

Zijin Mining Group Co., Ltd.\*  
Articles of Association  
(Revised on 9 December 2022)

This is an unofficial English translation and is for reference only. In case of any discrepancies, the Chinese version shall prevail over its English version.

\*The English name of the Company is for identification purpose only

## Contents

Chapter 1: General Provisions .....	3
Chapter 2: Business Tenet and Scope .....	5
Chapter 3: Shares and Registered Capital .....	5
Chapter 4: Capital Reduction and Shares Repurchase .....	7
Chapter 5: Financial Aid for Purchase of Shares of the Company .....	9
Chapter 6: Stock Certificate and Register of Shareholders .....	10
Chapter 7: Rights and Obligations of Shareholders .....	14
Chapter 8: General Meetings of Shareholders .....	16
Chapter 9: Special Procedures for Voting of Classified Shareholders .....	25
Chapter 10: Party Committee of the Company .....	27
Chapter 11: Board of Directors .....	28
Chapter 12: Secretary to the Board of Directors .....	33
Chapter 13: President of the Company .....	33
Chapter 14: Supervisory Committee .....	34
Chapter 15: Qualifications and Obligations of the Company's Directors, Supervisors, President and Other Senior Management Personnel .....	36
Chapter 16: Financial and Accounting Systems and Distribution of Profit .....	41
Chapter 17: Appointment of an Accounting Firm .....	46
Chapter 18: Mergers and Division of the Company .....	48
Chapter 19: Dissolution and Liquidation of the Company .....	49
Chapter 20: Procedures for Amending the Company's Articles of Association .....	51
Chapter 21: Notices and Announcements .....	51
Chapter 22: Settlement of Disputes .....	52
Chapter 23: Supplementary Provisions .....	53

## Chapter 1: General Provisions

Article 1: Zijin Mining Group Co., Ltd.\* (hereinafter referred to as the “Company”) is a joint stock limited company incorporated according to the Company Law of the People’s Republic of China (“Company Law”), the Special Regulations of the State Council on Shares Raising and Listing Overseas for Joint Stock Company Limited (“Special Regulations”) and other relevant national laws and administrative regulations.

The establishment of the Company has been approved by the People’s Government of Fujian Province under document Min Zheng Ti Gu [2000] No. 22. The Company was established by way of promotion on 17 August 2000 and was registered on 6 September 2000 with the Fujian Administrative Bureau for Industry and Commerce and the business licence thereof has been obtained. The Company’s unified social credit code is 91350000157987632G.

As approved by the China Securities Regulatory Commission on 18 November 2003, in the period from 16 December 2003 to 22 December 2003, the Company firstly issued to overseas investors 400,544,000 H shares (par value: RMB0.10 per share) which was subsequently listed on the main board of The Stock Exchange of Hong Kong Limited on 23 December 2003. In 2003 Annual General Meeting, the shareholders approved the Company’s name changed to Zijin Mining Group Co., Ltd.\* On 24 March 2008, with the approval from the approving departments of State Council, the Company further issued 1,400,000,000 shares domestic shares (par value: RMB0.10 per share) and listed on Shanghai Stock Exchange on 25 April 2008.

The promoters of the Company are:

1. Minxi Xinghang State-owned Assets Investment Company Limited  
Address: No.110, Zhenxing Road, Linjiang Town, Shanghang County
2. Xinhua Industrial Group Company Limited  
Address: No. 162, Wusi Road, Fuzhou City
3. Shanghang County Jinshan Trading Co., Ltd.  
Address: No. 472, Beihuan Road, Linjiang Town, Shanghang County
4. Fujian Xinhua Engineering Company Limited  
Address: Zijinshan, Shanghang County
5. Xiamen Hengxing Group Company Limited  
Address: 1/F, Hengxing Building, Yuehua Road East, Xiamen City
6. Fujian Xinhua Department Store Company Limited  
Address: 1-2/F, Lida Building, No. 8, East Street, Fuzhou City
7. Fujian Gold Group Company Limited  
Address: No. 36, Liuhe Road, Gulou District, Fuzhou City
8. Fujian Minxi Geologist Team  
Address: No. 50, Fuxing Road, Sanming City

Article 2: Registered name of the Company: 紫金矿业集团股份有限公司  
English name of the Company: Zijin Mining Group Co., Ltd.\*

Article 3: Address of the Company:  
No. 1, Zijin Road, Shanghang County  
Postal code: 364200  
Tel: 86-0597-3833115  
Fax: 86-597-3883997

Article 4: The legal representative of the Company is the **president** of the Company.

Article 5: The Company is a permanent existent joint stock limited company.

Article 6: The Company has made amendments to the original Articles of Association and formulated this Articles of Association (the “Articles” or “Articles of Association”) in accordance with the Constitution of the People’s Republic of China, Constitution of the Communist Party of China (the “Party’s Constitution”), Company Law, Special Regulations, Mandatory provisions for Articles of Association of Companies Listed Overseas (“Mandatory Provisions”), other national laws, administrative regulations and relevant rules, reference from Guideline on the Listed Company’s Articles of Association (“Guideline on Articles of Association”) and the resolutions passed in the Company’s shareholders’ general meetings.

Since this Articles of Association becomes effective, it shall act as a legal binding document for the management of structure and behaviour of the Company and also the rights and liabilities between the Company and its shareholders and also among shareholders.

Article 7: The Articles of Association will be binding to the Company, its shareholders, directors, supervisors, president and other senior management personnel; all of the above-mentioned personnel can have claims concerning affairs of the Company according to the Articles of Association.

The shareholder(s) can prosecute the Company according to the Articles of Association; the Company can prosecute the shareholder(s) according to the Articles of Association; any shareholder can prosecute other shareholder(s) according to the Articles of Association; any shareholder can prosecute any director, supervisor, president and other senior management personnel according to the Articles of Association.

Other senior management personnel mentioned in the Articles refer to the secretary to the board of directors, the vice-president(s), the financial controller and the chief engineer.

The aforesaid “prosecute” includes filing a claim to a court or requesting an arbitration to an arbitration organization.

Article 8: All capital of the Company is divided into equal-amount shares. The shareholders undertake the responsibility for the Company according to their holding shares. The Company undertakes all its debts with all its assets.

Article 9: The Company can invest in other limited liability companies or joint stock limited companies and will be responsible to the invested companies according to the amount of investment.

The Company can invest in other enterprises; however, unless otherwise stated by laws, it shall not become an investor bearing joint responsibility of the debts of the invested enterprises.

## Chapter 2: Business Tenet and Scope

Article 10: The business tenet of the Company is: to **adhere to “mining for a better society”**, keep strong footing in China and expand horizon across the world, with exploration and mining of gold, copper, zinc, **lithium** and other mineral resources as the main business and appropriately extend associated businesses; **in order to provide low carbon mineral materials for the better life of human beings**; to adhere to mineral resources leading and cost-leading strategies, to adhere to the integration of internationalization, project enlargement and assets securitization, to further strengthen innovation as the core competitiveness; to adhere to the integration of market principles and scientific management, to adopt people-oriented approach and promote the effective integration between the outstanding elements of Zijin corporate culture and the international practices; to build up a safe, environmental and ecological friendly brand name; **to adhere to the co-development value**, maximize the value for the society, the staff, the shareholders and other associates of the Company. To achieve the ultimate goal of “becoming a green, high-tech, leading global mining company”.

Article 11: The business scope of the Company shall be consistent with and subject to the items approved by the authority responsible for the registration of the Company.

The main business scope of the Company includes: exploration of minerals, mining and processing of gold ores; gold refinery; mining and processing of copper ores; copper refinery; integration service on information and technology systems; consultation service on information and technology; sales of jewellery and ornaments, crafts and art products, mineral products, machinery and equipment, chemical products (excluding dangerous chemical products and precursor chemical products of poisons), hydropower generation; investment in mining industry, hotel industry and construction industry; foreign trade; land transportation of general goods; land transportation of hazardous goods. Open pit mining of copper and gold ores, underground mining of copper ores; research and development of mining engineering technology, mining machinery and equipment specifically for use in metallurgy; manufacture of mining machinery and equipment specifically for use in metallurgy; tourist accommodations (only for branches). (Items which require approvals under the law shall be subject to the approval from relevant departments before the commencement of business)

Minor business scope of the Company: Nil.

The Company can adjust the business scope and business mode according to the change of domestic and foreign market, the business development and its self-ability with approval from relevant government departments.

## Chapter 3: Shares and Registered Capital

Article 12: The Company has ordinary shares at all time; as required, the Company can have other class of shares after being approved by the relevant authorities authorized by the State Council.

Article 13: All the shares issued by the Company should have face value, the face value of each share is RMB0.10.

Article 14: As approved by China Securities Regulatory Commission, the Company can issue shares to both domestic and overseas investors.

The aforesaid overseas investors refer to the investors from foreign countries or Hong Kong, Macao and Taiwan that subscribe the shares issued by the Company; the domestic investors refer to the investors (excluding the above-mentioned investors) in the People’s Republic of China that subscribe the shares issued by the Company.

Article 15: The shares issued by the Company to domestic investors in Renminbi are called as domestic capital shares. The shares issued by the Company to overseas investors in foreign currency are called as foreign capital shares. The domestic capital shares listed inland are known as domestic capital shares listed inland. The foreign capital shares listed overseas are known as foreign capital shares listed overseas.

Unless otherwise stated in the Articles, the holders of domestic and foreign capital shares are all ordinary shareholders and have equal obligations and rights.

Article 16: As approved by relevant departments, the total number of ordinary shares of the Company is 95,000,000 shares at the time of incorporation with par value of RMB1.00 per share. These shares are all subscribed and held by the promoters, among which:

Minxi Xinghang State-owned Assets Investment Company Limited holds 45,600,000 shares, representing 48% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in the form of physical assets on 31 August 2000;

Xinhuadu Industrial Group Company Limited holds 17,290,000 shares, representing 18.2% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in cash on 31 August 2000;

Shanghang County Jinshan Trading Co., Ltd. holds 17,109,500 shares, representing 18.01% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in cash and in the form of physical assets on 31 August 2000;

Fujian Xinhuadu Engineering Company Limited holds 6,650,000 shares, representing 7% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in cash on 31 August 2000;

Xiamen Hengxing Group Company Limited holds 4,750,000 shares, representing 5% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in cash on 31 August 2000;

Fujian Xinhuadu Department Store Company Limited holds 1,636,850 shares, representing 1.72% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in cash on 31 August 2000;

Fujian Gold Group Co., Ltd. holds 1,632,100 shares, representing 1.72% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in cash on 31 August 2000;

Fujian Minxi Geologist Team holds 331,550 shares, representing 0.35% of the total issuable ordinary shares at the time of incorporation of the Company, the contribution was made in cash on 31 August 2000.

Article 17: The current share capital structure of the Company is: the Company's issued ordinary shares is **26,328,172,240** shares with RMB0.10 of par value per share, among which **20,591,232,240** shares are domestic shares (representing approximately 78.21% of total issued ordinary shares of the Company); 5,736,940,000 shares are H shares (representing approximately 21.79% of total issued ordinary shares of the Company).

Article 18: The plan of issuing overseas-listed foreign capital shares and domestic capital shares approved by China Securities Regulatory Commission can be carried out respectively in steps by the board of directors.

The Company can carry out the plan of issuing overseas-listed foreign capital shares and of issuing domestic capital shares respectively according to the above provision in 15 months from the date of approval from China Securities Regulatory Commission.

Article 19: The Company shall raise full amount at one shot when issuing overseas-listed foreign capital shares and domestic capital shares according to the planned number of total shares respectively; in case of failure in raising full amount at one shot, the shares can be issued in several times after being approved by China Securities Regulatory Commission.

Article 20: The Company's registered share capital is **RMB2,632,817,224**.

Article 21: The Company may, based on its operation and business requirements, approve the increase in its share capital in accordance with the relevant provisions of the Articles.

The manners in which the capital of the Company may be increased are as follows:

- (1) issue shares publicly;
- (2) issue shares privately;
- (3) allot bonus shares to existing shareholders;
- (4) convert capital reserve into share capital; and
- (5) any other methods permitted under China Securities Regulatory Commission, PRC laws and administrative regulations.

Where the Company proposes to increase its capital by issuing new shares, it shall seek approval pursuant to the provisions of the Articles, and then implement the same in accordance with procedures prescribed by relevant PRC laws and administrative regulations.

Article 22: The Company can sell the shares of untraceable shareholders and keep the gained fund if:

- (1) These shares had at least three dividend payments within 12 years while the shareholder did not take any dividend; and
- (2) Upon expiration of 12 years, the Company shall publish an advertisement on press to show the intent of selling the shares and inform China Securities Regulatory Commission and related overseas securities regulatory authorities according to the Articles.

Article 23: Unless otherwise stated by laws, administrative regulations and the Articles, the shares of the Company can be transferred freely without any lien.

#### **Chapter 4: Capital Reduction and Shares Repurchase**

Article 24: According to the provisions of the Articles of Association, the Company can reduce its registered capital.

Article 25: When the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets.

The Company shall notify the obligees within 10 days after the date of resolution on reducing the registered capital and shall announce it on a newspaper for (at least) 3 times within 30 days. The obligees have right to request the Company to settle the debts or provide relevant debt settling guarantee within 30 days after receiving the notice or within 45 days after the date of announcement if no notice is received.

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

Article 26: In the following circumstances, the Company may repurchase its own issued shares subject to the provisions provided in the Articles and with the requirements of laws, administrative regulations, and departmental regulations:

- (1) To reduce its registered share capital;
- (2) To merge with other companies which hold the Company's shares;
- (3) For the Company's employee stock ownership schemes or share incentives;
- (4) For shareholders who object to the corporate merger or division as approved in the general meeting of shareholders and request the Company to repurchase their shares;
- (5) To exchange the shares for corporate bonds which can be converted into shares issued by listed companies;
- (6) For the protection of the Company's value and the rights and interests of shareholders as a listed company, if necessary.

Except for the above-mentioned circumstances, the Company is not allowed to repurchase and sell its own shares.

