

**Articles of Association of**  
**綠色動力環保集團股份有限公司**  
**Dynagreen Environmental Protection Group Co., Ltd.\***  
*(A joint stock limited company incorporated in the People's Republic of China)*

(As approved at the 1st extraordinary general meeting of the Company in 2016 held on 18 April 2016, as revised at the 2nd extraordinary general meeting of the Company in 2017 held on 22 December 2017, at the 2nd extraordinary general meeting of the Company in 2018 held on 19 October 2018, at the annual general meeting of the Company in 2019 held on 22 May 2020, at the annual general meeting of the Company in 2020 held on 14 May 2021 and at the annual general meeting of the Company in 2022 held on 16 June 2023)

\* This document is originally prepared in Chinese and this English version is not formally adopted in the shareholders' general meeting of the Company and is for reference only. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

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## CHAPTER 1 GENERAL

**Article 1** To safeguard legitimate rights and interests of Dynagreen Environmental Protection Group Co., Ltd. (the “Company”) and its shareholders and creditors, and to regulate organization and acts of the Company, these Articles of Association are formulated pursuant to the Company Law of the PRC (the “Company Law”), the Securities Law of the PRC (the “Securities Law”), Constitution of the Communist Party of China, the Special Provisions of State Council on Overseas Issuance and Listing for Joint Stock Limited Company (the “Special Provisions”), the Reply on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97), the Mandatory Provisions for the Articles of Association of Companies to be Listed Outside the PRC, the Guidelines for Articles of Association of Chinese Listed Companies, listing rules of other places of listing, and other relevant provisions.

**Article 2** The Company is a joint stock limited company duly incorporated in accordance with the Company Law, and other relevant laws, administrative regulations and regulatory documents.

According to the Approval on State-Owned Equity Management Issues Related to Dynagreen Environmental Protection Group Co., Ltd. (Preparing) (Jing Guo Zi Chan Quan [2011] No.227), issued by State-owned Assets Supervision and Administration Commission of Beijing on 15 December 2011, and the Approval on the Consent for Dynagreen Environmental Protection Group Co., Ltd. to Change into a Foreign Invested Joint Stock Company (SZSITIC Zi Zi [2012] No.0051), issued by the Shenzhen Science, Industry, Trade and Information Commission on 10 January 2012, the Company was established by way of promotion, with all shareholders of the original Shenzhen Dynagreen Environmental Engineering Co., Ltd. as the promoters, through the overall conversion of all audited book net assets of Shenzhen Dynagreen Environmental Engineering Co., Ltd. as at 31 May 2011 into the shares of the Company, and was registered with the Market Supervision Administration of Shenzhen Municipality and obtained its Enterprise Legal Person Business License (registration number 440301501133392) on 23 April 2012.

The promoters of the Company are:

1. Beijing State-Owned Assets Management Co., Ltd.;
2. Beijing State-Owned Assets Management (Hong Kong) Company Limited;
3. Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership);
4. Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership);
5. Beijing Venture Capital Co., Ltd.;
6. Shenzhen Jingxiu Investment Partnership (Limited Partnership).

**Article 3** The Company was approved by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) on 13 May 2014 to initially issue 345,000,000 overseas listed foreign shares to the public, and was listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on 19 June 2014.

The Company was approved by the CSRC on 23 April 2018 to initially issue 116,200,000 RMB ordinary shares to the public, and was listed on the Shanghai Stock Exchange on 11 June 2018.

The Company was approved by the CSRC on 9 October 2020 to issue 232,240,000 A shares through non-public issuance, and was listed on the Shanghai Stock Exchange on 9 December 2020.

**Article 4** The registered Chinese name of the Company is 綠色動力環保集團股份有限公司. The English name of the Company is Dynagreen Environmental Protection Group Co., Ltd.

**Article 5** Address of the Company: 2nd Floor, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen

Postal code: 518057

Telephone No.: 0755-33607688

Fax No.: 0755-33631220

**Article 6** The chairman of the board of directors is the Company’s legal representative.

**Article 7** The Company is a perpetual joint stock limited company.

**Article 8** All the Company’s assets are divided into equal shares. Each shareholder is responsible to the Company up to his subscribed shares. The Company is responsible for its debts to the extent of its total assets.

**Article 9** These Articles of Association are approved by a resolution adopted at the general meeting of the Company and by competent authorities, and shall take effect on the day of the listing and trading of RMB ordinary shares under the initial public offering in the PRC. After these Articles of Association have become effective, the original Articles of Association shall be replaced by these Articles of Association.

**Article 10** From the effective date of these Articles of Association, these Articles of Association shall become a legally binding document which regulates the Company’s organization and acts, the rights and obligations between the Company and its shareholders, and amongst the shareholders.

These Articles of Association shall be legally binding on the Company, its shareholders, directors, supervisors, committee members of the Party Committee (Discipline Committee), senior management members. Each of such persons shall have the rights and obligations in relation to the Company in accordance with these Articles of Association.

Without prejudice to Article 255 hereof, and according to these Articles of Association, a shareholder can sue another shareholder, the Company, or any directors, supervisors or senior management members of the Company. The Company can sue any of its shareholders, directors, supervisors and senior management member.

For the purposes of the above paragraph, the term “sue” shall include the initiation of proceedings in a court or application to an arbitration institution for arbitration.

The term “senior management member” in these Articles of Association refers to the general manager (also known as “president”), deputy general manager (also known as “vice president”), financial controller, secretary of the board of directors, chief engineer, general legal counsel and other persons expressly appointed by the board of directors as the Company’s senior management. The terms “general manager”, “deputy general manager” and “financial controller” shall refer to the “manager”, “deputy manager” and “financial manager” under the Company law.

