plans and development strategies, the Board shall provide specific discussions and detailed reasons therefor and formulate a written discussion report, and the independent non-executive directors shall provide explicit opinions. The adjusted profit distribution policies shall not violate the relevant regulations of the CSRC and the stock exchanges. The adjustments of the profit distribution policies must be reviewed and approved by the Board, as well as by the shareholders by an affirmative vote of two-thirds or more of all shareholders attending the general meeting. The Company will provide the shareholders with on-line vote platform.

- 15.20 The Company shall implement internal audit policies, employee specialized audit personnel to internally audit and inspect financial gains and expenditure and economic activities of the Company.
- 15.21 The internal audit policies and duties of audit personnel of the Company shall be implemented after approval by the Board. The person in charge of audit shall be responsible to and report to the Board.

## **Chapter 16 Appointment of Accountancy Firm**

- 16.01 The Company shall engage an independent accounting firm that complies with relevant State regulations to audit the annual financial reports and other financial reports of the Company.
- 16.02 The term of engagement of an accounting firm engaged by the Company shall be between the end of the shareholders' general meetings of the Company and the end of the next shareholders' general meetings.
- 16.03 An accounting firm engaged 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, the manager and other senior management personnel 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 meetings, receive a notice or other information concerning any meetings of or concerning which shareholders have a right to receive a notice or other information, and to be heard at any shareholders' general meetings on any matter which relates to it as the accounting firm of the Company.
- 16.04 If the position of accounting firm becomes vacant, the Board may appoint an accounting firm to fill such vacancy before a shareholders' general meetings is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exist, such accounting firms shall continue to act.
- 16.05 The shareholders' general meetings may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of engagement, 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.
- 16.06 The remuneration or method of remuneration of an accounting firm shall be decided upon by the shareholders' general meetings. The remuneration of an accounting firm engaged by the Board shall be determined by the Board.
- 16.07 The engagement, dismissal or refusal of the renewal of the engagement of an accounting firm shall be decided upon by the shareholders' general meetings and reported to the State Council authorities in charge of securities for the record.

If the shareholders' general meetings proposes to approve of a resolution to appoint an accounting firm that is not currently in office to fill any vacancies of the accounting firm position, to reappoint an accounting firm appointed by the Board to fill any vacancies of the accounting firm position, or to dismiss an accounting firm prior to the end of their term of office shall comply with the following regulations:

- (1) The proposal for appointment or dismissal shall be given to the accounting firm proposed to be engaged, leave their position, or already dismissed during the relevant financial year prior to the issue of the shareholders' general meetings notice. Leaving their position includes dismissal, resignation, and retirement.
- (2) If the accounting firm that is about to leave its position makes a written statements and requests the Company to notify shareholders of such statement, unless the Company receives such written statement too late, otherwise shall take the following actions:
  1. State the fact that the accounting firm that is about to leave its position made a statement in the notice announced for purposes of such resolution;
  2. Such statement shall be included as an appendix to the notice and delivered to shareholders in accordance with these Articles.
- (3) If the Company did not deliver the statement of the relevant accounting firm in accordance with Item (2) of this Article, the relevant accounting firm may request for the statement to be read out at the shareholders' general meetings, and may proceed with legal action.
- (4) The accounting firm that is about to leave its position has the right to attend the following meetings:
  1. The shareholders' general meetings within its original term of office;
  2. The shareholders' general meetings for which it is required to fill a vacancy due to its dismissal;
  3. The shareholders' general meetings convened due to its voluntary resignation.

The accounting firm that is about to leave its position has the right to receive the notices and relevant meeting information for the meetings described above, and speak on matters relevant to them as the former accounting firm of the Company at the meetings described above.

- 16.08 When the Company dismisses or does not renew the engagement of an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to present its views before the shareholders' general meetings. Where an accounting firm tenders its resignation, it shall inform the shareholders' general meetings of whether there is any irregularity in the Company.

An accounting firm may resign by placing its written resignation letter at the

registered address of the Company. The resignation shall be effective as at the date at which the notice was placed at the registered address of the Company or a later date stated in the notice. The notice shall include the following contents:

- (1) A declaration that its resignation does not involve any circumstances that shareholders or creditors of the Company should be notified of; or
- (2) A statement regarding any such circumstances that such persons should be notified of.