Article 27: The Company can repurchase the shares in any of following ways with approval from relevant national authorities:

- (1) To give a repurchase offer to all shareholders on pro-rata basis;
- (2) To repurchase at a stock exchange in the manner of open transaction;
- (3) To repurchase outside a stock exchange in the manner of agreement;

The Company shall carry out public centralized trading for the purpose of repurchase of its owned issued shares for clauses (3), (5) and (6) of part one of Article 26.

Article 28: When the Company repurchases shares outside a stock exchange in the manner of agreement, it shall be approved by a general meeting of shareholders according to the Articles of Association beforehand. With prior approval from the general meeting of shareholders, the Company can cancel or change the contract that has been entered into in the aforesaid manner, or waive any rights in the contract.

The contract of share repurchase mentioned in the above Article includes (but not limited to) an agreement on bearing the obligation of share repurchase and acquiring the right of shares repurchase.

The Company shall not transfer the contract of repurchasing its shares or any rights stated in the contract.



Article 29: The Company shall obtain the approval in a general meeting of shareholders for repurchase of its shares for the purposes set out in clauses (1) and (2) of part one of Article 26. The approval in a board meeting subject to the quorum of not less than two-thirds of directors shall be obtained for repurchasing the Company's own shares for the purpose set out in clauses (3), (5) and (6) of part one of Article 26. The Company should take the following actions after the repurchase in accordance with part one of Article 26. In case of clause (1) of Article 26, the shares shall be cancelled within 10 days from the date of the repurchase. In the case of clauses (2) or (4) of Article 26, the shares repurchased shall be transferred or cancelled within 6 months. The aggregate shares held by the Company in accordance with clauses (3), (5) and (6) of part one of Article 26 shall not exceed 10% of the Company's total issued capital, and shall be transferred or cancelled within 3 years.

Article 30: Unless the Company has entered into stage of liquidation, the Company shall follow the provisions below when repurchasing its issued shares:

- (1) When the Company repurchases shares at par value price, the repurchased amount shall be deducted from the book balance of distributable profit or the fund received from new shares issued for repurchase of old shares;
- (2) When the Company repurchases shares at a price higher than the par value, the part equivalent to the par value shall be deducted from the book balance of distributable profit or the fund received from new shares issued for repurchase of old share; the part over the par value shall:
  - (a) Be deducted from the book balance of distributable profit if the repurchased shares were issued at par value price;
  - (b) Be deducted from the book balance of distributable profit or the fund received from new shares issued for repurchase of old shares if the repurchased share were issued at a price higher than the par value; however, the amount deducted from the fund received from new shares shall not exceed the total premium from the issuance of the repurchased old shares, nor shall it exceed the amount in the premium account (or capital surplus account) of the Company at the time of repurchase (including the premium amount of new shares);
- (3) The funds paid by the Company for the following purposes shall be disbursed from the distributable profit:
  - (a) To acquire the right of repurchasing its shares;
  - (b) To change the contract of repurchasing its shares;
  - (c) To cancel its obligations in a repurchase contract.
- (4) After the Company's registered capital has been reduced by the aggregate nominal value of the cancelled shares in accordance with relevant regulations, to the extent that shares are repurchased out of an amount deducted from the distributable profits of the Company, such amount shall be transferred to the capital reserve of the Company.

## **Chapter 5: Financial Aid for Purchase of Shares of the Company**

Article 31: The Company or its subsidiaries shall at no time provide any financial aid to anyone purchasing or planning to purchase shares of the Company in any way. The above-mentioned investors that purchase shares of the Company include those bearing obligation directly or indirectly by purchasing shares of the Company.

The Company or its subsidiaries shall at no time provide any financial aid to the aforesaid obligors to reduce or cancel their obligations in any way.

This article does not apply to the cases mentioned in Article 33.

Article 32: The financial aid mentioned in this chapter includes (but not limited to) the following manners:

- (1) Present;
- (2) Guarantee (includes that the guarantor undertakes responsibility or provide property to guarantee obligation performance by obligor), compensation (not include compensation for the Company's fault), cancellation or waiver of rights;
- (3) To offer a loan or enter into a contract in which the Company shall perform obligation before the other parties, alteration of parties in such loan or contract, and transfer of right in such loan or contract;
- (4) In case of insolvency, no net assets or largely decrease of net assets will be happened, the Company provides financial aid in any other ways.

The obligations mentioned in this chapter include the obligations assumed by the obligor for contract or arrangement (no matter whether the contract or arrangement can be executed forcibly, or whether they are assumed individually or collectively with others), or undertaking obligations arising from a change of financial status in any other ways.

Article 33: The following behaviours are not deemed as prohibited behaviours by Article 31:

- (1) The financial aid provided by the Company is trustily for the benefit of the Company, and the main purpose of such financial aid is not to purchase shares of the Company, or such financial aid is a joint part of a master plan of the Company;
- (2) The Company distributes its assets as dividends according to laws;
- (3) To distribute dividends in the form of shares;
- (4) To reduce the registered capital, repurchase shares and adjust the stock equity structure according to the Articles of Association;
- (5) The Company provides loan for ordinary business activities within its business scope (but it shall not result in a reduction of the net assets of the Company, or such financial aid is disbursed from the distributable profit in case of a reduction);
- (6) The Company provides funds for the employee stock ownership plan (but it shall not result in a reduction of the net assets of the Company, or such financial aid is disbursed from the distributable profit in case of a reduction).

## **Chapter 6: Stock Certificate and Register of Shareholders**

Article 34: The Company adopts registered stock.

The stock certificates shall state clearly the following items:

- (1) Company name;
- (2) Incorporation date of the Company;
- (3) Stock class, face value and represented number of shares;
- (4) Serial number of stock certificate; and

Other items required by the Company Law, Special Regulations and The Stock Exchange of Hong Kong Limited where the stock of the Company listed.

Article 35: The stock certificates shall be signed by the chairman. As required by a stock exchange where the stock of the Company listed, the listed stock certificates shall be signed by other related senior management personnel as well. The stock certificates will come into effect after being affixed with the seal of the Company or being stamped in printing. This seal can only be affixed under authorization of the directors. The signature of the chairman or the signatories of other related senior management personnel on the stock certificates can also adopt the form of printing.

Article 36: The Company will not accept shares of the Company as a security.

Article 37: Directors, supervisors and senior management personnel of the Company should disclose their shareholding and any change in shareholding condition to the Company. Shares transferred during the serving period in the Company cannot exceed 25% of the total amount of shares held by the individual in each year. Shares cannot be transferred within 1 year upon listing of the Company's shares in a stock exchange. The aforesaid individuals cannot transfer the Company's shares within 6 months upon termination of service contracts with the Company.

Article 38: Directors, supervisors, senior management personnel of the Company sell the shares of the Company within 6 months after a purchase or buy shares of the Company within 6 months after those shares were sold, the board of directors of the Company will take back all profits from those activities as those are considered as interests of the Company.

If the board of directors of the Company fails to execute requirements listed out in the aforesaid Articles, shareholders have the right to request the board of directors to execute the plan within 30 days. If the board of directors cannot execute the plan within the 30 days as aforesaid, shareholders can personally file lawsuit to the People's Court in order to protect the interests of the Company.

If the board of directors of the Company cannot fulfill and execute the requirements set up in the first clause in this Article, directors responsible for that will bear the joint and several liabilities according to law.

Article 39: The Company shall set up a register of shareholders to record the following items:

- (1) Name, address, occupation or nature of the each shareholder;
- (2) Class and quantity of the shares held by each shareholder;
- (3) The paid or payable funds for the shares held by each shareholder;
- (4) Serial number of the shares held by each shareholder;
- (5) The date of registration as a shareholder of each shareholder;
- (6) The date of termination as a shareholder of each shareholder.

The register of shareholders is ample evidence proving that a shareholder holds shares of the Company, except that there is opposite evidence.

Article 40: The Company can keep the register of overseas-listed foreign capital shareholders abroad and authorize a foreign agency to manage it according to the understanding or agreement between China Securities Regulatory Commission and foreign securities regulatory organizations. The Company shall back up a copy of the register of overseas-listed foreign capital shareholders at the address of the Company; the authorized foreign agency shall ensure the consistency of the copies of the register of overseas-listed foreign capital shareholders. The original copy of the register of holders of foreign capital shares listed in Hong Kong is kept in Hong Kong.

When the duplicate copy of the register of overseas-listed foreign capital shareholders does not accord with the original copy, its original copy shall prevail.

Article 41: The Company shall keep complete registers of shareholders.

The registers of shareholders shall include the following parts:

- (1) Registers of shareholders kept at the address of the Company other than those states in clauses (2) and (3) of this Article;
- (2) Register of overseas-listed foreign capital shareholders kept in Hong Kong;
- (3) Registers of shareholders kept in other places as decided by the board of directors for the need of going public.

Article 42: All the parts of the registers of shareholders shall not overlap with each other. The transfer of shares registered in a certain part of the registers shall not be registered in other parts during the period of registration and existence.

The alteration or amendment of any part of the registers of shareholders shall be carried out according to the law of the place where it is kept.

Article 43: All the foreign capital shares listed in Hong Kong that have been fully paid up can be transferred freely according to the Articles; however, unless the following conditions are met, the board of directors can refuse to acknowledge any transfer documents without stating any reasons:

- (1) 2.5 Hong Kong dollars are paid to the Company, or fees agreed by The Stock Exchange of Hong Kong Limited are paid (the fees shall not exceed the maximum rate stated in the listing rules of The Stock Exchange of Hong Kong Limited from time to time) so as to register the share transfer document and other documents that are related to share ownership or may affect the share ownership;
- (2) The transfer document only involves foreign capital shares listed in Hong Kong;
- (3) Payable stamp duty has been paid for the transfer document;
- (4) The stock certificates concerned and the evidences reasonably required by the board of directors to prove the transferor's right to transfer the shares shall be provided;
- (5) The related shares do not have any lien of the Company.

If the Company refuses to register the transfer of shares, it shall give a written notice of registration rejection to the transferor and the transferee within two months after the date of officially filing the transfer application.

If the transferor or the transferee is a clearing house or its agent legally recognized in Hong Kong (hereinafter referred to as "recognized clearing house"), such transfer document can be signed in the form of printing.

Article 44: After transfer of shares, the name of the transferee shall be registered in the register of shareholders as a shareholder. If the shares are transferred to several jointly-signed transferees, the number of transferees shall not exceed four.

Article 45: The issuance and later transfer of all foreign capital shares listed in Hong Kong shall be registered in the part of registers of shareholders kept in Hong Kong according to the Articles.

Article 46: With respect to the closure of registration of change on register of shareholders for transfer of shares before the base date for the general meeting of shareholders or dividend distribution, the relevant provisions of laws, regulations and the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange Limited, if any, shall prevail.

Article 47: When the Company convenes a general meeting of shareholders, distributes dividend, liquidates or has other actions that need to confirm the right of stock equity, the board of directors shall select a certain day as a record day of stock equity determination, by the end of which the shareholders on record are the shareholders of the Company.

Article 48: Anyone who disagrees with the register of shareholders and requires recording his name in the register of shareholders or requires deleting his name from the register of shareholders can apply to the court with jurisdiction to amend the register of shareholders.

Article 49: Any shareholder records on the register of shareholders or anyone requires to record his name on the register of shareholders can apply to the Company to reissue new stock certificates for their corresponding shares (namely “related shares”) if their stock certificates (namely “original stock certificates”) are lost.

For a holder of domestic shares who has lost his share certificates and applies for reissue, certificate to be issued shall comply with the provisions of Article 143 of the Company Law.

If a Hong Kong-listed foreign capital shareholder loses his stock certificates and applies for reissuing:

- (1) The applicant shall file an application in the standard format specified by the Company and attach the notarial deed or the statutory declaration document. The content of the notarial deed or statutory declaration document shall include the reason of application, situation and evidence for loss of stock certificates, and the declaration that no anybody else can request to register as holder of related shares.
- (2) Before the Company decides to reissue new stock certificates, no declaration that requests registering as holder of such shares is received from anyone else other than the applicant.
- (3) The Company shall publish an announcement on proposed issuance of new stock certificates on a press specified by the board of directors when it decides to reissue new stock certificates for the applicant; the period of announcement is 90 days, and it shall be repeated at least once per 30 days.
- (4) Before the Company published the announcement on proposed issuance of new stock certificates, it shall submit a copy of the announcement to be published to the stock exchange where it is listed. After receiving reply from the stock exchange and confirming that the announcement has been shown in the stock exchange, it can publish the announcement. The period for the announcement to be shown in the stock exchange is 90 days.  
If the application on stock certificate reissuing is not approved by relevant shareholders on record, the Company shall mail the hard copy of announcement to be published to the shareholders.
- (5) If the Company has not received any dissidence on stock certificate reissuing from anyone upon expiry of the 90-day period for the announcement stated in clauses (3) and (4) of the Article, new stock certificates can be issued according to the application of the applicants.
- (6) When the Company reissues new stock certificates according to this Article, it shall cancel the original stock certificates immediately and record such cancellation and re-issuance on the register of shareholders.
- (7) All the expenses for cancellation of original stock certificates and issuance of new stock certificates shall be borne by the applicant. Before the applicant provides reasonable guarantee, the Company has the right to refuse taking any action.

Article 50: After the Company issues the new stock certificates according to the Articles of Association, the bona fide purchaser acquiring the above new stock certificates or the shareholder (a bona fide purchaser) registered as owner of such shares shall not be deleted from the register of shareholders.

Article 51: The Company has no obligation to compensate for those who suffer loss from cancellation of original stock certificates or issuance of new stock certificates unless they can prove that the Company has fraudulent conduct.

## Chapter 7: Rights and Obligations of Shareholders

Article 52: Shareholders of the Company are those who lawfully hold shares of the Company and have their names registered on the register of shareholders.

Shareholders have rights and obligations according to the class and quantity of the shares held by them; those shareholders holding the same kind of shares shall have the same rights and shall undertake the same obligations.