**Article 11** The Company may invest in other enterprises. However, it shall not become a capital contributor that shall bear joint and several liabilities for the debts of the enterprises invested, unless otherwise provided for by law.

**Article 12** In accordance with provisions of the Constitution of the Communist Party of China, the Company shall establish an organization under the Party. The Party organization shall take a leading role of guiding the direction, managing the overall situation, ensuring implementation, and discussing and deciding on major issues of the Company in accordance with regulations. The Company shall establish a working organization for the Party so as to carry out party activities.

The Company shall provide necessary conditions for the Party organization to implement its activities as usual, including the establishment of the Party organization and staffing of party members into the enterprise’s management organization, staffing, and inclusion of the Party organization’s work funding into the Company’s management budget.

**Article 13** According to the Constitution and other relevant laws, the Company exercises democratic management by way of workers congress or other means.

The Company shall organize the trade union in accordance with the Labour Union Law of the People’s Republic of China, carry out trade union activities and safeguard the legal rights of employees. The Company shall provide necessary conditions for the activities of its trade union.

## **CHAPTER 2 OPERATIONAL OBJECTIVES AND SCOPE OF BUSINESS**

**Article 14** The operational objectives of the Company are: to facilitate the development of environmental protection industry in the PRC by strengthening economic collaboration and encouraging technical exchange, and to secure satisfactory returns.

**Article 15** The Company’s scope of business covers: technological research and development in environment-friendly waste-incineration, research and development systems design for related equipment, the investment, construction, management, operation and management of waste treatment projects and the provision of technological services for the projects and technical consulting (where license or relevant qualification is required for any operation under the aforesaid business scope, such operation shall be conducted in compliance with the relevant requirements).

### CHAPTER 3 SHARES, REGISTERED CAPITAL AND TRANSFER OF SHARES

**Article 16** The Company shall have ordinary shares at all times. Subject to the approval of authorities authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

**Article 17** The shares of the Company shall be in the form of share certificates.

All the shares issued by the Company shall have a par value which shall be RMB1.00 for each share.

The RMB mentioned in the preceding paragraph refers to the lawful currency of the People's Republic of China.

**Article 18** The shares of the Company shall be issued based on the principles of openness, fairness and justice. Shares of the same class shall carry equal rights.

For the same class of shares of the same issuance, each share shall be issued at the same conditions and price. The price paid by any organization or individual for each share of the same class during the same share issue shall be the same.

**Article 19** The Company may issue shares to investors inside the PRC and investors outside the PRC subject to approval of the State Council authorities in charge of securities.

For the purpose of the preceding paragraph, the term "investors outside the PRC" shall refer to investors from foreign countries or Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company. The term "investors inside the PRC" shall refer to investors inside the People's Republic of China, excluding the above-mentioned regions, which subscribe for the shares issued by the Company.

**Article 20** The shares issued by the Company to investors inside the PRC for subscription in Renminbi shall be referred to as domestic shares. The domestic shares listed in the PRC shall be referred to as domestically listed domestic shares ("A shares"). The shares issued by the Company to investors outside the PRC for subscription in foreign currency shall be referred to as "foreign shares". The foreign shares listed overseas shall be referred to as "overseas listed foreign shares". Holders of domestic shares and overseas listed foreign shares are all ordinary shareholders of the Company, and shall have the same obligations and rights.

The term "foreign currency" in the preceding paragraph shall refer to any lawful currency of a country or region other than RMB, which is freely convertible and accepted by state foreign exchange authority, and may be used to pay for the shares of the Company.

The overseas listed foreign shares issued by the Company and listed in Hong Kong (the "H shares") shall refer to shares with a par value denominated in RMB, which are approved by the Hong Kong Stock Exchange for listing and will be subscribed for and traded in Hong Kong dollars.

Subject to approval of the securities regulatory authorities under the State Council, the Company's domestic shares and foreign shares can be converted into overseas listed foreign shares for listing and trading on the stock exchange outside the PRC. The listing and trading of such shares, after being converted into overseas listed foreign shares, on overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of the overseas securities markets. The conversion of domestic shares and foreign shares to overseas listed foreign shares and their listing and trading on the stocks exchanges outside the PRC do not require a voting at a general meeting or any class shareholder meeting. The overseas listed foreign shares so converted and the outstanding overseas listed foreign shares shall be of the same class of shares.

**Article 21** Upon approval by the approval department of the Company, the Company issued 700,000,000 ordinary shares to the promoters at the time of establishment, among which:

514,771,140 shares have been subscribed and held by Beijing State-Owned Assets Management Co., Ltd., representing 73.54% of the total issued ordinary shares of the Company;

69,725,295 shares have been subscribed and held by Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership), representing 9.96% of the total issued ordinary shares of the Company;

48,806,817 shares have been subscribed and held by Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership), representing 6.97% of the total issued ordinary shares of the Company;

24,859,792 shares have been subscribed and held by Beijing State-Owned Assets Management (Hong Kong) Company Limited, representing 3.55% of the total issued ordinary shares of the Company;

20,918,478 shares have been subscribed and held by Beijing Venture Capital Co., Ltd., representing 2.99% of the total issued ordinary shares of the Company;

20,918,478 shares have been subscribed and held by Shenzhen Jingxiu Investment Partnership (Limited Partnership), representing 2.99% of the total issued ordinary shares of the Company.

**Article 22** The Company has 1,393,447,763 shares in total, all of which are ordinary shares including 989,087,971 domestically listed domestic shares and 404,359,792 overseas listed foreign shares.