The Company shall deliver a photocopy of the notice described above to the relevant regulatory bodies within 14 days of receiving such written notice. If the notice includes statements described in Item (2) of this Article, the Company shall keep a duplicate copy at the Company for shareholders to read, and shall send duplicate copies to each holder of foreign investment shares listed outside the PRC by prepaid, at the recipients' address shown in the register of shareholders.

If the resignation letter of the accounting firm includes the description of any circumstances that relevant parties should be notified of, the accounting firm may request the Board to convene an EGM and listen to its explanations regarding the circumstances of the resignation.

## **Chapter 17 Merger and Division of the Company**

- 17.01 The merger or division of the Company shall require the preparation of a proposal by the Board. After such proposal has been adopted in accordance with the procedures specified in these Articles, relevant examination and approval procedures shall be carried out according to 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. Holders of foreign investment shares listed outside the PRC shall be served copies of the above-mentioned document by mail.

- 17.02 Merger of the Company may take the form of merger by absorption and merger by new establishment.

For merger of companies, the parties to the merger shall enter into a merger agreement and prepare balance sheets and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the merger resolution is passed and publish an announcement on the merger in the *Securities Times* within 30 days of that date.



Creditors have the right to request full payment of debts from the Company or provide relevant guarantees within 30 days of receiving the notification letter, or within 45 days of the announcement of the notification letter if they did not receive such letter. If the Company cannot repay the debts in full or provide relevant guarantees, the merger or division shall not proceed.

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.

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

For division of the Company, the parties to the division shall enter into a division agreement and prepare balance sheets and an asset list. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and publish an announcement on the merger in the *Securities Times* within 30 days of that date.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached.

17.04 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 law; where the Company is dissolved, it shall cancel its registration according to law; where a new company is established, its establishment shall be registered according to law.

## **Chapter 18 Dissolution and Liquidation of the Company**

18.01 The Company shall be dissolved and liquidated according to law in the following circumstances:

- (1) Approval of the resolution to dissolve by the shareholders' general meetings;
- (2) If dissolution is necessary as a result of the merger or division of the Company;
- (3) If the Company is declared bankrupt according to law because it is unable to pay its debts upon maturity;
- (4) Major difficulties occur in terms of operations and management of the Company, the continued existence will cause significant damage to interests of shareholders, and that cannot be resolved through other methods, shareholders that possess more than 10% of all voting rights may request for the dissolution of the Company by the civil court;
- (5) If the Company's business license is lawfully rescinded, order to shut

down, or to be dissolved.

- 18.02 Where the Company is to be dissolved pursuant to Item (1), (4) or (5) of the preceding Article, it shall establish a liquidation committee within 15 days. The members of such liquidation committee shall be determined by the shareholders' general meetings by way of an ordinary resolution; if the liquidation committee was not established to proceed with liquidation, shareholders may request the civil court to appoint relevant personnel to establish a liquidation committee to carry out liquidation.

Where the Company is to be dissolved pursuant to Item (3) of the preceding Article, the civil court shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation in accordance with relevant laws.

- 18.03 If the board of directors decides that the Company should be liquidated (except the liquidation as a result of the Company's declaration of bankruptcy), the notice of the shareholders' general meetings convened for such purpose shall include a statement to the effect that the Board 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 shall terminate immediately after the shareholders' general meetings has adopted a resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' general meetings, and not less than once a year make a report to shareholders' general meetings on the committee's income and expenditure, the business of the Company and the progress of the liquidation. It shall make a final report to the shareholders' general meetings when the liquidation is completed.

- 18.04 The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish an announcement on any national economic or securities newspaper regarding the liquidation within 60 days. Creditors shall apply for their credit rights to the liquidation committee within 30 days of receiving the notice or within 45 days of the announcement if they did not receive the notice. Claims shall be registered by the liquidation committee.

- 18.05 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 property list respectively;

- (2) Notify creditors by a notice or public announcement;
- (3) Dispose of and liquidate relevant unfinished business of the Company;
- (4) Pay all outstanding taxes in full and taxes incurred during the 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.