Article 53: The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) To receive dividends and other ways of profit distribution in proportion to the number of shares held by them;
- (2) To request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at a shareholders' general meeting;
- (3) To supervise and to put forward proposals and make enquiries relating to the business operations of the Company;
- (4) To transfer, bequeath and pledge their shares in accordance with relevant laws, administrative regulations and the Articles;
- (5) To receive relevant information in accordance with the Articles, including:
  - (a) the right to obtain a copy of the Articles upon payment of the cost thereof;
  - (b) the right to inspect and receive copies of the following upon payment of reasonable charges:
    - (i) all parts of the register of shareholders;
    - (ii) the following personal particulars of each of the directors, supervisors, president and other senior management personnel of the Company:
      - a. his present and former name and aliases;
      - b. his principal address (residence);
      - c. his nationality;
      - d. his primary and all other part-time occupations and duties; and
      - e. his identification documents and the number thereof.
    - (iii) the state of the Company's share capital;
    - (iv) a report showing the aggregate nominal value, quantity, highest and lowest price paid by the Company in respect of each class of shares repurchased by the Company since the last financial year; and the aggregate amount paid by the Company for this purpose;
    - (v) minutes of shareholders' general meetings, resolutions of the board of directors meetings and resolutions of the supervisory committee meetings, and financial accounting reports.
  - (6) In the event of dissolution or liquidation of the Company, to participate into the distribution of remaining assets of the Company according to the number of shares held by them;
  - (7) For shareholders who object to the merger or division of the Company as approved in the general meeting, may request the Company to repurchase their shares; and
  - (8) Other rights conferred by laws, administrative regulations and the Articles.

Article 54: Should resolutions of shareholders' general meetings and board of directors meetings violate the laws and administrative regulations, shareholders have the right to request the People's Court to nullify those resolutions.

Should the procedures to call for shareholders' general meetings and board of directors meetings and the voting mechanism violate the law, administrative regulations and Articles of Association or contents of resolutions violates the Articles of Association, shareholders have the right to request the People's Court to revoke the resolutions within 60 days upon the passing of such resolutions.

The controlling shareholder(s) and actual controller(s) should not restrict or obstruct minority shareholders to exercise their voting rights in accordance with laws and should not infringe the legal rights of the Company and minority shareholders.

Article 55: Should directors and senior management personnel violate laws, administrative regulations or the Articles of Association while performing duties of the Company and result in losses of the Company, shareholders controlling over 1% shares of the Company individually or jointly for consecutive 180 days have the right to request the supervisory committee in written format to take legal actions via the People's Court. Should the supervisory committee violates laws, administrative regulations or the Articles of Association while performing duties of the Company and result in losses of the Company, shareholders can request the board of directors in written format to take legal actions via the People's Court.

If the supervisory committee or the board of directors refuse to take the legal actions upon receiving the written request as enlisted in the previous paragraph of this Article or fail to file lawsuits within 30 days upon receiving the request, or under emergency circumstances if fail to take legal actions immediately may result in material irrecoverable loss of the Company, shareholders above-mentioned have the right to take legal actions at their names via the People's Court directly for the benefit of the Company.

Should any third party infringe upon the legal rights of the Company and result in losses of the Company, shareholders provided in first paragraph in this Article can take legal actions via the People's Court in accordance with the previous two paragraphs of this Article.

Article 56: Should directors and senior management personnel violate the laws, administrative regulations or the Articles of Association and infringe upon the interest of the shareholders, shareholders can file litigation to the People's Court.

Article 57: Holders of ordinary shares of the Company undertake the following obligations:

- (1) To abide by the Articles, laws and administrative regulations;
- (2) To pay subscription moneys according to the number of shares subscribed and the method of subscription;
- (3) No disinvestment of its shares, save and except in circumstances as provided by laws and administrative regulations;
- (4) Not to abuse the shareholders' rights to damage the interest of the Company or other shareholders; not to abuse the independent status of the Company's legal person and the limited liability of the shareholders so as to damage the interest of the Company's creditors;

If shareholders of Company, by abusing the shareholders' right cause losses to the Company or other shareholders, such shareholders shall be liable for damages in accordance with the laws.

If the shareholders of the Company by abusing the independent status of the Company's legal person and the limited liability of the shareholders, evades debts and seriously prejudice the interest of the Company's creditors, such shareholders are jointly and severally liable for the debt of the Company; and

- (5) Other obligations imposed by laws, administrative regulations and the Articles.

A shareholder shall not be liable to make further contribution to the subsequent increase in share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Any shareholder who owns 5% or more of the voting rights of the Company must report to the Company in writing with respect to any pledge of the shares in the Company held by him on the same day of the creation of the pledge.

Article 58: In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company:

- (1) To relieve a director or supervisor of his duty honestly in the best interest of the Company;
- (2) To approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any guise, including (but not limited to) opportunities which are beneficial to the Company; and
- (3) To approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save and except where it was done pursuant to a restructuring of the Company submitted to and approved by the shareholders' general meeting in accordance with the Articles.

The controlling shareholder of the Company should not use its connected relationship to damage the Company's interest. The controlling shareholder should be liable for compensation if the controlling shareholder violates this rule and causes damage to the Company. The controlling shareholder should have fidelity duty to the other shareholders and the Company. The controlling shareholder should strictly follow the law to enforce its rights as a shareholder, and should not damage the Company's and the other shareholders' lawful rights in profit distribution, restructure of assets, external investments, use of capital, and loan and guarantee. The controlling shareholder should not use its controlling position to infringe the interest of the Company and the other shareholders.

Article 59: The controlling shareholder mentioned in the above Article refers to those with any of the following qualifications:

- (1) When he acts alone or in concert with others, the majority of directors can be elected;
- (2) When he acts alone or in concert with others, over 30% (30% included) of the Company's voting rights can be exercised or controlled;
- (3) When he acts alone or in concert with others, over 30% (30% included) of the Company's issued shares are held;
- (4) When he acts alone or in concert with others, the Company is controlled virtually in other ways.

"Act in concert" mentioned in this Article means that two or over two persons come into an agreement (by word or in writing) to get the voting right of the Company through any one of them so as to strengthen the control on the Company.

## **Chapter 8: General Meetings of Shareholders**

Article 60: General meeting of shareholders is the organ of authority of the Company, which exercise its functions and powers according to laws.



Article 61: The shareholders' general meeting shall exercise the following functions and powers:

- (1) To decide on the business policies and investment plans of the Company;
- (2) To elect and replace directors or supervisors, who are not employees' representatives, and to determine their remuneration;
- (3) To consider and approve reports of the board of directors;
- (4) To consider and approve reports of the supervisory committee;
- (5) To consider and approve the annual financial budget and annual final accounts of the Company;
- (6) To consider and approve the profit distribution plan and the plan for making up accrued losses of the Company;
- (7) To resolve on increase or reduction of the Company's registered capital;
- (8) To resolve on issuance of bonds by the Company;
- (9) To resolve on matters such as merger, division, dissolution and liquidation or change in nature of the Company;
- (10) To resolve on Company's appointment, removal or non re-appointment of an accounting firm;
- (11) To amend the Articles;
- (12) To consider and approve matters in relation to guarantee as stipulated in Article 62;
- (13) To approve acquisition or disposal of substantial assets within one year and which exceed 30% of the latest audited total assets of the Company;
- (14) To consider and approve the change of the use of proceeds from fund raising;
- (15) To consider the adoption of share option incentive scheme and employee stock ownership scheme;
- (16) To consider any resolution proposed by shareholders representing 3% or more of the shares carrying voting rights of the Company;
- (17) Any other matters which are required by laws, administrative regulations and the Articles to be resolved by the shareholders' general meeting.

Article 62: The Company shall obtain shareholders' approval for the following external guarantee provided by the Company:

- (1) Any guarantee for any amount greater than the aggregate amount of external guarantee, which is equal to or exceed 50% of the latest audited total assets, provided by the Company and its controlling subsidiaries;
- (2) Any guarantee for any amount greater than the aggregate amount of external guarantee, which is equal to or exceed 30% of the latest audited total assets provided by the Company;
- (3) The amount of guarantee provided by the Company within one year exceeds 30% of the Company's audited total assets for the latest period;
- (4) Provision of guarantee for any security which has a gearing ratio for more than 70%;
- (5) Provision of guarantee for any single transaction for an amount greater than 10% of the latest audited total assets; and
- (6) Provision of guarantee for shareholder, beneficial shareholder or its connected parties.

Article 63: Without prior approval from the general meeting of shareholders, the Company shall not enter into a contract with anyone other than directors, supervisors, president and other high management personnel to put the management of all or important business of the Company to such people.

Article 64: Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be held once every year, and shall take place within six months of the end of the previous fiscal year.

The board of directors shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) Where the number of directors falls short of the number stipulated in the Company Law or is below two-thirds of the number required by the Articles;
- (2) Where the accrued losses of the Company amount to one-third of its total paid-up share capital;
- (3) Upon the written request of shareholders individually or jointly holding 10% or more of the issued shares of the Company carrying voting rights;
- (4) Where the board of directors considers it necessary or where the independent directors and the supervisory committee proposes to convene such a meeting; and
- (5) Circumstances as prescribed by laws, administrative regulations, department rules and regulations and the Articles.

Article 65: The general meetings are convened at the domicile address of the Company or a place specified in the notice of a general meeting.

The Company will set up venue to hold the meeting on-site. Meanwhile, in order to ensure the shareholders' meeting is legitimate and valid, the Company will, by different channels and means, provide electronic voting platform and other modern information technology methods in priority for the convenience of shareholders attending the shareholders' meeting.

Shareholders will be regarded as attendees of the general meetings when they participate via the above-mentioned methods.

Article 66: Lawyers should be appointed to attend the general meetings of shareholders, and provide legal opinions and announce on the following questions:

- (1) Whether the convening or procedure of the general meeting is in compliance with laws, administrative regulations, and Articles of Association;
- (2) Whether the participants and the convener are legally qualified;
- (3) Whether the format and results of vote at the general meeting are legally effective;
- (4) Provide legal opinions on any other questions raised by the Company.

Article 67: When the Company convenes an annual general meeting, it shall send out a notice 20 clear business days before such meeting is held; when the Company convenes an extraordinary general meeting, it shall send out a notice 10 clear business days or 15 days (whichever is longer) before such meeting is held, to inform all shareholders recorded in the shareholders' register of the matters to be discussed and the date and place of the meeting.

If a general meeting adopts voting by internet or other means, the voting time and methods for voting by internet or other means should be clearly stated in the notice of a general meeting. The starting time of voting by internet and other means shall not be earlier than 3:00 pm of a day before the meeting and shall not be later than 9:30 am of the meeting day. The closing time of voting by internet and other means shall not be earlier than 3:00 pm of the meeting day.

Article 68: Shareholders, solely or jointly, holding more than 3% of the total shares carrying voting rights of the Company may, on or before 10 days prior to the holding of a general meeting of shareholders submit to the convener in writing the proposed resolutions. The convener shall, within 2 days from the date of receipt of such proposal, issue a supplementary notice of general meeting and announce the contents of the proposed resolutions.

Except for the aforesaid circumstances in previous paragraph, after the announcement of notice of general meeting by the convener, no amendment will be made on the agenda listed in the notice nor insert of new agenda.

In the general meeting, the shareholders cannot vote on any resolution which is not listed in the announced notice or not complied with Article 69.

Article 69: The proposal for general meeting of shareholders shall meet the following conditions:

- (1) Its contents does not conflict with provisions of laws, regulations and Articles and is within the Company's business scope and the scope of official duty of the general meeting of shareholders;
- (2) It shall have clear topic and specific matters for discussion; and
- (3) It shall be submitted or delivered to the board of directors in writing.

The board of directors of the Company shall review the proposal for general meeting according to the aforesaid provisions with the best interest of the Company and shareholders as the standard of conduct.

If the board of directors decides not to bring the proposal for general meeting into the meeting agenda, it shall explain in that general meeting, and the contents of proposal and the explanation of the board of directors shall be announced together with the resolution(s) of general meeting after the meeting.

Article 70: An extraordinary general meeting shall not decide any matters not clearly stated in the notice.

Article 71: The notice of shareholders' meeting shall meet the following requirements:

- (1) It shall be made in writing;
- (2) It shall specify the place, date and time of the meeting;
- (3) It shall state the matters to be discussed in the meeting;
- (4) It shall provide shareholders with information and explanation necessary for the shareholders to make a proper decision on the matters to be discussed; this principle includes (but not limited to) that specific conditions and contract (if any) of the proposed transaction shall be provided and its cause and effect shall be explained carefully when the Company proposes merger, share repurchase, capital stock restructuring or other restructuring;
- (5) If any director, supervisor, president or other senior management personnel has material interest with the matters to be discussed, the nature and degree of the interest shall be disclosed; if the influence of the matters to be discussed on such director, supervisor, president or other senior management personnel as shareholders of the Company is different from that on other shareholders of the same class, the difference shall be explained clearly;
- (6) It shall carry full text of any special resolution to be proposed and passed in the meeting;
- (7) It shall indicate with clear text that the shareholders with attending and voting right can authorize one or more than one shareholder representatives to attend and vote while such shareholder representatives are not necessarily shareholders;
- (8) It shall include the record date of stock equity registration of the shareholders who have the right to attend the general meeting;
- (9) It shall clearly state when and where the voting authorization letter is delivered.

Article 72: Notice of general meeting of which matters concerning the election of directors or supervisors will be discussed at the meeting should disclose detailed information about the directors or supervisors to be elected and should at least include the following information:

- (1) Personal information including educational background, working experience, part-time jobs, and etc.;
- (2) Any relationship with the Company, controlling shareholder and actual controlling person of the Company (if any);
- (3) Disclose the holding of the amount of shareholding of the Company;
- (4) Any past record of being penalized by China Securities Regulatory Commission or other related departments and a stock exchange (if any).

Article 73: General meeting will not be postponed or cancelled without a proper reason after dispatching the notice of general meeting. Propositions listed in the notice of general meeting should not be cancelled. Should the meeting be postponed or cancelled, convener of the meeting should publish an announcement at least 2 working days before the meeting and disclose the reasons.

Article 74: The notice of general meeting shall be sent to the shareholders (with or without voting right in the general meeting) in compliance to Article 200. If the notice of general meeting shall be sent to the shareholders via specially assigned person or by prepaid mail, the address of receiver shall depend on the address recorded on the register of shareholders. For domestic shareholders, the notice of general meeting can also be sent in the way of announcement.