**Article 23** The domestic shares issued by the Company are centrally deposited at the China Securities Depository and Clearing Corporation Limited. The H shares of the Company are mainly under the custody of the central depository of Hong Kong Securities Clearing Company Limited and may also be held by individual shareholders in their own names.

**Article 24** Subject to approval of the securities regulatory authorities under the State Council, the Company's board of directors may issue domestic shares and overseas listed foreign shares separately according to the issuance plans as approved by the securities regulatory authorities.

Unless otherwise required by the securities regulatory authorities, the Company may implement such plans of separate issuance in accordance with the preceding paragraph within 15 months from the date of such approval by the securities regulatory authorities.



**Article 25** Where the Company separately issues overseas-listed foreign-invested shares and domestic-invested shares, and the total number of shares to be issued is within the issuance proposals, the shares should be fully allotted in one issuance. If this is not possible due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued on separate occasions.

**Article 26** The registered capital of the Company is RMB1,393,447,763 at present.

**Article 27** Unless otherwise provided in laws, administrative regulations, listing rules of the shares' listing place, or these Articles of Association, the shares of the Company shall be transferrable and subject to no lien. Any transfer of the Company's shares shall be registered in the share registrar appointed by the Company.

**Article 28** The Company shall not accept any pledge created over its own shares.

**Article 29** The shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company's initial public offering shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange.

Each director, supervisor and senior management member of the Company shall report to the Company the shares of the Company held by him/her and the changes thereof. During the term of his/her office, the shares transferred by him/her each year shall not exceed 25% of the total shares of the Company that he/she holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange. If any of the aforesaid persons leaves his/her post, he/she shall not transfer the shares of the Company that he/she holds within six months from such departure. If the listing rules applicable to the shares of the Company provide otherwise on restrictions on transfer of H shares, such rules shall prevail.

**Article 30** If a director, supervisor or senior management member of the Company, or a shareholder holding 5% or more of the shares of the Company sells the shares of the Company or other securities with an equity nature within six months after buying those shares, or buys the shares within six months after selling, all the gains arising thereof shall belong to the Company. Such gains shall be collected by the board of directors of the Company. But if a securities company holds 5% or more of the shares the Company due to purchase of unsold shares from its underwriting, the sale of these shares shall not be subject to the said six month restriction.

Shares or other securities with an equity nature held by directors, supervisors, officers and natural person shareholders referred to in the preceding paragraph include shares or other securities with an equity nature held by their spouses, parents, children and under accounts of other persons.

If the board of directors of the Company does not enforce the first paragraph, the shareholders may request the board of directors to do so within 30 days. If the board of directors does not enforce such right within the said period, the shareholders are entitled to commence litigations in court in their own names for the interest of the Company.

If the board of directors of the Company does not enforce the first paragraph of this Article, the accountable directors shall be jointly and severally responsible in accordance with the law.

## **CHAPTER 4 INCREASE, REDUCTION AND REPURCHASE OF SHARES**

**Article 31** Subject to approval by a resolution at the general meeting, the Company may increase the capital as required for its operation and development, pursuant to the laws, regulations and relevant provisions of these Articles of Association.

The Company may increase its capital by the following methods:

- (1) Public issuance of shares;
- (2) Non-public issuance of shares;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Conversion of common reserve into capital;
- (5) Other methods prescribed by the law and administrative regulations or approved by the relevant regulatory authorities.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of these Articles of Association, the issuance should be made in accordance with the procedures set out in the relevant laws and administrative regulations.

**Article 32** The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be made in accordance with the requirements of the Company Law, other related regulations and these Articles of Association.

**Article 33** If the Company reduces its registered capital, a balance sheet and an inventory of assets must be prepared.

When the Company reduces its registered capital, the Company shall notify its creditors and make a public announcement in accordance with provisions of the Company Law, and repay its debts or provide corresponding guarantees as required by the creditors.

The Company's registered capital may not, after any reduction in capital, be less than the minimum amount prescribed by law.

**Article 34** The Company may, in accordance with the procedures set out in these Articles of Association and applicable laws and with the approval of the competent authorities, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares in order to reduce its registered capital;
- (2) merger with another company holding shares in the Company;
- (3) rewarding shares in employee stock ownership scheme or as share incentive;
- (4) when requested by any shareholder to purchase his shares because this shareholder objects to any resolution of merger or division made by the Company at general meeting;

- (5) conversion of shares into corporate bonds issued by the Company that are convertible into shares;
- (6) when it is necessary for the Company to safeguard the corporate value and the interests of its shareholders.

Except for the abovementioned circumstances, the Company shall not be engaged in any activities of acquiring its shares.

In the case that the Company acquires its outstanding shares, it shall follow the procedures as set out in Article 35 to Article 39 of these Articles of Association.

**Article 35** The Company may acquire its shares by the way of public and centralized trading, or through other ways approved by laws and regulations and recognized by relevant regulatory authorities of the place where the Company's shares are listed. For any acquisition of its shares by the Company due to the circumstances set out in items (3), (5) and (6) of Article 34 of these Articles of Association, the acquisition of shares shall be conducted by way of public and centralized trading.

**Article 36** The Company must obtain prior approval of the shareholders in a general meeting in the manner stipulated in these Articles of Association before it can effect an off-market repurchase through an agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), rescind or vary any contract which has been so entered into or waive any right thereunder.

A contract for the repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement which causes the Company to become obliged or entitled to repurchase its shares.

The Company may not assign contracts for the repurchase of its own shares or any of its rights thereunder.