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

Payment of debts out of Company property shall be made in the following order of priority:

- (1) Liquidation expenses;
- (2) Salaries, social insurance, the legal compensations owed to employees of the Company;
- (3) Tax debts and extra taxes and common reserves that should be paid;
- (4) Bank loans, corporate bonds, and other debts.

Company property left after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Company's shareholders according to the category and proportion of their shareholding.

During liquidation, the Company may not engage in new business activities that are not related to the liquidation.

18.07 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 property list, 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.

18.08 Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, 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 meetings 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 meetings 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.

- 18.09 Members of the liquidation committee shall perform their duties with loyalty and in accordance with laws.

Members of the liquidation committee shall not use their position and power to accept bribes or other illegal incomes, and shall not embezzle assets of the Company. If members of the liquidation committee cause losses for the Company or creditors intentionally or due to major errors, they shall be liable for compensation.

- 18.10 If the Company is legally declared bankrupt, liquidation shall proceed in accordance with relevant corporate bankruptcy laws.

- 18.11 Once the shares have stopped trading, shares of the Company shall continue trading after entering the intermediary share transfer agency system. The Company shall not amend this provision in these Articles.

## **Chapter 19 Procedure for Amending these Articles**

- 19.01 The Company may amend these Articles in accordance with laws, administrative regulations and these Articles.

- 19.02 Amendments of these Articles shall comply with the following procedure:

- (1) After approval by the Board in accordance with these Articles, the amendment plan of these Articles shall be formulated;
- (2) Notify shareholders of the amendment plan and convene an shareholders' general meetings to deliberate;
- (3) Amendments proposed to the shareholders' general meetings shall be approved as special resolutions.

- 19.03 The Company shall amend these Articles in the following circumstances:

- (1) Regulations of these Articles conflicts with the regulations of the *Company Law of the PRC* or relevant laws and administrative regulations after they have been amended;
- (2) Changes in circumstances of the Company that causes inconsistencies in these Articles;
- (3) The shareholders' general meetings decide to amend these Articles.

- 19.04 Amendments of these Articles that involve contents of *Prerequisite Clauses* shall be effective after approval by the CSRC.

19.05 Amendments of these Articles that involve matters of company registration shall amend the necessary registration changes in accordance with laws.

Amendments of these Articles are information required to be disclosed by laws and regulations, and shall be announced in accordance with regulations.

## **Chapter 20 Dispute Settlement**

20.01 The Company shall comply with the following regulations on dispute settlement:

- (1) If any dispute or claim concerning the Company's business on the basis of the rights or obligations provided for in these Articles or in the *Company Law of the PRC* or other relevant laws or administrative regulations arises between a holder of foreign investment shares listed outside the PRC and the Company, between a holder of foreign investment shares listed outside the PRC and a director, a supervisor, the manager or other senior management staff of the Company or between a holder of foreign investment shares listed outside the PRC 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, director, 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 may 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 laws or administrative regulations, the laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred to in Item (1).
  - (4) The award of the arbitration institution shall be final and binding upon each party.
- 20.02 For disputes that are not included in Article 20.01, the persons in question may choose to settle through litigation or arbitration.

## **Chapter 21 Notice**

- 21.01 Unless otherwise stipulated by these Articles, notices, information or written statements given to foreign investment share shareholders by the Company shall be in accordance with the registered addresses of foreign investment share shareholders, or posted to each foreign investment share shareholder.

Notices regarding the exercise of rights stipulated by these Articles shall be posted on newspapers or websites also.

In case of joint shareholders, the Company only needs to deliver or post notices, information or other documents to one of the joint shareholders.