The announcement mentioned above shall be published on one or more presses specified by China Securities Regulatory Commission. Once it is announced, the notice of shareholders' meeting shall be deemed as received by all domestic shareholders.

Article 75: If the notice of meeting is not sent to someone who has right to get the notice for an accidental omission or such person does not receive any notice of meeting, the meeting and the resolutions made in the meeting will not be invalid therefore.

Article 76: Any shareholders with attending and voting right can authorize one or several persons (not necessarily shareholders) as their shareholder representatives to attend and vote in the meeting. Such shareholder representatives can exercise the following rights according to the authorization:

- 1) This shareholder's right to speak in the general meeting;
- 2) The right of voting by poll.

Article 77: A shareholder shall authorize a shareholder representative in writing, signed by the authorizer or by the authorized representative, if the authorizer is a legal person, the written document shall be affixed with corporate seal or signed by its director or other authorized persons or officially authorized representatives.

Article 78: The voting authorization letter shall be placed at the Company's address or other places specified in the notice of meeting at least 24 hours before the related meeting is held or 24 hours before the specified voting time. If the authorization letter is signed by other attorneys authorized by the authorizer, the letter of attorney for signing or other authorization documents shall be notarized. The notarized letter of attorney or other authorization documents shall be placed together with the voting authorization letter at the Company's address or other placed specified in the notice of meeting.

If the authorizer is a legal person, its legal representative or the one authorized by its board of directors or by a resolution of other decision making body shall attend the shareholders' meeting. For the purpose of the Articles, the attendance and any action of the authorized person shall be deemed as attendance or action (as appropriate) of the authorizer himself.

If this shareholder is a recognized clearing house, it can authorize one or more persons as appropriate to act as its representative in any general meeting of shareholders or any shareholders' meetings; however, if more than one person is authorized, the authorization letter shall state clearly the quantity and class of the shares involved for each person. Such authorized persons (or "attorneys") are entitled to exercise the rights of the recognized clearing house on behalf of the recognized clearing house, as if such persons are the individual shareholders of the Company.

Article 79: The format of authorization letter of the shareholder representative issued by the board of directors shall allow the shareholders to instruct the shareholder representative to vote "For" or "Against" and to instruct on voting items of every resolution. The authorization letter shall clearly state that if the shareholder does not make any instruction, the shareholder representative can vote at his own discretion.

Article 80: If the authorizer has passed away, lost capacity of conduct, withdrawn the authorizations, withdrawn the authorization for signing or the related shares have been transferred before voting, so long as no written notice is received by the Company before the relevant meeting begins, the voting made by the shareholder representative based on the authorization letter is still valid.

Article 81: When a shareholder representative attends a general meeting of shareholders on behalf of a shareholder, his own identity proof (exclude recognized clearing) shall be shown; if a legal person shareholder appoints its legal representative to attend the meeting, the legal representative shall show his identity proof and the duplicate copy of the notarized resolution proofing that the legal representative is appointed by the board of directors or other organs of authority of the legal person shareholder.

Article 82: Any connected shareholders and their representatives should not vote in a connected transaction resolution at the general meeting and their voting would not be counted as valid voting. The voting results of non-connected shareholders at the general meeting should be fully disclosed in the general meeting results announcement.

Article 83: The resolution of general meeting of shareholders can be divided into ordinary resolution and special resolution.

The ordinary resolution made by the general meeting of shareholders shall be passed by over half of voting rights held by the shareholders attending the meeting (including shareholder representatives).

The special resolution made by the general meeting of shareholders shall be passed by over two-thirds of voting right held by the shareholders attending the meeting (including shareholder representatives).

Article 84: Shareholders (including proxies) who vote at the shareholders' general meeting shall exercise their voting rights in relation to the amount of voting shares they represent. Each share carries one vote.

Any shareholder is abstained to vote or is restricted to vote only "For" or only "Against" on any resolution, the vote will not be counted if this shareholder or its proxy violates this restriction.

When material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Company's shares held by the Company shall not carry voting rights, and those shares shall not be included in calculating the total number of votes carrying voting rights at a general meeting.

If a shareholder purchases shares carrying voting rights of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after the purchase, and they shall not be included in the total number of shares carrying voting rights in the general meetings of shareholders.

The board of directors, independent directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the China Securities Regulatory Commission can publicly solicit shareholders' voting rights.

Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or defacto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.

Article 85: The general meeting of shareholders adopts the mode of voting by poll.

Article 86: If voting by poll is requested to elect the chairman or suspend the meeting, voting by poll shall be carried out immediately; for other matters requiring voting by poll, the voting time shall be decided by the chairman and the meeting can be continued to discuss other matters. The results of voting is still regarded as a resolution passed in the meeting.

Article 87: During voting by poll, the shareholders (including shareholder representatives) with two votes or over two votes do not need to cast all the votes to "For" or "Against".

Article 88: When the "Against" votes are equal to the "For" votes, the meeting chairman has right to cast one more vote.

Article 89: The following items shall be passed by the general meeting of shareholders with ordinary resolution:

- (1) The report of the board of directors and the report of supervisory committee;
- (2) The profit distribution plan and the deficit coverage plan made by the board of directors;
- (3) Dismissal of members of the board of directors and the supervisory committee, and payment method of remuneration;
- (4) The Company's annual report, annual budget report, annual final report, balance sheet, income statement and other financial statements;
- (5) Other items except for those that shall be passed with special resolution as required by laws, administrative regulations or the Articles of Association.

Article 90: The following matters shall be resolved by way of special resolution of a shareholders' general meeting:

- (1) The increase or reduction of the Company's registered share capital and the issue of shares of any class, warrants or other similar securities;
- (2) The repurchase of the Company's shares, **except for circumstances specified in clauses (3), (5) and (6) of part one of Article 26 in the Articles;**
- (3) The issue of bond by the Company;
- (4) The division, merger, dissolution and liquidation or change in the nature of the Company;
- (5) The Company, in one year's time, purchases or disposes substantial assets, or provides guarantee in an amount which exceeds 30% of the latest total audited assets of the Company;
- (6) Any amendment of the Articles;
- (7) Other matters which, according to an ordinary resolution of the shareholders' general meeting, the requirements of laws, administrative regulations and the Company's Articles may have a significant impact on the Company and require adoption by the way of a special resolution;
- (8) Share option incentive scheme; and
- (9) Other matters governed by the listing rules of a stock exchange where the Company's shares listed.

Article 91: In accordance with the following procedures, independent directors, supervisory committee, or shareholders, solely or jointly, holding more than 10% of the total shares carrying voting rights of the Company may request to convene an extraordinary general meeting or class general meeting:

- (1) In order to request convening a general meeting or class general meeting in different class, a copy or copies of the same demand letter with signatures should state the resolutions of the general meeting or class general meeting and be sent to the board of directors. The board of directors should express their acceptance or refusal of the request within 10 days in writing form with reasons on the convention of the general meeting.
- (2) If the board of directors agrees to convene an extraordinary general meeting, a notice of general meeting will be made within 5 days after the decision of the board of directors. If there is any change to the original proposed resolutions, consent from the original proposers should be obtained.
- (3) If the board of directors rejects the proposal from independent directors to convene an extraordinary general meeting, the reasons should be announced.
- (4) If the board of directors rejects the proposal from supervisory committee to convene an extraordinary general meeting or fails to express board of directors' view within 10 days after receiving the request, it will be regarded that the board of directors does not or cannot discharge its duties to convene a general meeting. Supervisory committee can convene and preside a general meeting with similar procedures as a general meeting convening by board of directors.

- (5) If the board of directors does not agree to convene an extraordinary general meeting or does not reply within 10 days upon receiving the request, shareholders have the right to request the supervisory committee to convene an extraordinary general meeting in writing form. If the supervisory committee agrees to convene the general meeting, a notice of general meeting will be issued within 5 days after the receipt of the request. If there is any change to the original proposed resolutions, consent from the extraordinary original proposers should be obtained. If the supervisory committee does not issue a notice of general meeting within the time limit, supervisory committee will be regarded as not going to convene and preside the general meeting and shareholders individually or jointly possessing over 10% voting shares in the proposed meeting for consecutive 90 days (before publication of announcement regarding resolutions of the general meeting, amount of shares held by shareholders convening for the meeting cannot be less than 10%) have the right to convene and preside the meeting on their own with similar procedures as a general meeting convening by board of directors.

Supervisory committee or shareholders, if decided to convene a general meeting on their own, should inform the board of directors in writing form and file record to the appointed organizations of China Securities Regulatory Commission and stock exchange(s).

Before publication of announcement regarding resolutions of the general meeting, amount of shares held by shareholders convening for the meeting cannot be less than 10%.

Shareholders convening the meeting should submit explanatory materials to appointed organizations of China Securities Regulatory Commission where the Company domiciles and the stock exchange(s) before publication of the announcement on notification and resolutions of the general meeting.

Board of directors and its secretary should cooperate with the supervisory committee or shareholders convening a general meeting on their own. The board of directors should provide the shareholders register as of the share capital registration day.

The Company will bear all the reasonable costs for the general meeting convening by shareholders incurring from the board of directors not holding a meeting in response to the aforementioned requests and the Company will deduct it from the outstanding payment of the responsible directors.

Article 92: General meetings shall be convened and presided by the chairman of the Company. If the chairman is unable to attend the meeting for any reasons, a vice chairman (if the Company has two or more than two vice chairmen, more than half of the directors may nominate one of them to preside the meeting) may convene the meeting and to act as chairman of the meeting. If the vice chairman is unable to attend the meeting for any reasons, more than half of the directors may nominate a director to preside the meeting.

For general meetings convened by the supervisory committee, the chairman of the supervisory committee shall preside the meeting. If the chairman of the supervisory committee is unable to attend the meeting for any reasons, a vice chairman may convene the meeting and to act as chairman of the meeting. If the vice chairman is unable to attend the meeting for any reasons, more than half of the supervisors may nominate a supervisor to preside the meeting.

For a general meeting convened by the shareholders, the convener shall nominate the chairman of the general meeting.



If a meeting is unable to continue as a result of the chairman's violation of the rules and procedures of the meeting, the meeting may continue upon the election of an individual to be the chairman by over half of the shareholders with voting rights present at the meeting.

Article 93: The meeting presider shall decide whether the resolution of general meeting of shareholders is passed. His decision shall be the final decision and shall be announced at the meeting and recorded into the meeting minutes.

Article 94: If the meeting presider has any doubt on the resolution result voted, he can count the number of votes; if the presider does not count the votes and the attending shareholders or shareholder representatives have dissidence on the result, they have right to require counting of votes immediately after the result is announced and the presider shall count the votes immediately.

Article 95: If the votes are counted at the general meeting of shareholders, the result of counting of votes shall be recorded in the meeting minutes.

The general meeting of shareholders shall have meeting minutes. The meeting minutes shall record the following contents:

- (1) The number of the voting shares in the general meeting of shareholders and the proportion in the total shares of the Company;
- (2) Date and place of the meeting;
- (3) Name of the presider and the agenda;
- (4) Key points of each speaker on every discussion topic;
- (5) Voting result of each resolution;
- (6) Inquiry opinions and suggestions of shareholders and reply or explanation of the board of directors and supervisory committee;
- (7) Other contents that should be recorded in the meeting minutes as believed by the general meeting of shareholders and required by the Articles and Association.

The minutes of the general meeting shall be signed by the directors attending the meeting and the recorder and shall be kept by the secretary to the board of directors as a file of the Company. The meeting minutes of the general meeting shall be kept for 10 years.

The number of meeting participants, the shares held by the attending shareholders, the authorization letter, the voting results of every resolution, the meeting minutes and the validity of the procedures and so on can be notarized.

The meeting minutes together with the register of the attending shareholders and the authorization letters shall be kept at the address of the Company.

Article 96: Shareholders can review to a duplicate copy of the meeting minutes free of charge at the Company during the office hour. If any shareholder asks for a duplicate copy of relevant meeting minutes from the Company, the Company shall send out the hard copy within 7 days after receiving reasonable fees.

### **Chapter 9: Special Procedures for Voting of Classified Shareholders**

Article 97: The shareholders holding different kinds of shares are classified shareholders.

Classified shareholders have rights and obligations according to laws, administrative regulations and Articles of Association.

Article 98: If the Company plans to change or cancel the rights of classified shareholders, it shall be passed by the general meeting of shareholders with special resolution and passed by the shareholders' meeting convened respectively by affected classified shareholders according to Article 99 to Article 103.

Article 99: The following circumstances shall be deemed as alteration or cancellation of the rights of a certain class of shareholders:

- (1) To increase or decrease the number of this classified shares, or increase or decrease the number of the classified shares with equal or more voting right, distribution right and other rights;
- (2) To convert all or part of this classified shares into other classes, or convert all or part of another classified shares into this class or to vest such conversion right;
- (3) To cancel or decrease the right of a class of shares to get generated dividends or accumulative dividend;
- (4) To decrease or cancel the priority of a class of shares to get dividends or to acquire property distribution in liquidation of the Company;
- (5) To increase, cancel or decrease the share conversion right, option right, voting right, transfer right, priority to sell and right to acquire the Company's securities of a class of shares;
- (6) To cancel or decrease the right of a class of shares to receive the Company's payables in a specific currency;
- (7) To set up a new class of shares enjoying equal or more voting right, distribution right or other rights;
- (8) To restrict transfer or ownership of a class of shares or increase such restriction;
- (9) To issue the subscription right or share conversion right of a class of shares or another class of shares;
- (10) To increase rights and privileges of other classes of shares;
- (11) The Company's restructuring plan will cause the fact that shareholders of different class of shares may undertake responsibility unproportionally;
- (12) Modification or cancellation of Articles stated in this chapter.

Article 100: The affected classified shareholders shall have voting right in classified shareholders' meeting no matter whether they have voting right originally in the general meeting of shareholders when clauses (2) to (8) and clauses (11) to (12) of Article 99 are involved, but those interested shareholders do not have voting rights in the classified shareholders' meeting.