Where the Company has the right to repurchase redeemable shares, repurchases not made on – market or by tender shall be limited to a maximum price; or if repurchases are made by tender, tenders shall be made to all shareholders alike.

**Article 37** Where the Company acquires its own shares for the purposes as set out in items (1) and (2) of Article 34 of these Articles of Association, it shall obtain approval at the general meeting by way of resolution. Where the Company acquires its own shares for the purposes as set out in items (3), (5) and (6) of Article 34 of these Articles of Association, it shall obtain approval of more than two-thirds of the directors present at the meeting of the Board by way of resolution. Following the acquisition of its shares in accordance with the provisions of Article 34, such shares shall be cancelled within ten days from the date of acquisition in the case of item (1) and transferred or cancelled within six months in the case of items (2) and (4). Shares held by the Company in aggregate for the purposes as set out in items (3), (5) and (6) shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three years.

**Article 38** If any share of the Company is cancelled due to repurchase by the Company, the Company shall apply to the original company registrar for registration of the change in registered capital.

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

**Article 39** Unless the Company is in liquidation, it must comply with the following provisions in relation to repurchase of its issued and outstanding shares:

- (1) where the Company repurchases shares at their par value, payment shall be made out of the book balance of distributable profits and/or out of the proceeds of a new share issuance made for that purpose;
- (2) where the Company repurchases shares at a price higher than their par value, payment up to their par value shall be made out of the book balance of distributable profits and/or out of the proceeds of a new share issuance made for that purpose; and payment of the premium shall be effected as follows:
  1. if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  2. if the shares being repurchased were issued at a premium, payment shall be made out of the book balance of the distributable profits of the Company and/or out of the proceeds from a new issue of shares made for that purpose, provided that the amount paid out of the proceeds from the new issue shall not exceed the total premium received by the Company on the issue of the repurchased shares nor shall it exceed the book value of the Company's premium account (or capital common reserve fund account) (including any premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make any payment for the following purposes out of the Company's distributable profits:
  1. acquisition of the right to repurchase its own shares;
  2. amendments to any contract for repurchase of its own shares;
  3. release from any of its obligations under any repurchase contract.
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be recorded in the Company's premium account (or capital common reserve fund account).

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR PURCHASE OF COMPANY SHARES**

**Article 40** The Company or its subsidiaries (including affiliates) shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include any person who directly or indirectly incurs any obligations as a result of acquisition of shares in the Company.

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

The provisions of this Article shall not apply to the circumstances described in Article 42 of this Chapter.

**Article 41** For the purposes of this Chapter, the term “financial assistance” shall include (but is not limited to) the following:

- (1) gifts;
- (2) guarantee (including assumption of obligations of another or provisions of assets to secure the performance of the obligation of another), indemnity (not including, however, indemnity against loss arising from the Company’s own fault) and release or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
- (4) financial assistance in any other form when the Company unable to pay its debts, or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purposes of this Chapter, “assumption of obligations” by a person includes the assumption of obligations by way of contract or other arrangement (whether or not such contract or arrangement is enforceable and whether such obligations are borne by such person alone or jointly with other persons) or by any other means which results in a change in his financial position.

**Article 42** The acts listed below shall not be regarded as the acts prohibited under Article 40 of this Chapter:

- (1) provision of financial assistance by the Company where the financial assistance is given in good faith and in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
- (2) lawful distribution of the Company’s assets as dividends;
- (3) distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the shareholding structure of the Company effected in accordance with these Articles of Association;
- (5) provision of loans by the Company within its scope of business and in the ordinary course of business (provided that this does not reduce the net assets of the Company, or if it does reduce the net assets of the Company, that financial assistance is provided out of the distributable profits of the Company); and
- (6) contributions made by the Company to employee share schemes (provided that this does not reduce the net assets of the Company, or if it does reduce the net assets of the Company, that financial assistance is provided out of the distributable profits of the Company).

## CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

**Article 43** The Company's share certificates shall be in registered form.

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

Overseas listed foreign shares issued by the Company may be issued in the form of overseas depository receipts or other derivations of share certificate in accordance with laws and securities registration and depository practice of the place where such shares are listed.

While H shares of the Company remain listed on the Hong Kong Stock Exchange, the Company shall ensure that all ownership documents of its securities listed on the Hong Kong Stock Exchange (including H shares certificates) shall include the following statements, and shall instruct and cause each of its share registrars not to register any subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

1. the purchaser of shares agrees with the Company and each shareholder of the Company, and the Company agrees with each Shareholder, to observe and comply with the Company Law, the Special Regulations and other requirements of these Articles of Association;
2. the purchaser of shares agrees with the Company, each shareholder, director, supervisor, president and other senior management members of the Company and the Company (acting for itself and for each director, supervisor, president and other senior management member) agrees with each shareholder, to refer all disputes and claims arising from these Articles of Association or any right or obligation conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with these Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive;
3. the purchaser of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof; and
4. the purchaser authorizes the Company to enter into a contract on his behalf with each director and other senior management member whereby such directors and other senior management members undertake to observe and comply with their obligations to shareholders stipulated in these Articles of Association.

**Article 44** The share certificates shall be signed by the Chairman. Where the signatures of other senior management members of the Company are required by the stock exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior management members. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. Such affixing or printing of the Company seal on share certificates shall require authorization of the board of directors. The signature of legal representative or of other senior management members on the share certificates may also be in printed form. If the Company shares are issued and traded in dematerialized form, provisions otherwise provided by local securities regulatory authorities of the listing venue shall apply.



**Article 45** The Company shall establish a register of shareholders in accordance with evidence from the share registrar, and shall enter therein the following particulars:

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

The register of shareholders is the conclusive evidence of shareholders' holding of the Company's shares, unless there is evidence to the contrary.