- 21.02 If shareholders did not provide a registered address or due to major errors in the address resulting in such shareholders to be unreachable, the Company only needs to keep the relevant notices and statements at the legal address of the Company for 24 hours, such shareholders shall be deemed to have received the relevant notices.
- 21.03 Publishing announcements in newspapers mentioned in these Articles shall be made pursuant to the relevant disclosure regulations of national laws and administrative regulations. If, in accordance with these Articles, announcements need to be made to foreign investment share shareholders, such relevant announcements shall be published on specified newspapers in accordance with the Listing Rules of the HKEx.
- 21.04 Notices of the Company issued to domestic investment share shareholders shall be published on newspapers specified by the national securities regulatory body or more than one newspaper. Once the announcements have been published, all domestic investment share shareholders shall be deemed to have received such notices.
- 21.05 Notices that are delivered by post, only need to clearly state the address and that the mail has been prepaid, and places the notice inside the envelope. When such mail which includes the notice has been placed inside a post box, it is deemed to be sent, and after 48 hours, it is deemed to be received.

21.06 Any notices, documents, information, or written statements given to the Company by shareholders or directors can be delivered through specified persons or registered mail to the legal address of the Company or the registered agent of the Company.

In order to prove that notices, documents, information, or written statements have been delivered to the Company, shareholders or directors shall provide proof of such notices, documents, information, or written statements have been delivered through usual methods or prepaid mail within the specified timeframe and to the correct address.

## Chapter 22 Notes

22.01 If any discrepancies occur between the Chinese and English versions of these Articles, the Chinese version shall be final.

22.02 The Board may formulate detailed conditions of these Articles in accordance with these Articles. The conditions of these Articles shall not conflict with these Articles.

22.03 Terms of “above”, “within”, and “below” used in these Articles shall include the numbers mentioned; “less than” and “outside” shall not include the numbers mentioned.

22.04 The following words shall have the following meanings in these Articles, excluding different meaning when viewed in context:

“These Articles”	The Articles of Association of the Company
“The Company”	Xinjiang Goldwind Science & Technology Co., Ltd.
“Subsidiaries”	Includes wholly owned and controlled subsidiaries
“The Board”	The board of directors of the Company
“The Chairman”	Chairman of the board of directors of the Company
“Directors”	Directors of the Company
“Supervisory Committee”	The Supervisory Committee of the Company, in accordance with laws of the PRC, the Supervisory Committee shall be responsible for supervising the Board of the Company and its members, the President, and other senior management staff
“Supervisors”	Members of the Supervisory Committee of the Company
“RMB”	The legal currency of the PRC

“The Secretary”	The Secretary of the Board of the Company authorized by the Board of the Company
“The PRC”	The People’s Republic of China
“The PRC Law”	The legal constitutions of the PRC or any laws, regulations, and provisions (defined by context when necessary) effective in the PRC
“ <i>Company Law of the PRC</i> ”	The <i>Company Law of the PRC</i> approved by the 18 <sup>th</sup> meeting of the 10 <sup>th</sup> term of the Management Committee of the National People’s Congress on 27 October 2005, and effective as of 1 January 2006
“ <i>Securities Law of the PRC</i> ”	The <i>Securities Law of the PRC</i> approved by the 18 <sup>th</sup> meeting of the 10 <sup>th</sup> term of the Management Committee of the National People’s Congress on 27 October 2005, and effective as of 1 January 2006
“ <i>Special Regulations</i> ”	The <i>Special Regulations regarding Limited Liability Companies Issuing Shares and Listed outside the PRC</i> approved and implemented by the 22 <sup>nd</sup> management meeting of the national State Council on 4 July 1994
“ <i>Prerequisite Clauses</i> ”	The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses issued by the CSRC of the State Council and the NDRC on 27 August 1994
“Hong Kong Shareholder Kong Register”	Part of the shareholder register kept in Hong Kong in accordance with these Articles
“HKEx”	The Stock Exchange of Hong Kong Limited
“HKEx Listing Rules”	<i>Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</i>
“Arbitrator”	The China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre
“Special Resolution”	Resolutions approved by over two-thirds of shareholders in attendance
“Ordinary Resolution”	Resolutions approved by over half of shareholders in attendance

22.05 The term “accounting firm” used in these Articles has the same meaning as “auditor”.

22.06 These Articles were written in Chinese, if discrepancies occur between versions of any other language, the most recently approved Chinese version by the Commerce and Administration Management Department of Xinjiang Uyghur Autonomous Region shall be final.



22.07 The explanation rights of these Articles belong to the Board of the Company, and the amendment rights belong to the shareholders' general meetings.