The meaning of the above-said interested shareholder is as follows:

- (1) When the Company gives a repurchase offer at the same proportion to all shareholders according to Article 27 or repurchases its own shares by means of open transaction at a stock exchange, an "interested shareholder" refers to the controlling shareholder defined in Article 59;
- (2) When the Company repurchases its shares out of a stock exchange in the manner of agreement according to Article 27, an "interested shareholder" refers to the shareholders related to such agreement;
- (3) In the restructuring plan, an "interested shareholder" refers to the shareholders assuming less responsibility than other shareholders of the same class or having different interest from other shareholders of the class.

Article 101: The resolution of each classified shareholders' meeting shall be passed through voting by over two-thirds of the attended shareholders with voting rights in the meeting according to Article 99.

Article 102: When the Company plans to hold a classified shareholders' meeting, a notice shall be issued pursuant to Article 67 with respect to the notice period of convening an extraordinary general meeting so as to inform the shareholders of a class of shares on record of the matters to be discussed and the date and place of the meeting.

Article 103: The notice of classified shareholders' meeting shall be sent to the shareholders with voting right at this meeting only.

Classified shareholders' meeting shall be held with the same procedures as the general meeting of shareholders as far as possible. The Articles concerning procedures of general meeting in the Articles of Association apply to the classified shareholders' meeting.

Article 104: Besides shareholders of other classes, domestic capital shareholders and overseas-listed foreign capital shareholders are treated as shareholders of different classes.

The special procedures for voting of classified shareholders does not apply to the following cases:

(1) as approved by a general meeting of shareholders with a special resolution, the Company separately or collectively issues domestic capital shares and overseas-listed foreign capital shares at interval of 12 months and the quantity of domestic capital shares and overseas-listed foreign capital shares to be issued does not exceed 20% of the issued shares of the respective classes; (2) The plan of issuing domestic capital shares and overseas-listed foreign capital shares upon incorporation of the Company is completed within 15 months from the date of approval from China Securities Regulatory Commission.

## **Chapter 10 Party Committee of the Company**

Article 105: Pursuant to the provisions of the Company Law and the Party's Constitution, the Company shall establish the Communist Party Committee of Zijin Mining Group Co., Ltd.\* (hereinafter referred to as the "Party Committee"). The Party Committee shall play a leading role in direction, overall situation, and implementation. In addition, it shall actively support the Company's operation in compliance with the law. The Company shall establish the Party's work organizations, which shall be equipped with sufficient number of personnel to handle Party's affairs and provided with adequate funds for operation.

Article 106: The Party Committee of the Company shall perform its duties and obligations in accordance with the Party's Constitution and other regulations of the Party:

- (1) To ensure and supervise the thorough implementation of the Party's and state principles and policies in the Company;
- (2) To support shareholders' general meetings, the board of directors, the supervisory committee and the management to discharge their duties according to laws;
- (3) To assume the main responsibility for establishing the Party's conduct and integrity in the Company, to lead and support the Company's disciplinary inspection committee to discharge its duties on supervision, disciplinary enforcement and accountability;
- (4) To strengthen the construction of organizations and team members of the Party at the base level, lead the construction of ideological and political work, corporate culture, ideology and culture, and lead organizations such as the trade union and Communist Youth League, etc. of the Company.

Article 107: The Company shall consult the Party Committee for decisions on material matters.

Article 108: The Party Committee of the Company shall establish a disciplinary inspection committee to support the Company in the building of a clean and honest administration, and organize and coordinate anti-corruption tasks.

Article 109: The Company adheres to a leadership mechanism of “Dual Entry and Cross Appointment”. Eligible members of the Party Committee may be appointed to the board of directors, the supervisory committee and the management through procedures prescribed by laws; whilst qualified Party members of the board of directors, the supervisory committee and the management may be appointed to the Party Committee of the Company based on relevant regulations and procedures.

## **Chapter 11 Board of Directors**

Article 110: The Company shall establish a board of directors consisting of 13 directors, including **6** independent directors. The board of directors shall consist of 1 chairman, 1 to 2 vice chairmen as necessary and **1 convener of independent directors**.

An executive director is a director who is in full employment in the Company and participates in the production and operation of the Company. A non-executive director is a director (excluding an independent director) who is not in full employment in the Company and merely discharges the duties of directors according to laws.

An independent director is a director who does not assume other responsibilities in the Company other than the responsibility as a director and that he is free from any relationship with the listed Company to which he has been appointed and with a significant shareholder of the Company which could impede him from exercising impartial and objective judgment.

The Company shall appoint independent directors lawfully, and give full play to functions of independent directors.

In addition to the functions and powers conferred by the Company Law and other relevant laws and regulations, the independent directors shall have the special functions and powers as conferred by the Company and have the right to give independent opinion on matters which are material to the Company in accordance with laws. Each independent director shall make a report at the annual general meeting of the Company.

Article 111: Directors are elected by a general meeting of shareholders and the presidency is 3 years. Reappointment and sequential rotation electing are allowed when the directors' presidency expires. The written notice of relevant nomination of director candidates should be delivered to the Company not antedate the date that the meeting notice releases and not later than 7 days before the meeting holding date; the candidates can send notice to the Company expressing that they are willing to attend the election during that period.

Article 112: According to this Articles of Association or resolution reached at the general meeting, cumulative votes should be used in the election of directors and supervisors in a general meeting.

The cumulative vote aforesaid means when a general meeting elects a director or supervisor, each and every share holds the same number of voting rights as the number of director and supervisor candidates to be voted in, the shareholders may concentrate their votes in voting. The board of directors should disclose to shareholders the resumes and basic information of candidates of directors and supervisors.

Article 113: Appointment period of directors is calculated from the date when the resolution passed to appoint the directors at a general meeting till the end of appointment period for the current board of directors. If the appointment of the directors is due and the new board of directors has not been elected, the existing directors should perform their directorship according to laws, administrative and departmental regulations, and the Articles of Association.

Article 114: Chairman of the board of directors, vice chairman and executive director shall be elected and removed by more than half of all the directors. Chairman of the board and vice chairman's presidency is 3 years, sequential and rotation electing reappointment are allowed. The general meeting of shareholders can use special resolutions to depose those directors whose 3-year presidency does not expire according to relevant and administrative regulations (including directors, president or other executive directors, yet any demand for reimbursement claim of the contracts are not affected by this).

Directors need not be the Company's shareholders.

Article 115: The board of directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) To convene the shareholders' general meeting and to report on its work to the shareholders' general meeting;
- (2) To execute the resolutions of the shareholders' general meeting;
- (3) To decide on the business plans and investment solutions of the Company;
- (4) To formulate the annual financial budgets and final accounts of the Company;
- (5) To formulate the plans for profit distribution and indemnification for losses of the Company;
- (6) To formulate plans for the increase or reduction in the registered capital of the Company and for the issue of Company's debentures, or other securities and listing schemes;
- (7) To propose plans for the Company's major acquisitions, the purchase of the Company's stocks or the merger, division or dissolution, change of form of the Company;
- (8) **To determine a repurchase of the Company's shares under the circumstances specified in clauses (3), (5) and (6) of part one of Article 26 in the Articles;**
- (9) Subject to the scope of authorization of the shareholders' general meeting, to decide on matters including the Company's overseas investment, purchase and disposal of assets, charging of assets, matters in relation to external guarantee, commissioned wealth management, connected transactions, and external donations;
- (10) To determine the establishment of the Company's internal management organization;
- (11) To appoint or dismiss the president of the Company, secretary to the board of directors; appoint or dismiss members of the senior management including the Company's vice president and financial controller according to the nomination of the president, and determine matters in relation to their remunerations and sanctions;

- (12) To forthwith apply for judicial order to freeze the Company's shares held by any substantial shareholders, persons in actual control and their associates who are found by the board of directors to be invading the assets of the Company. If the invasion of the assets of the Company could not be repaid in cash, repayment should be made by realization of shares. Depending on the seriousness of the case, the persons directly responsible for the assistance or connivance to the invasion of the Company's assets shall be punished accordingly whereas directors who are in grave liability shall be dismissed;
- (13) To formulate the basic management system of the Company;
- (14) To formulate proposals for amendment of the Articles of Association of the Company;
- (15) To manage the disclosure of information of the Company;
- (16) To seek the shareholders' approval in the general meeting for the appointment or change of the accounting firm for the Company's audit;
- (17) To consider and review the working report and the work of the president of the Company;
- (18) To take the responsibility to establish and implement a comprehensive and effective internal control, and to review and approve the annual internal control specification working plan and the annual internal control evaluation report;
- (19) To perform other duties and exercise other powers which are set out in laws, administrative regulations, department rules or the Articles of Association, as well as other duties or powers as authorized by the shareholders' general meeting.

Resolutions by the board of directors on matters referred to in the preceding paragraphs may be passed by the affirmative votes of more than half of all directors with the exception of resolutions on matters referred to in clauses (6), (7), (9), (14) which shall be passed by more than half of all directors and the affirmative votes of more than two-thirds of all directors present in the meeting.

The board of directors has the following committees under its control, namely Strategic and Sustainable Development (ESG) Committee, Audit and Internal Control Committee, Nomination and Remuneration Committee and Execution and Investment Committee, in which Execution and Investment Committee is the standing executive and investment organization as authorized by the board of directors, and their duties, powers and functions are authorized by the board of directors according to relevant regulations and the Articles of Association of the Company.

Article 116: Where there is a disposition of fixed assets by the board of directors and the aggregate of the expected value of the consideration for the proposed disposition and the value of the consideration for any disposition of fixed assets made within 4 months immediately preceding the proposed disposition exceeds 33 per cent of the value of the fixed assets as shown in the latest balance sheet reviewed by the shareholders' general meeting, the board of directors shall not dispose or agree to dispose of the fixed assets without the prior approval of shareholders' general meeting.

In this Article, 'disposition of fixed assets' includes an act involving transfer of an interest in property other than the pledge of fixed assets for security.

The validity of a disposition by the Company shall not be affected by a breach of the first paragraph of this Article.

The authority of the board of directors of the Company in using the Company's assets for investment derives from the time to time in force listing rules, applicable laws, and regulations.

Article 117: The board of directors shall define the scope of external investment, purchases and sales of assets, assets pledge, external guarantee issue, committed wealth management, connected transaction, external donation and set up stringent procedures in review and decision making. In formulating a comprehensive investigation, specialists and professionals should be gathered to assess the major investment project and seek shareholders' approval in general meeting.

When the Company carries out external investments, purchases and sales of assets (excluding fixed assets), committed wealth management, it shall comply with the listing rules of Hong Kong Stock Exchange and Shanghai Stock Exchange and its update from time to time, and except those decisions which shall be made by the shareholders' general meetings, other decisions shall be made by the board of directors or the organization(s) authorized by the board of directors. The decision making shall follow the specification in the Company's corresponding rules and policies.

When the Company carries out a connected transaction with a connect person, it shall comply with the listing rules of Hong Kong Stock Exchange and Shanghai Stock Exchange and its update from time to time. The decision making shall follow the specification in the Company's connected transaction management policy.

Any external guarantees (including but not limited to pledges, liens or guarantees of assets etc.) provided in any one of the circumstances as stipulated in Article 62 of Articles and Association shall be approved by the shareholder's general meeting. Any provisions of external guarantees not falling within Article 62 shall be approved by the board of directors of the Company, which shall only be approved with the consent of more than two-thirds of all directors present in the meeting and passed by more than half of all directors or approved by the approval of the shareholders' general meeting. The Company is prohibited to grant any external guarantees without the approval of the board of directors or the shareholders' general meeting.

Article 118: The chairman of the board shall exercise the following functions and powers:

- (1) To preside at shareholders' general meeting and to convene and preside at meetings of the board of directors;
- (2) To monitor the implementation of resolutions of the board of directors;
- (3) To sign certificates for securities issued by the Company;
- (4) To sign the important documents of the board of directors;
- (5) To request for the convention of extraordinary board meetings;
- (6) To exercise the special power of disposition in respect of the Company's business in case of force majeure, emergency situation and upon the occurrence of natural disasters, provided that such power is exercised in compliance with laws and regulations and in the interests of the Company and report it to the board of directors and general meeting aftermath; and
- (7) Other functions and powers conferred by the board of directors;

Where the chairman is unable to exercise his functions and powers, a vice chairman shall take up and exercise such functions and powers.

If the Company has two or more than two vice chairmen, a vice chairman recommended by the majority directors shall perform the duties; if the vice chairman fails to perform the duties, a director recommended by over the majority of all directors shall perform the duties.

Article 119: Meeting of the board of directors shall be convened at least 4 times every year. Such meeting shall be convened by the chairman by giving notices to all the directors at least 14 days prior to the meetings.

An extraordinary meeting of the board of directors may be convened at the request of shareholders comprising 10% or more of the voting rights, the chairman, the president, and one-third or more of the directors or the supervisory committee. Chairman of the Company shall convene and preside a board meeting within 10 days after receipt of such request.

Article 120: The notice for convening board meetings shall be by the issuance of a written notice to all directors not less than 14 days before such meetings. The notice for convening extraordinary board meetings shall be a notice to all directors not less than 5 days before such meetings.

If there is any emergency situation which requires an extraordinary board meeting to be convened as soon as possible, the notice for convening board meetings can be made any time by phone or by other verbal means (not subject to the abovementioned time constraint of giving notice not less than 5 days before such meetings). However, the convener shall explain such matter in the meeting.

Article 121: Board of directors meetings can only be convened with the presence of more than half of the total directors.

Each director shall have one vote. Unless otherwise provided by the Articles, resolutions of the board of directors shall be passed by the affirmative vote of more than half of the directors.

In the case of an equality of "For" and "Against" votes, the chairman shall have a casting vote.

A director shall not vote or be authorised by other directors to vote on any board resolutions in relation to any connected transactions in which he is interested in. The quorum of the board meeting of which the connected transaction are considered is more than half of all non-connected directors. The resolution of the connected transaction shall be passed by more than half of all non-connected directors. If there are less than 3 non-connected directors present at the board meeting, such resolution shall be tabled at a shareholders' general meeting for consideration.

Article 122: Directors should attend the board meetings in person. If a director cannot attend a board meeting, the director should sign or chop a representative letter to assign other director to vote on his behalf which contains the representative's name, matters to handle, authorized aspects, and valid time limit.