**Article 46** The Company may, pursuant to an understanding or agreement reached between the securities authority under the State Council and relevant securities regulatory authority outside the PRC, keep outside the PRC the original register of holders of overseas listed foreign shares, and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholder of H shares shall be maintained in Hong Kong for inspection by shareholders; subject to closure of the register of shareholders by the Company in accordance with relevant provisions under the Hong Kong Companies Ordinance.

The Company shall keep at its domicile a duplicate of the register of holders of overseas listed foreign shares. The appointed overseas agent shall ensure the consistency between the original and the duplicate registers of holders of overseas listed foreign shares at all times.

Where the original and the duplicate of the registers of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

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

The register of shareholders shall include the following parts:

- (1) a register kept at the Company's domicile other than those specified in Items (2) and (3) of this article;
- (2) the register(s) of holders of overseas listed foreign shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed;
- (3) registers of shareholders kept in such other places as the board of directors may consider necessary for listing purposes.

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

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

**Article 49** All H shares which have been fully paid-up are freely transferable according to these Articles of Association. Unless a transfer satisfies the following conditions, the board of directors may decline to recognize any instrument of transfer without giving a reason:

- (1) any transfer instrument or other instrument which relates to share ownership or may affect share ownership must be registered, and HK\$2.50 (for each transfer instrument) or such other higher fee determined by the board of directors (but such fees shall not exceed the maximum prescribed in the listing rules of the Hong Kong Stock Exchange from time to time) shall be paid to the Company for such registration;
- (2) the transfer instrument only relates to H shares listed in Hong Kong;
- (3) the stamp duty payable for such transfer instrument has already been paid;
- (4) the relevant share certificates and such other evidence as the board of directors may reasonably require to prove the transferor's right to transfer are lodged;
- (5) if it is intended that the shares be transferred to joint holders, the maximum number of joint holders shall not be more than four (4);
- (6) the Company does not have any lien on the relevant shares; and
- (7) no share may be transferred to a minor or to a person of unsound mind or under other legal disability.

Shareholder of foreign shares may transfer all or part of his shares through an instrument in a written form which is common or usual in the places where such shares are listed, or as the board of directors may accept. The transfer of H shares may adopt the standard transfer form prescribed by the Hong Kong Stock Exchange. The instrument of transfer of any share may be executed by hand without seal, or if the transferor or the transferee is a recognized clearing house as defined in the Securities and Futures Ordinance or its agent, the share transfer instrument may be executed by hand or in mechanically-printed form.

**Article 50** No change may be made in the register of shareholders as a result of a transfer of shares within 30 days prior to the date of a shareholders' general meeting or within five days before the reference date for the Company's distribution of dividends.

If there is any special provision set out by laws, administrative regulations, departmental rules, regulatory documents and the stock exchange or regulatory authorities of the place where the Company's shares are listed, such provision shall prevail.



**Article 51** When the Company needs to convene a general meeting, distribute dividends, commence liquidation or carry out any other activities for which shareholdings need to be determined, the board of directors or the convener of the general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date, shall enjoy the relevant rights.

**Article 52** Any person who disputes the register of shareholders and asks for inclusion of his name in or removal of his name from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 53** For any person who is a registered shareholder or who claims to be entitled to have his name entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”)

Application by a holder of domestic shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the relevant requirements of the Company Law.

Application by a holder of overseas listed foreign shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law, regulations, the rules of the stock exchange or other relevant provisions of the place where the original register of shareholders of such overseas listed foreign shares is maintained.

The issuance of a replacement share certificate to a shareholder of H shares, who has lost his share certificate, shall comply with the following requirements

- (1) The applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant’s reason for the application, the circumstances and proof of the loss of the share certificate and a declaration stating that no other person may claim to be registered as a shareholder in respect of the Relevant Shares.
- (2) The Company has not received any declaration from any person other than the applicant, claiming that such person shall be registered as a shareholder in respect of the shares, before it decides that a replacement share certificate shall be issued.
- (3) If the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention in the newspapers designated by the board of directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days. The newspapers designated by the board of directors shall be the Chinese and English newspapers accepted by the Hong Kong Stock Exchange (at least one for each language).
- (4) Before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed, and may proceed with the publication upon receipt of a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The public announcement shall be displayed in the stock exchange for a period of 90 days.

If the application for issuance of a replacement share certificate is made without consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish.

- (5) Upon expiry of the 90-day period specified in Items (3) and (4) of this Article, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant.
- (6) When the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.
- (7) All expenses for the cancellation of the original share certificate and issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until reasonable guarantee is obtained from the applicant.

**Article 54** After the Company has issued a replacement share certificate in accordance with these Articles of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser).

**Article 55** The Company shall not be liable for any damage suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless such person can prove fraudulent act on the part of the Company.

## **CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 56** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and have obligations according to the class and number of shares held by him. Holders of shares of the same class shall enjoy equal rights and have equal obligations.

Shareholder of every class shall enjoy equal rights in the distribution of dividend or distribution in any other form.

Where two or more persons are registered as joint shareholders of any share, they shall be deemed as holding such shares in common ownership, and shall be subject to the following provisions:

- (1) the Company is not required to register more than four persons as joint shareholders for any shares; and
- (2) all joint shareholders of any share shall be jointly and severally responsible for all amounts payable in relation to such share.

In the circumstance of joint shareholders:

- (1) upon death of one of the joint shareholders, only the surviving joint shareholder(s) shall be deemed as owners of the shares, but for the purpose of revising the register of shareholder, the board of directors is entitled to demand the surviving shareholder(s) to provide a death certificate as the board thinks fit.