The appointed representative directors should exercise their rights within the authorized aspects. A director who is absent without appointing a representative for a board meeting, the director will be regarded as giving up his right in voting in that board meeting.

Absence by any directors from two consecutive board meetings without authorizing a representative to attend on their behalf, the directors concerned would be deemed unable to perform their duties. The board of directors will submit to general meeting of shareholders a request to replace the directors.

Article 123: The board of directors' extraordinary meetings can be voted by way of facsimile or email confirmation based on the precondition that the directors can fully express their opinions and the attended directors have to sign on the resolutions.



The board of directors shall keep minutes of its decisions on the matters discussed at the board meetings. The directors attending the meeting and the recorder shall sign the minutes of that meeting. The directors shall bear liability for the decisions of the board of directors. Where a resolution of the board of directors is in violation of laws, administrative regulations or the Company's Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to compensate the Company's 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.

The board minutes shall be reserved as the Company's record and the keeping time shall be not less than 10 years.

## **Chapter 12 Secretary to the Board of Directors**

Article 124: The Company shall have 1 secretary to the board of directors, **which shall be appointed or dismissed by the board of directors**. The secretary to the board of directors is one of the senior management personnel of the Company. As the Company is dual-listed in the PRC and Hong Kong, the Company shall also have company secretary in Hong Kong to assist the secretary to the board of directors to deal with Hong Kong securities matters.

Article 125: The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the board of directors. His main duties shall be as set forth below:

- (1) To guarantee that the Company has complete organizational documents and records;
- (2) To ensure that the Company prepares and submits according to laws the documents and reports required by relevant authorities;
- (3) To guarantee that the Company's register of shareholders is properly established and the entitled persons can obtain the relevant records and documents of the Company obtain such records and documents in a timely manner;
- (4) In charge of the Company's information release and disclosing, and makes sure the disclosing time, veracity, legitimacy, sincerity, and integrity;
- (5) Other responsibilities defined by the rules of the stock exchanges where the Company's listed.

Article 126: Directors or other senior management personnel of the Company may concurrently hold the office of secretary to the board of directors. No accountant of the accounting firm hired by the Company may concurrently hold the office of secretary to the board of directors.

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

## **Chapter 13 President of the Company**

Article 127: The Company shall have a president who shall be appointed or removed by the board of directors.

The Company shall have several vice presidents, a financial controller and a chief engineer to assist the president to discharge his duties. The vice president, financial controller and chief engineer shall be nominated by the president and appointed or removed by the board of directors.

A director can be appointed as president, vice president and other senior management personnel. The total number of directors who have been appointed as president, vice president, senior management personnel, and staff representative director should not exceed half of the total number of directors.

Article 128: The president of the Company shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) To be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the board of directors;
- (2) To organize the implementation of the Company's annual business plans and investment plans;
- (3) To draft the plan for establishment of the Company's internal management organization;
- (4) To draft the Company's basic management system;
- (5) To formulate the basic rules and regulations of the Company;
- (6) To propose the appointment and dismissal of the vice presidents, financial controller, chief engineer and other senior management personnel of the Company;
- (7) To appoint or dismiss management personnel other than those to be appointed or dismissed by the board of directors;
- (8) To draft the employee's salary, welfare, rewards and punishments of the Company, make decision on the appointment and dismissal of the Company's employees;
- (9) To propose the convention of the board of directors' extraordinary meetings;
- (10) To organize and lead the daily operation of the Company's internal control;
- (11) To exercise the functions and powers of the legal representative and sign the relevant documents which should be signed by the legal representative of the Company;**
- (12) Other functions and powers granted by the Company's Articles of Association and the board of directors.

Article 129: The president **who is not a director** shall attend meetings of the board of directors, but he shall not have the right to vote at such meetings. A scope of work of the president shall be defined by the president and such scope of work shall be reported to the board of directors for approval and to be carried out upon approval.

Article 130: The president shall exercise his functions and powers in accordance with laws, administrative regulations and the Articles, and shall act honestly and diligently.

The president may tender resignation before expiry of his term of office. However, he must do so 3 months before the date of resignation and go through the relevant formalities upon approval by the board of directors. Where he resigns without prior approval, the Company shall have recourse to the economic losses resulting from such act. The specific procedures and ways in relation to the resignation of the president shall be provided in the labour contract between the president and the Company.

The senior management personnel shall be liable for compensation if he violates the laws, administrative regulations, departmental regulations, and the requirements of the Articles in discharging his duties.

## **Chapter 14 Supervisory Committee**

Article 131: The Company shall have a supervisory committee.

Article 132: The supervisory committee shall be composed of 5 members, one of whom shall be the chairman of the supervisory committee and one of whom shall be vice chairman of the supervisory committee. The term of office of a supervisor shall be 3 years. A supervisor may serve consecutive terms if reelected upon the expiration of his term; the appointment and dismissal of the chairman and vice chairman shall be approved by more than two-thirds of the supervisory committee members.

Article 133: The supervisory committee shall **include 2 supervisors representing workers and staff and 1 external supervisor. The supervisors representing workers and staff** shall be elected and removed by the Company's employees on a democratic basis.

Article 134: The Company's directors, president and other senior management personnel shall not serve concurrently as supervisors.

Article 135: A meeting of the supervisory committee shall be held at least every six months. It shall be convened and presided by the chairman of the supervisory committee; if the chairman is unable or fails to discharge his duty, vice chairman shall convene and preside the meeting; if the vice chairman is unable or fails to discharge his duty, a supervisor should be nominated by more than half of the supervisors to convene and preside the meeting. A supervisor can request to convene an extraordinary supervisory committee meeting.

Article 136: Absence by any supervisors from two consecutive supervisory committee meetings without authorizing a representative to attend on their behalf, the supervisors concerned would be deemed unable to perform their duties. The supervisors should be replaced in a general meeting or staff representative meeting.

Article 137: If appointment of the supervisors is due and the new supervisory committee has not been elected, or the number of supervisor is below the statutory requirements because of some supervisors' resignations, the current supervisors should perform their supervisorship according to laws, administrative and departmental regulations, and the Articles of Association.

Article 138: The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with laws:

- (1) To examine the Company's financial status, and audit the periodical report prepared by the board of directors and express the opinions in writing form;
- (2) To supervise the directors and senior management personnel and propose to remove directors and senior management personnel who violate the laws, administrative regulations, the Articles and the resolutions passed at the general meetings;
- (3) If an act of a director or other senior management personnel is prejudicial to the interests of the Company, to request him to rectify such act;
- (4) To verify financial reports, business reports, profit distribution proposals and other financial information proposed to be tabled at the shareholders' general meeting by the board of directors and, if in doubt, to appoint in the name of the Company any registered accountant or practising auditor to assist in reviewing them, and to issue written advice thereof;
- (5) To issue proposals to a general meeting of shareholders;
- (6) To propose to convene an extraordinary general meeting of shareholders, and if the board of directors of the Company does not follow the Company Law to convene and chair a general meeting, to convene and chair the general meeting;
- (7) To represent the Company to initiate a legal proceedings against a director or a senior management personnel in accordance with Article 151 of the Company Law;
- (8) To investigate the irregular operations of the Company and to appoint external accounting firms and law firms to assist in the investigation when necessary and all the expenses in relation thereto shall be borne by the Company;
- (9) To supervise the internal control as established and implemented by the board of directors and to put forward its view on the Company's internal control evaluation report;

- (10) The supervisory committee is responsible for establishing and managing the supervisory system of the Company. The supervisory system should remain relatively independent. Since effectiveness of supervision is the basic standard for measuring the supervisory committee's quality of work, the personnel who fails to perform his/her supervisory duties or commits malfeasance should be held accountable;
- (11) Other functions and powers authorized by the shareholders' general meetings or provided in the Articles.

Supervisors may attend meetings of the board of directors, propose suggestions and raise questions in the meetings.

The supervisory and audit office is the work organization of the supervisory committee.

Article 139: Rule of meeting: The quorum for the supervisory committee's meeting shall be two-thirds or more of the supervisors. Voting procedures: Resolutions of the supervisory committee shall be passed by the affirmative votes of two-thirds or more of the supervisors.

The supervisory committee shall keep minutes of the meeting. Supervisors attending the meeting and the recorder shall sign their names on the minutes of that meeting. Supervisors are entitled to request that an explanatory record be made on the minutes in respect of his speech at the meeting. The minutes of supervisory committee meeting shall be kept as a file of the Company for at least 10 years.

Article 140: Supervisors should perform their duties according to laws, administrative regulations and Article of Association and will act honestly and diligently.

### **Chapter 15 Qualifications and Obligations of the Company's Directors, Supervisors, President and Other Senior Management Personnel**

Article 141: None of the following persons may serve as a director, supervisor, president, or other senior management personnel of the Company:

- (1) A person without capacity for civil conduct or with limited capacity for civil conduct;
- (2) A person who was punished for the crime of corruption, bribery, expropriation or misappropriation of property or disrupting the social or economic order, and within a period of 5 years after the completion of the punishment, or who was deprived of his political rights as punishment for a criminal offence, and within a period of 5 years after the completion of the deprivation;
- (3) A person who violated laws, administrative regulations, and the rules of China Securities Regulation Committee of the State Council or who committed seriously breach of laws and has been imposed a forbidding order to participate into securities markets by China Securities Regulation Committee of the State Council for serious fraud which has not elapsed;

The above-mentioned restriction to be involved in the security market is a regulation imposed on a person forbidding him to, carry out matters in relation to securities and to act as a director, supervisor, and senior management of a listed company for a certain period or life long.

- (4) A person who was director or factory manager or manager of a company or enterprise which became insolvent and liquidated due to mismanagement, and who was personally liable for the insolvency of that company or enterprise, and within a period of 3 years from the date of completion of the liquidation proceedings;

- (5) A person who was a legal representative of a company or enterprise which has its business license revoked for violating the laws or being ordered to wind up, and who was personally liable for that revocation, and within a period of 3 years from the date of revocation of the business licence;
- (6) A person with relatively large debts that has fallen due but has not been settled;
- (7) A person who was under an investigation by judicial authorities for having violated the criminal law, and such investigation has not been concluded;
- (8) A person who is prohibited from acting as a leader of an enterprise by virtue of any laws and administrative regulations;
- (9) A non-natural person; or
- (10) A person who was convicted by any relevant regulatory authorities of violation of securities-related laws and regulations, where such violation involved acts of fraudulent or dishonest nature and within a period of 5 years after the date of conviction.

The nomination and remuneration committee of the board of directors shall issue opinion upon review on the qualifications of directors and senior management personnel, which shall be confirmed by the board of directors.

Article 142: The validity of an act of a director, a president and other senior management personnel of the Company on behalf of the Company towards a bona fide third party shall not be affected by any misconduct in his current position, election and qualifications.

Article 143: In addition to obligations imposed by laws, administrative regulations or listing rules of the stock exchange(s) on which shares of the Company are listed, the Company's directors, supervisors, president and other senior management personnel shall have the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:

- (1) Not to cause the Company to act beyond the scope of business stipulated in its business license;
- (2) To act honestly in the best interests of the Company;
- (3) Not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (4) Not to deprive the shareholders of their individual rights or interests, (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association of the Company.

Article 144: The Company's directors, supervisors, president and other senior management personnel shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their due acts with care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

With no provision from the Articles of Association or the legal authority of the board of directors, any director shall not act personally on behalf of the Company or the board of directors. When a third party will assume rationally that such director is acting on behalf of the Company or the board of directors and the said director shall state his position and status beforehand.

Article 145: The Company's directors, supervisors, president and other senior management personnel must, in discharge of their duties, abide by the principles of honesty and credibility and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

- (1) To act honestly in the best interests of the Company;
- (2) To exercise powers within the scope of their functions and powers and not to act beyond such powers;
- (3) To personally exercise the discretion authorised to him, not to allow himself to be manipulated by another person and, not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholders' general meeting beforehand;
- (4) To be impartial to shareholders of the same class and of different classes;
- (5) Not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association of the Company or with the consent of the shareholders' general meeting beforehand;
- (6) Not to use the Company's property for his own benefit in any way without the consent of the shareholders' general meeting beforehand;
- (7) Not to use his functions and powers as a mean to accept bribes or other form of illegal income, and not to illegally appropriate the Company's property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (8) Not to accept commissions in connection with the Company's transactions without the consent of the shareholders' general meeting beforehand;
- (9) To abide by the Articles of Association of the Company, perform his duties faithfully, and protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;
- (10) Not to compete with the Company in any way without the consent of the shareholders' general meeting beforehand;
- (11) Not to embezzle the Company's funds or lend them to others, not to deposit the Company's assets in accounts opened in his own or in another's name, not to use the Company's assets as security for the debts of the Company's shareholders or other individuals;
- (12) Not to disclose confidential information relating to the Company that was acquired by him during his office without the consent of the shareholders' general meeting beforehand, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:
  - A. provided by law;
  - B. required in the public interest;
  - C. required in the own interest of such director, supervisor, president or other senior management personnel of the Company.

Any income gains from activities violated to this Articles by directors, president, vice president and other senior management personnel which is deemed to be the income of the Company. If any losses of the Company caused by those senior personnel, they should be responsible to compensate it.

Article 146: A director, a supervisor, president or other senior management personnel of the Company may not cite the following persons or organizations ("connected persons") to do what such director, supervisor, president or other senior management personnel may not be allowed to do:

- (1) The spouse or minor child of such director, supervisor, president or other senior management personnel of the Company;
- (2) The trustee of a director, supervisor, president or other senior management personnel of the Company or of any person referred in clause (1) hereof;
- (3) The partner of a director, supervisor, president or other senior management personnel of the Company or of any person referred in clauses (1) and (2) hereof;

- (4) The company over which a director, supervisor, president or other senior management personnel of the Company, alone or jointly with any person referred to in clauses (1), (2) and (3) hereof or any other director, supervisor, president or other senior management personnel of the Company, has actual control;
- (5) A director, a supervisor, president or other senior management personnel of a company being controlled as referred to clause (4) hereof;
- (6) The people deemed as the associates of the said directors, supervisors, president and other senior management personnel in accordance with the listing rules.