- (2) for joint shareholders of any share, only the person whose name stands first in the register shall be entitled to receive share certificate of the relevant shares, receive notice from the Company, attend a general meeting of the Company or exercise corresponding voting rights, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders of the relevant shares.

Where one of the joint shareholders delivers receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint shareholders, such receipt shall be deemed as valid receipt from all such joint shareholders to the Company.

**Article 57** The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other profit distributions on the basis of the number of shares held by them;
- (2) to request, convene, preside over, attend or send proxy to attend a general meeting and exercise corresponding voting rights in accordance with the law;
- (3) to supervise the Company's business operations, to make proposals and to raise queries in relation to the Company's business operations;
- (4) to transfer (whether for consideration or free of charge) or pledge shares held by them in accordance with the laws, administrative regulations, listing rules of the places where the Company's shares are listed, as well as provisions of these Articles of Association;
- (5) to obtain relevant information in accordance with these Articles of Association, which shall include:
  1. to obtain a copy of these Articles of Association of the Company, subject to payment of costs;
  2. the right to inspect and copy, subject to payment of a reasonable fee, of:
    - (1) all parts of the register of shareholders;
    - (2) personal information of the directors, supervisors and senior management members of the Company, including:
      - a current and former names and aliases;
      - b principal address (domicile);
      - c nationality;
      - d full-time and all other part-time occupations and duties;
      - e identification documents and their numbers.

- (3) the status of the Company's issued share capital;
  - (4) reports of the aggregate par value, number of shares and highest and lowest prices of each class of shares repurchased by the Company since the last fiscal year as well as all the expenses borne by the Company for such repurchase;
  - (5) counterfoil of the Company's debentures, minutes of general meetings, resolutions of board meetings, resolutions of the supervisors meetings, financial and accounting reports;
  - (6) the Company's most recent audited financial statements, and the reports of the board of directors, auditors and the supervisory committee.
- (6) in the event of the winding-up or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
  - (7) to request the Company to repurchase his/her shares if he/she disputes with any resolution adopted at a general meeting in respect of a merger or division of the Company; and
  - (8) other rights provided under the laws, administrative regulations, departmental regulations and these Articles of Association.

Where any person directly or indirectly having rights and interests fail to disclose such rights and interests, the Company shall not exercise its rights to freeze or otherwise impair any right of such person attached to the shares.

**Article 58** When a shareholder requests to have access to or obtain a copy of the information mentioned in the preceding Article, he shall present written evidence to prove the class and number of shares held by him. The Company shall, after verifying the shareholder's identity, provide the information as requested by such shareholder, and may charge reasonable fees for providing copies of the foregoing information.

**Article 59** If a resolution of the Company's general meeting or board meeting contravenes the laws or administrative regulations, the shareholders may request the court to annul the resolution.

If the convening procedure or voting method of a general meeting or board meeting contravenes the laws, administrative regulations or these Articles of Association, or if the contents of the resolutions of such meetings contravene these Articles of Association, the shareholders may request the court to revoke the resolution within 60 days after the date of such resolution.

**Article 60** If a director or senior management member violates the laws, administrative regulations or these Articles of Association when carrying out his/her duties, resulting in losses to the Company, any shareholders individually or together holding 1% or more of the shares of the Company for 180 days consecutively may request the supervisory committee in writing to bring a legal action in a court. If the supervisory committee violates the laws, administrative regulations or these Articles of Association when carrying out its duties, resulting in losses to the Company, the shareholders may request the board of directors in writing to bring a legal action in a court.

If the supervisory committee or board of directors refuses to bring legal actions upon receipt of the shareholder's written request under the preceding paragraph, or fails to bring legal actions within 30 days upon receipt of the request, or there is an emergency where the Company would suffer irreparable loss if a legal action is not initiated immediately, then the shareholders described in the preceding paragraph may directly bring a legal action in a court in their own names for the interest of the Company.

If any other person damages the lawful interests of the Company and result in losses to the Company, the shareholders described in the first paragraph of this Article may bring a legal action in a court in accordance with the two preceding paragraphs of this Article.

**Article 61** If a director or senior management member violates the laws, administrative regulations or these Articles of Association, resulting in damage to shareholders' interests, the shareholders may bring a legal action in a court.

**Article 62** Should a shareholder holding more than 5% of the Company's domestic shares with voting rights pledge the shares he or she holds, he or she shall report to the Company in writing on the day of the pledge. Any pledge of overseas listed foreign shares shall be carried out in accordance with the Hong Kong laws, listing rules and other relevant requirements.

**Article 63** The holders of ordinary shares of the Company shall have the following obligations:

- (1) to comply with laws, administrative regulations and these Articles of Association;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (3) to refrain from surrendering the shares unless required by laws or administrative regulations;
- (4) to refrain from abusing its rights as a shareholder to harm the Company's or other shareholders' interests; to refrain from abusing the independent legal personality of the Company and the limited liability of the shareholders to harm the interests of creditors of the Company;

where the shareholder's abuse of its power causes damage to the Company or other shareholders, its shall be liable for compensation in accordance with the law.

where the shareholder has abused the Company's independent legal personality and shareholder's limited liability for debt evasion and caused serious damage to the interests of the Company's creditors, it shall be held jointly and severally liable for the debts of the Company.

- (5) other obligations required by the laws, administrative regulations and these Articles of Association.

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

**Article 64** The controlling shareholder or actual controller of the Company shall not use its connected relationship to damage the Company's interests. In case of a breach which results in losses to the Company, such controlling shareholder or actual controller shall be liable for compensation.

The controlling shareholder and actual controller of the Company have fiduciary duty towards the Company and public shareholders of the Company. The controlling shareholder shall exercise its rights as a capital contributor strictly according to the laws. The controlling shareholder shall not make use of methods such as distribution of profits, restructuring of assets, external investment, appropriation of funds, providing loans or guarantee to damage the lawful interests of the Company and public shareholders. The controlling shareholder shall not make use of its controlling position to damage the lawful interests of the Company and public shareholders.

In addition to the obligations under the laws, administrative regulations or the listing rules of the stock exchange(s) on which the shares of the Company are listed, the controlling shareholder may not, in exercising its powers as a shareholder, shall not exercise its voting rights in respect of the following matters in a manner prejudicial to the interests of all or a portion of the shareholders of the Company:

- (1) to exempt a director or supervisor from the obligation of acting honestly in the best interests 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 way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) Approving a director or supervisor (for his/her own or another person's benefit) to deprive other shareholders of their rights or interests, including (but not limited to) the rights to distributions and voting rights, but not including restructuring of the Company submitted to and adopted at the shareholders general meeting in accordance with these Articles of Association.

**Article 65** The term "controlling shareholder" mentioned in the preceding Article refers to a person that satisfies any of the following conditions:

- (1) such person, acting alone or in concert with others, has the power to elect at least half of the directors;
- (2) such person, acting alone or in concert with others, has the power to exercise or control the exercise of 30% or more of the Company's voting rights;
- (3) such person, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company; or
- (4) such person, acting alone or in concert with others, actually controls the Company in any other manner.

## **CHAPTER 8 GENERAL MEETING**

### **SECTION 1 GENERAL PROVISIONS ON GENERAL MEETING**

**Article 66** The shareholders' general meeting holds the powers of the Company and shall exercise its functions and powers in accordance with the law.

**Article 67** The general meeting shall exercise the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and supervisors who are not representatives of the employees and to decide on matters relating to the remuneration of directors and supervisors;



- (3) to review and approve the reports of the board of directors;
- (4) to review and approve the reports of the supervisory committee;
- (5) to review and approve the annual financial budgets and final accounts of the Company;
- (6) to review and approve the profit distribution plan and loss compensation plan of the Company;
- (7) to decide on increasing or reducing the registered capital of the Company;
- (8) to decide on merger, division, winding up, liquidation or change of corporate form of the Company;
- (9) to decide on issuance of debentures or other securities of the Company or its listing plan;
- (10) to decide on appointment and dismissal of accounting firms by the Company;
- (11) to amend these Articles of Association;
- (12) to review and approve any provision of guarantees which shall be reviewed at the general meeting as prescribed in Article 68 of these Articles of Association;
- (13) to review any major acquisition or disposal of assets within a year with a value exceeding 30% of the latest audited total assets of the Company;
- (14) to review share incentive schemes and employee stock ownership schemes;
- (15) to review proposals of the shareholders who represent 3% or more of the Company's voting shares; and
- (16) to review other matters which shall be approved at the general meeting in accordance with the laws, administrative regulations, departmental regulations, listing rules of the local stock exchange where the Company's shares are listed or these Articles of Association.

**Article 68** Provision of any of the following guarantees by the Company must be reviewed and approved at the general meeting:

- (1) any further guarantee to be provided after the total amount of all existing guarantees provided by the Company or its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (2) any further guarantee to be provided after the total amount of all existing guarantees provided by the Company or its controlled subsidiaries exceeds 30% of the latest audited total assets of the Company;
- (3) any guarantee to secure any debt of a person whose debt to asset ratio exceeds 70%;

- (4) a single guarantee under which the secured amount exceeds 10% of the latest audited net assets of the Company;
- (5) any guarantee to be provided for shareholders, actual controller or their respective connected parties;
- (6) any guarantee to be provided by the Company within a year after the amount exceeds 30% of the latest audited total assets of the Company; or
- (7) any other guarantee which shall be approved at the general meeting as prescribed by the local stock exchange where the Company's shares are listed or under these Articles of Association.

**Article 69** Except when the Company is under a special circumstance such as a crisis, the Company shall not, without an approval by a special resolution at a general meeting, enter into any contract with any person other than the directors, supervisors, senior management personnel pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

**Article 70** The general meetings shall include annual general meetings and extraordinary general meetings. Annual meetings shall be convened once a year and shall be held within six months after the end of the preceding fiscal year.

**Article 71** The Company shall convene an extraordinary general meeting within two months after occurrence of any of the following circumstances:

- (1) the number of directors is less than the minimum number required by the Company Law or less than two-thirds of the number prescribed in these Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third of the total paid – in share capital of the Company;
- (3) shareholders who individually or together hold 10% or more of the shares of the Company require in writing an extraordinary general meeting to be convened;
- (4) whenever the board of directors considers necessary;
- (5) the supervisory committee proposes an extraordinary general meeting to be convened; or
- (6) any other circumstances prescribed by the laws, administrative regulations, departmental regulations or these Articles of Association.

**Article 72** The venue of a general meeting of the Company shall be the domicile of the Company or another specific location informed by the convener of the general meeting.

The general meeting shall have a venue for convening the on-site meetings. The Company shall make it convenient for the shareholders to attend the general meetings through online voting. Shareholders so attend the general meetings shall be deemed to be present at such meetings.