Article 147: The obligation and credibility of the Company's directors, supervisors, president and other senior management personnel does not necessarily cease with the termination of their office. Their obligation of confidentiality in relation to the Company's trade secrets shall remain after termination of their office. The term for which other obligations shall continue and 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.

Article 148: A director, supervisor, president or other senior management personnel of the Company may be relieved from liability for a specific breach of obligations after the shareholders' general meeting has been informed beforehand, except in circumstances as specified in Article 58 hereof.

Article 149: If a director, supervisor, president 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 of directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

The directors shall not vote for the contracts, transactions and arrangements containing significant interest of their own or their associates (referring to the definition on associates stated in listing rules) and they shall not be included into the quorum for meetings.

Unless the interested director, supervisor, president or other senior management personnel of the Company has disclosed such interest to the board of directors as required under the preceding paragraph hereof and the matter has been approved by the board of directors at a meeting in which he was not counted in the quorum and 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, president or other senior management personnel concerned.

A director, supervisor, president or other senior management personnel of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which an associate or a connected person of that director, supervisor, president or other senior management personnel has an interest in it.

Article 150: If a director, supervisor, president or other senior management personnel of the Company gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is firstly 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, president or other senior management personnel of the Company shall be deemed for the purpose of the preceding Articles of this Chapter to have declared his interest, insofar as attributable to the scope stated in the notice.

Article 151: The Company may not in any manner pay tax on behalf of its directors, supervisors, president or other senior management personnel.

Article 152: The Company may not directly or indirectly provide a loan or loan security for its directors, supervisors, president or other senior management personnel, those of its parent company, or associates 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, president or other senior management personnel of the Company under an employment contract approved by the shareholders' general meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his Company duties;
- (3) The provision of a loan or loan security by the Company to a relevant director, supervisor, president 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.

Article 153: A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

Article 154: The Company may not be forced to perform a loan security provided by the Company in violation of the first provision of Article 152, except:

- (1) when the loan is provided to a connected person of a director, a supervisor, president 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.

Article 155: For the purposes of the preceding Article in this Chapter, the term "security" shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligator.

Article 156: If a director, supervisor, president 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) Request the relevant director, supervisor, president or other senior management personnel to compensate for the losses suffered by the Company as a consequence of his dereliction of duty;
- (2) Rescind any contract or transaction concluded by the Company with the relevant director, supervisor, president or other senior management personnel and contracts or transactions with a third party (where such third party is aware that the director, supervisor, president or other senior management personnel representing the Company was in breach of his obligations to the Company);
- (3) Request the relevant director, supervisor, president 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, president or other senior management personnel that should have been received by the Company, including (but not limited to) commissions;
- (5) Request the relevant director, supervisor, president or other senior management personnel to return the interest earned or possibly earned on the funds that should have been given to the Company.



Article 157: 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 meeting before it is entered into. The above-mentioned emoluments shall include:

- (1) Emoluments in respect of his service as a director, supervisor or senior management 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 or supervisors.

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

Article 158: The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive 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 offer or becomes a controlling shareholder as defined in Article 59 hereof.

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

Directors may vacate office before the expiration of their term of service. In this case, they shall submit a written resignation report to the board of directors.

Board of directors will disclose the details within 2 days.

If the number of directors is below the statutory requirements caused by some directors' resignations, before the re-election of the board of directors, the current directors should perform their directorship according to laws, administrative and departmental regulations, and the Articles of Association.

Save to above-mentioned situations, a director's resignation will be effective when the resignation has been received by the board of directors.

## **Chapter 16 Financial and Accounting Systems and Distribution of Profit**

Article 159: The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and requirements of other State Council's departments.

Article 160: The Company should issue a financial report at the end of each financial year, and such financial report should be examined and audited in accordance with laws.

The Company should submit and announce the Company's annual financial report, within four months after the end of a financial year, to China Securities Regulatory Commission and stock exchange for domestic shares listing. The Company should submit and announce the interim financial report, within two months from the end of the first six months of a financial year, to the relevant authorities authorized by China Securities Regulatory Commission and stock exchange for domestic shares listing. The Company should submit and announce the Company's quarterly financial report, within one month from the end of the first three months and first nine months of a financial year, to the relevant authorities authorized by China Securities Regulatory Commission and stock exchange for domestic share listing.

Article 161: The board of directors of the Company shall table before the shareholders at each shareholders' annual general meeting its financial reports prepared under relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge.

Article 162: The Company's financial report shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in herein. At least 21 days before the annual general meeting and within three months after the financial year end, copies of the said reports shall be sent to overseas shareholders by the manner as stipulated in the Article 200.

Article 163: According to the listing rules and the relevant regulatory requirements of the People's Republic of China and Hong Kong, the financial statements of the Company shall be prepared in accordance with China's accounting standards and the relevant regulations.

Article 164: Quarterly reports, interim results or financial reports published or disclosed by the Company shall be prepared in accordance with China's accounting standards and the relevant regulations.

Article 165: The Company may not establish any account books other than the statutory account books.

Article 166: After-tax profits of the Company shall be applied in the following order:

- (1) To make up for losses;
- (2) Allocations to the statutory common reserve;
- (3) Allocations to a discretionary common reserve if approved by resolution of the shareholders' general meeting;
- (4) In the payment of dividend to holders of ordinary shares, the Company shall not distribute dividends or make other distribution by way of bonus before it has made up for losses and made allocations to the statutory common reserve.

If the general meeting violates the above-mentioned rules to distribute dividends to shareholders before the recovery of losses and the provision of lawful reserve, the shareholders shall refund the distributed profit to the Company.

The repurchased shares owned by the Company shall not entitle to any distribution of profit.

Any amount paid up in advance of calls on any shares shall carry interest but shall not entitle the holder of the share in a dividend subsequently declared.

Where power is taken to cease sending dividend warrants by post, if such warrants have been left unrepresented, it will not be exercised until such warrants have been so left unrepresented on 2 consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company should allocate 10% of its net profits of the year to the statutory common reserve. When the total amount of the statutory common reserve reaches 50% of its registered capital, the Company can stop the allocation.

Article 167: Capital common reserve shall include the following income:

- (1) Premium amount in excess of the face value of shares which have been issued;
- (2) Other incomes required to be included in the capital common reserve by the finance regulatory authority of the State Council.

Article 168: The Company's reserve can be used to cover the Company's losses, to increase the production scale, or convert into the Company's capital. However, the capital reserve shall not be used to make up the loss of the Company.

In applying a conversion of capital reserve to capital, the residual capital reserve shall not be less than 25% of the original registered capital of the Company.

Article 169: Within 2 months after the passing of profit distribution resolution at a general meeting, the board of directors should complete the distribution of dividends (or bonus shares) to the shareholders.

Article 170: The Company adopts the following profit distribution policy:

1. Principles of profit distribution

The Company should put the reasonable returns of the investors as an important matter in the distribution of its profit, while taking into account the sustainable development of the Company, and maintaining the continuity and stability of the profit distribution policy which complied with the provisions of relevant laws and regulations. The Company's distribution of profits shall not exceed the scope of the cumulative distributable profits, and shall not damage the Company's sustainable business capacity. The Company is actively promoting the distribution of dividends in cash.

2. Form of profit distribution

The Company may distribute dividends in cash, bonus shares or other means as allowed by laws and regulations. Among the above means of profit distribution, the Company takes distribution of dividends in cash as the preferential mean in profit distribution.

3. Conditions of profit distribution in cash

In accordance with the Company Law and the relevant laws and regulations and the provisions of the Articles of Association, when the distributable profit of current year's net realized profit of the Company after taking into account of losses, full provisions of statutory reserve fund and discretionary reserve is positive, and the audit body has issued a standard unqualified audit report for the Company's annual financial report (interim distribution of cash dividend can be unaudited), the Company shall make a cash distribution plan except in special circumstances (such as material investment plans or material cash expenditures, etc.).

When the Company meets the above conditions to distribute dividends in cash but does not distribute dividends in cash for special reasons, the board should give specific reasons for not distributing the dividends in cash, and the usage of non-distributed retained profits, and after the independent directors have provided their comments, it shall be passed to the shareholders' meeting for consideration and approval.

4. The board of directors of the Company should comprehensively take account of factors including the characteristics of the industry of the Company, the Company's development stage, its own business model, profitability, and any substantial capital expenditure arrangements, etc., to identify the Company's situation into the following circumstances and propose a differentiated cash distribution policy according to the procedures as stated in the Articles of Association:

1. When the Company's development is in maturity stage without a substantial capital expenditure arrangement, during profit distribution process, the proportion of cash dividend in the profit distribution should not be less than 80%;
2. When the Company's development is in maturity stage with substantial capital expenditure arrangements, during profit distribution process, the proportion of cash dividend in the profit distribution should not be less than 40%;
3. When the Company's development is in growth stage with substantial capital expenditure arrangements, during profit distribution process, the proportion of cash dividend in the profit distribution should not be less than 20%;

If the development stage of the Company cannot be easily identified but there are substantial capital expenditure arrangements, it can be processed in accordance with the preceding paragraph.

5. Interval and proportion of profit distribution

Subject to the premise of fulfilling the profit distribution conditions under the regulations of this Articles of Association, the Company should at least carry out profit distribution once a year. The board of directors of the Company can propose to carry out interim dividend in cash according to the operating results and capital requirements of the Company.

On satisfaction of the aforementioned conditions to distribute dividends in cash, the Company's cumulative distribution of cash profits for the last 3 years shall not be less than 60% of the average annual distributable profits realized for the last 3 years.

That is:

(the accumulated cash dividends in last 3 consecutive years  $\geq$  60% x the accumulation of annual distributable profit in the last 3 consecutive years/3).

In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realized distributable profits for the year (excluding the accumulated undistributed profits of last year).

6. Conditions for bonus issue

The board of the Company may consider adopting bonus issue and conversion of capital reserves to issued capital for distribution. The Company should consider the scale of the existing share capital when issuing bonus shares, and focus on capital expansion and performance growth simultaneously.

7. Formulation procedure of profit distribution policy

According to the provisions of the Articles of Association of the Company, the board of directors may, after fully considering a variety of factors such as the Company's profitability, cash flow, repeat production by the Company, investment needs together with the requests of shareholders (especially minority shareholders), and the opinions of independent directors, supervisors, propose the annual or interim profit distribution proposal for the board's consideration and approval.

The profit distribution proposal shall be approved by a majority vote of all directors of the board at the board meeting. The profit distribution proposal shall be approved by more than half of the voting rights held by shareholders attending the general meeting. If the general meeting considers the proposal of distributing dividends by bonus shares or conversion of capital reserves to issued capital for distribution, the proposal shall be approved by more than two-thirds of the voting rights held by shareholders attending the general meeting.

When formulating the distribution of cash dividend proposal, the board of the Company should actively communicate and exchange views with shareholders, especially minority shareholders through a variety of channels (including but not limited to telephone, fax and e-mail communication), to fully listen to their views and requests, and provide timely responses to minority shareholders' concerns. Independent directors shall deliver independent opinion on the profit distribution proposal.

8. Amendment procedure of profit distribution policy

If there were major changes in the external environment or the Company's own operating conditions, which required the adjustment of the profit distribution policy, the Company should fully consider the protection of the interests of the minority shareholders. The amended profit distribution policy must not violate the relevant laws and regulations and the relevant provisions of regulatory documents. The proposal to amend the profit distribution policy shall be submitted to the board and shareholders' meeting for consideration and approval. The proposal for amendment of the profit distribution policy shall be approved by more than two-thirds of the board of directors at the board meeting, independent directors should provide independent opinions. The proposal for amendment of the profit distribution policy shall be approved by more than two-thirds of the voting rights held by shareholders attending the shareholders' meeting.

The board of directors should fully listen to the opinions of shareholders (especially minority shareholders), independent directors and supervisors of the Company when considering and approving the amendment of profit distribution policy especially the distribution of cash dividends.

9. The Company's shareholders, independent directors and supervisory committee should supervise the execution progress and decision-making procedures of the Company's profit distribution policy executed by the board of directors and management.

10. During the implementation of the profit distribution policy, if there is any shareholder illegally taken up the Company's capital, the Company shall deduct the cash dividends allocated to such shareholder to repay the amount of capital taken.

11. The power to forfeit the uncollected dividends shall be exercised after the relevant validity period expired.

12. The board of directors of the Company shall comply with the applicable laws, administrative regulations, departmental rules and regulations, regulatory documents and the profit distribution policy set out in the Articles of Association when formulating, considering and executing the profit distribution policy.

13. The Company shall disclose in the periodic reports the execution progress of distribution plan and cash dividend distribution policy during the reporting period, and explain whether they have complied with the relevant laws and regulations.

Article 171: The dividend from ordinary stock shall be calculated and declared in Renminbi. Dividend for domestic capital stocks shall be paid in Renminbi. Dividend for foreign capital stocks shall be paid with equivalent currency in the location of the Company's shares listed. (if the Company listed in more than one location, the board of directors will determine the appropriate currency for payment).

Article 172: The average closing price published by the People's Bank of China within a week prior to the declaration of dividend and other allocation shall be adopted as the rate of exchange for the dividend warrant in foreign currency.

Article 173: The Company shall appoint recipient agents for holders of foreign capital shares listed outside the People's Republic of China to collect on behalf of the relevant shareholders the dividend distributed and other funds payable in respect of foreign capital shares listed outside the People's Republic of China.

The collection agency working for the shareholder of foreign capital stock listed in Hong Kong shall be a registered trust company conforming to Hong Kong "Trustee Ordinance".

Article 174: The Company has internal audit system and employs designated internal auditors to carry out audits on the Company's economic activities, income and expenditure.

Article 175: The internal audit system and the duties of the internal auditors should be implemented upon obtaining approval from the board of directors. The auditor-in-charge holds responsibility and reports to the board of directors.

## **Chapter 17 Appointment of an Accounting Firm**

Article 176: The Company shall appoint an independent accounting firm that comply with relevant state regulations to audit the annual financial reports and other financial reports of the Company.

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

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

Article 177: The term of appointment of an accounting firm shall be from the end of the annual shareholders' meeting of the Company to the end of the next annual shareholders' meeting.

Article 178: An accounting firm appointed 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 request directors, president and other senior management personnel of the Company to provide the relevant information and explanations;
- (2) The right to request 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' meeting, 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 make representations at any shareholders' meetings on any matter which relates to it as the accounting firm of the Company.

Article 179: If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a shareholders' general meeting is held. However, if there are other accounting firms holding the position as an accounting firm of the Company while such vacancy still exists, such accounting firm shall continue to act accordingly.

Article 180: The shareholders' general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of appointment, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

Article 181: The remuneration or method of remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 182: The appointment, dismissal or refusal of the renewal of the appointment of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the China Securities Regulatory Commission for the record.

Article 183: Where the Company decides to remove or not to reappoint an accounting firm, it shall give a 30-day notice to such accounting firm. The accounting firm shall have the right to make representations at the shareholders' general meeting for the removal. Where a firm of accountants resigns, it shall inform the shareholders in general meeting as to whether there is any irregularity in the Company.

Article 184: When the meeting of shareholders resolves to appoint a non-incumbent public accounting firm to fill up the vacancy or remain the cooperation with a public accounting firm appointed by the board of directors to fill up the vacancy or dismiss a public accounting firm in current term of service, it shall conform to the following stipulations:

- (1) The proposal concerning appointment or dismissal shall be sent to the public accounting firms to be appointed or to be dismissed or leaving the post (including the public accounting firms who have been dismissed, resigned or has withdrawn) prior to the dispatch of the notice of the meeting of the shareholders.
- (2) In case that the withdrawing public accounting firm has made written statement and requested the Company to inform shareholders the said statement, the Company shall take the following measure unless the statement has been late received: A. Explain in the resolution notification about the statement made by the public accounting firm; B. Send out the copy of such statement as the attachment to notification in a way stipulated by the Articles of Association to all shareholders who have rights to attend the meeting.
- (3) In case that the statement of the public accounting firm is not sent out as per the clause two above, the public accounting firm may request the statement being read out at shareholders' meeting and make up further appeal.
- (4) The public accounting firm who has withdrawn may attend the follow meetings:
  - (A) The shareholders' meeting at the term of service due;
  - (B) The shareholders' meeting intending to fill up the vacancy of the public accounting firm;
  - (C) The shareholders' meeting called up due to the resignation at initiative.

The public accounting firm withdrawn has right to receive all notices or other information related to the meetings indicated in clause (4), and present matters concerned as the former accounting firm.

Article 185: The public accounting firm may resign by means of a written letter of resignation. Such written notice will become valid when it arrives at the Company's address or a later date shown in the notification. The said notification shall include one of the following statements:

- (1) The statement indicating that the resignation has no connection to events that shall be explained to the shareholders and creditors;
- (2) Any statement concerning to the said explanation.

A copy should be sent to the relevant departments in-charge within 14 days when the Company has received the above-mentioned written notice. If the written notice including the above-mentioned statement in the clause two, the copy will be available in the Company for shareholders' inspection. The Company should dispatch the abovementioned copy to overseas shareholders in the manner as stipulated in Article 200.

If the public accounting firm's resignation letter contained the above-mentioned statement in the clause two, the public accounting firm may request the board of directors to convene an extraordinary general meeting for the explanation in relation to its resignation.

## **Chapter 18 Mergers and Division of the Company**

Article 186: The proposal of merger or division of the Company shall be prepared by the board of directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association of the Company, relevant examination and approval procedures shall be carried out according to laws. Shareholders that oppose such proposal on the merger or division of the Company shall have the right to request 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.

The above-mentioned documents shall be sent to overseas shareholders by the manner as stipulated in Article 200.

Article 187: Merger of the Company may take the form of merger by absorption and merger by new establishment.

Where there is a merger of the Company, all parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution approving the merger and shall make a public announcement of the merger in newspapers within 30 days from that date. The creditors shall request the Company to repay the debts or to provide relevant guarantee either within 30 days upon receiving the notice or in case no notice is received, within 45 days upon the date of the announcement.

After the merger, the company which survives or is newly established shall succeed to the claims and debts of all the parties in the merger.

Article 188: Where there is a division of the Company, its assets shall be divided accordingly.



Where there is a division of the Company, all parties to the division shall enter into a division agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution approving the division and shall make a public announcement of the division in newspapers within 30 days from that date.

Debts owing by the Company before the division shall be borne jointly and severally by the companies after the division, unless a written agreement to the contrary in relation to the settlement of debts has been reached between the Company and creditors before division.

Article 189: 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 laws. Where the Company is dissolved, it shall cancel its registration according to laws. Where a new company is established, its establishment shall be registered according to laws.

### **Chapter 19 Dissolution and Liquidation of the Company**

Article 190: The Company shall be dissolved and liquidated in accordance with laws upon the occurrence of any of the following events:

- (1) The shareholders' general meeting has resolved to dissolve the Company;
- (2) Dissolution has become necessary as a result of a merger or division of the Company;
- (3) The Company is declared insolvent in accordance with laws because it is unable to pay its debts as they fall due;
- (4) The Company has been ordered to close down because of violation of laws or administrative regulations;
- (5) If the Company has experienced serious problems in operation and management, and that the continuation of the operation will bring serious loss to the interests of the shareholders, and there is no solution to solve the problems, shareholders holding 10% or more voting rights can request the People's Court to dissolve the Company.

Article 191: Where the Company is dissolved pursuant to clauses (1), (3), (4) or (5) of the preceding Article, it shall establish a liquidation committee within 15 days from the date of the event leading to dissolution and commence liquidation. The composition of the liquidation committee shall be determined by the board of directors or shareholders in general meeting. If a liquidation committee is not formed within the aforesaid time, creditors can apply to the People's Court to assign certain individuals to establish the liquidation committee.

Article 192: 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 meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

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

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

Article 193: The liquidation committee should notify creditors within 10 days of its establishment, within 60 days of its establishment, make announcement on newspaper. Within 30 days of receiving the notification of liquidation, or, in case of not receiving the notification, within 45 days the announcement is made, the creditors should declare their claims to the liquidation committee.

The creditors' declaration of claims should state information related to the claims and provide related proof. The liquidation committee should conduct registration of creditors.

In the period of creditors' declaration, liquidation committee should not repay the claims to creditors.

Article 194: The liquidation committee shall exercise the following functions and powers during the course of liquidation:

- (1) To sort out the assets of the Company and prepare a balance sheet and an inventory of assets respectively;
- (2) To inform creditors by notice or public announcement;
- (3) To dispose of and liquidate relevant unfinished business of the Company;
- (4) To pay all outstanding taxes and taxes derived during liquidation;
- (5) To settle claims and debts;
- (6) To deal with the surplus assets remaining after the Company's repayment of debts;
- (7) To represent the Company in civil litigation proceedings.

Article 195: After the liquidation committee has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or relevant supervisory authorities for confirmation.

The assets of the Company shall be used to make payments in the following order:

- (1) To pay liquidation expenses;
- (2) To pay accrued wages and labour insurance premiums and compensation for employees of the Company as required by law;
- (3) To pay outstanding taxes;
- (4) To repay the debts of the Company;

Any surplus assets remaining after repayment of debts by the Company under the preceding paragraphs shall be distributed to its shareholders according to the class and proportion of their shareholding.

The Company shall not undertake any new business activities in the course of liquidation.

Article 196: If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's assets and prepared a balance sheet and assets list, discovers that the Company's assets are 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 hand over the liquidation matters to the People's Court.

Article 197: Upon the end of the liquidation, the liquidation committee should produce a liquidation report and statement of income and expenditure and financial report. The documents, upon verification by a registered accountant of the PRC, should be submitted to the general meeting or related regulatory organization for confirmation.

Within 30 days of the confirmation of the liquidation report by general meeting or related regulatory organizations, the liquidation committee should submit the above-mentioned documents to corporate registration organizations to apply for cancellation of the Company's registration, and announce that the Company ceases to exist.

## **Chapter 20 Procedures for Amending the Company's Articles of Association**

Article 198: The Company may amend the Articles according to laws, administrative regulations and the provisions of the Articles. The Company shall amend its Articles of Association under any of the following conditions:

- (1) Upon amendments of the Company Law and the relevant laws, administrative regulations, the Articles of Association is inconsistent with the amended laws and the administrative regulations;
- (2) There are changes in the conditions of the Company and they are inconsistent with those stated in the Articles; and
- (3) Resolutions in relation to the amendment of the Articles passed at the general meetings.

Article 199: Should any amendment to the Articles of Association approved by the shareholders' general meeting require review and approval of the relevant administrative authorities, it shall be submitted to such administrative authorities for approval before taking effect; should it involve any matter requiring any registration, it shall be submitted for registration of changes according to laws.

The board of directors shall amend the Articles of Association in accordance with the resolutions approved at the shareholders' general meeting and the comments of the relevant administrative authorities.

Amendment of the Company's Articles is required to be disclosed under the laws and regulations. Amendments made to the Company's Articles shall be announced.

## **Chapter 21 Notices and Announcements**

Article 200: Notice of the Company is delivered in the following forms: (1) sent out by particular person; (2) by mail; (3) in the form of announcement; (4) any other forms stipulated in the Articles of Association.

Should any notice of the Company delivered in the form of announcement, once the announcement is made, it is considered that all the related persons have been notified. The announcement should make on some specific newspapers.

Article 201: All notices, correspondence or written materials shall be delivered:

- (1) In person;
- (2) By mail;
- (3) By facsimile or by electronic mail;
- (4) So long as the relevant laws, rules and regulations and the requirements of the securities regulatory body in where the Company is listed are complied with, to announce via a website designated by the stock exchange in where the Company and/or the securities of the Company are listed;
- (5) To publish in newspaper and/or to announce in other designated media channel;
- (6) All the means recognized by the regulatory body or any stock exchange in where Company is listed.

Any overseas shareholders has the right to request, in writing, a hard copy or electronic form of all notices, data or written declarations. The foreign capital shareholders should clearly state whether they desire to receive the corporate communication in Chinese, in English or in both. The Company will, in accordance with the written request, arrange delivery at the shareholders' registered address of the requested corporate communication either in person or by prepaid mail. The foreign capital shareholders also have the right at any time by reasonable notice in writing served on the Company to change their means of receipt of corporate communication according to applicable procedures.

At the same time, the Company may also send written notice to overseas shareholders confirming the mode of delivery of all notices, correspondence or other corporate communications, either in hard copy or via electronic means. If within the time frame as stipulated by the relevant laws, administrative regulations and the relevant regulations of the securities regulatory body in where the Company is listed, the Company does not receive the confirmation from the overseas shareholders, they are deemed to have agreed to receive corporate communications by the manner as adopted by the Company (including but not limited to, announce via electronic means through its website) in accordance with the applicable Articles and Association, laws, administrative regulations and the relevant regulations of the securities regulatory body in where the Company is listed.

Article 202: Notices delivered by particular person should be signed (or stamped) by the receiver, the date of signature is regarded as the day the notification being received. For notices made in the form of announcement, the first day of publication of an announcement is considered the day the notification being received.

Article 203: For notices delivered by mail, notice will be put inside an envelope with clearly stated address and sufficient stamp. Such envelope containing a notice will be considered to be received at the third working day after it has been delivered to post office.

Article 204: Unless otherwise stipulated in other regulations, where any notice or report is allowed or needed to be issued in form of announcement by the Articles of Association, the Company will publish it at least in one of State Council approving organizations approved national newspapers and other newspapers in the PRC approved by the board of directors. In the same day, the Chinese version of the same announcement will be published in a major Chinese newspaper in Hong Kong and the English version of the same announcement will be published in a major English newspaper in Hong Kong.

## **Chapter 22 Settlement of Disputes**

Article 205: If any dispute or claim concerning the Company's business on the basis of the rights or obligations provided for in the Articles of Association of the Company or in relevant laws or administrative regulations arises between a holder of foreign capital shares listed outside the People's Republic of China and the Company, between a holder of foreign capital shares listed outside the People's Republic of China and a director, supervisor, president or other senior management personnel of the Company or between a holder of foreign capital shares listed outside the People's Republic of China and a holder of domestic capital shares, the parties concerned may settle such dispute or claim by the methods provided for in laws and administrative regulations or by a method mutually agreed upon by the parties, unless the China Securities Regulatory Commission has not reached an understanding or agreement with the relevant securities regulatory organization outside the People's Republic of China on the method of dispute settlement.

The Company obeys the following rules of dispute solving:

- (1) If any dispute or claim concerning the Company's business on the basis of the rights or obligations provided for in the Articles of Association of the Company or in the Company Law, Special Regulations or other relevant laws or administrative regulations arises between a holder of foreign capital shares listed outside the People's Republic of China and the Company, between a holder of foreign capital shares listed outside the People's Republic of China and a director, supervisor, president or other senior management personnel of the Company or between a holder of foreign capital shares listed outside the People's Republic of China and holder of domestic capital 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, supervisor, president or other senior management personnel of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.  
Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.
- (2) A dispute or claim submitted for arbitration may be arbitrated, at the opinion of the arbitration applicant, by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration institution selected by the applicant.
- (3) Unless otherwise provided by laws or administrative regulations, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in clause 1.
- (4) The judgment of the arbitration institution shall be final and binding upon each party.

### **Chapter 23 Supplementary Provisions**

Article 206: The board of directors can work out the detailed rules in accordance with the Articles of Association. The details must agree with the Articles of Association.

Article 207: The Articles of Association are written in Chinese, if any other editions or languages of the Articles have different meanings with the Chinese edition, we shall regard the latest Chinese version of the Articles approved for registration as standard.

Article 208: In the Articles, the terms 'not less than', 'within' and 'not more than' shall include the given figure; the terms 'under', 'beyond', 'lower than' and 'more than' shall not include the given figure.

Article 209: Unless otherwise stipulated, the term "accounting firm" as used in the Articles of Association shall have the same meaning as "auditor".

Article 210: The Articles of Association's rights of explanation belong to the Company's board of directors, the Articles of Association's unsettled matters shall be resolved by submitting them to the general meeting of shareholders by the board of directors.