**Article 73** The Company, when convening a general meeting, shall engage lawyers to provide legal opinions on the following and arrange publication of such opinions:

- (1) Whether or not the convening and the convening procedures of the meeting are in compliance with the laws, regulations and the Articles of Association;
- (2) Whether or not the qualifications of the persons attending the meeting and the qualification of the convener are lawful and valid;
- (3) Whether or not the voting procedures and the voting results are lawful and valid;
- (4) Other relevant matters as required by the Company.

## **SECTION 2 PROPOSING AND CONVENING OF GENERAL MEETING**

**Article 74** Independent directors may propose to the board of directors to convene an extraordinary general meeting. The board of directors shall, in accordance with the law, administrative regulations and these Articles of Association, give a written reply within 10 days after its receipt of such proposal, to state whether it agrees or disagrees to convene an extraordinary general meeting.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days after the board resolution for this purpose is adopted. If the board of directors does not agree to convene an extraordinary general meeting, it shall explain the reasons and make an announcement accordingly.

**Article 75** The supervisory committee may propose to the board of directors to convene an extraordinary general meeting to the board of directors. Such proposal shall be made in writing. The board of directors shall, in accordance with the law, administrative regulations and these Articles of Association, give a written reply within 10 days after its receipt of such proposal, to state whether it agrees or disagrees to convene an extraordinary general meeting.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days after the board resolution for this purpose is adopted. Any changes made by such notice to the proposal of the supervisory committee shall be approved by the supervisory committee.

If the board of directors disagrees to convene the extraordinary general meeting, or fails to reply within 10 days after its receipt of the proposal, the board of directors shall be deemed as unable to or failing to perform its duties to convene the general meeting, and the supervisory committee may convene and preside over the meeting.

**Article 76** Shareholders who individually or together hold 10% or more of shares may call for an extraordinary general meeting or class meeting according to the following procedures:

- (1) Such shareholders shall sign a written request for an extraordinary general meeting or class meeting, in one or more counterparts, which shall state the subjects of the meeting, and submit such request to the board of directors. The board of directors shall, in accordance with the law, administrative regulations and these Articles of Association, give a written reply within 10 days after its receipt of such request, to state whether it agrees or disagrees to convene an extraordinary general meeting or class. For the purpose of determining the number of shares held by such requesting shareholders, the reference date shall be the date on which such shareholders submit the written request.

- (2) If the board of directors agrees to convene an extraordinary general meeting or class meeting, it shall issue a meeting notice within 5 days after the board resolution for this purpose is adopted. Any changes made by such notice to the original request shall be approved by the relevant shareholders.
- (3) If the board of directors disagrees to convene the extraordinary general meeting or class meeting, or fails to reply within 10 days after its receipt of the request, the shareholders individually or together holding 10% or more of the shares of the Company may request the supervisory committee in writing to convene such meeting.
- (4) If the supervisory committee agrees to convene the extraordinary general meeting or class meeting, it shall issue a meeting notice within 5 days after its receipt of such request. Any changes made by such notice to the original request shall be approved by the relevant shareholders.
- (5) If the supervisory committee fails to issue the meeting notice within the prescribed period, it shall be deemed that the supervisory committee will not convene or preside over the general meeting, and the shareholders who individually or together hold 10% or more of the shares for more than 90 days consecutively may convene and preside over the meeting themselves.
- (6) The shareholding of the convening shareholders shall not fall below 10% of the shares of the Company before the resolution adopted by the general meeting is announced. When the convening shareholder issues the notice of general meeting and publicly announces the resolution(s) of the general meeting, they shall submit the relevant documentary proof to the securities regulatory authorities at the Company's residence and the stock exchange.

**Article 77** Where the supervisory committee or shareholders convene a meeting in accordance with the provisions of this section, a written notice shall be sent to the board of directors and filed with the securities regulatory authorities where the Company is located and relevant stock exchange. The board of directors and the board secretary shall cooperate. The board of directors shall provide the register of shareholders on the shareholding record date. All reasonable expenses incurred for the meeting shall be borne by the Company, and be deducted from the amounts due to the director(s) who breaches the duty.

### **SECTION 3 PROPOSALS AND NOTICES OF GENERAL MEETING**

**Article 78** The proposed matters shall be within the scope of duties and powers of the general meetings. A proposal shall have a clear subject and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and these Articles of Association.

**Article 79** When a general meeting is held by the Company, the board of directors, supervisory committee or shareholders individually or together holding 3% or more of the shares of the Company may make proposals to the Company.

Shareholders individually or together holding 3% or more of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting at least 10 days before the date of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals.

Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the general meeting, cannot revise the proposals stated in the notice of general meetings or add new proposals.

A general meeting shall not vote or resolve on any proposal which is not listed in the notice of such general meeting or does not comply with Article 78 of these Articles of Association.

**Article 80** When the Company convenes the annual general meeting, it shall notify each shareholder of the date and venue of the meeting and the matters to be considered twenty-one days prior to the meeting; for an extraordinary general meeting, it shall notify each shareholder of the same fifteen days prior to the meeting. When calculating the period of notice, the Company shall exclude the date of the general meeting.

**Article 81** A general meeting shall not decide on matters not specified in the notice.

**Article 82** A notice of a general meeting shall meet the following requirements:

- (1) it shall be made in writing;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall specify the matters to be discussed at the meeting;
- (4) it shall specify the shareholding record date for determining shareholders who are entitled to attend the meeting;
- (5) it shall provide the shareholders with the information and explanation necessary for them to make an informed decision on the matters to be discussed, including (but not limited to), the specific conditions and contract (if any) in respect of any merger, repurchase of shares, reorganization of share capital or other restructuring proposed by the Company, as well as detailed explanation on the rationale and effect of such proposed transactions;
- (6) any director, supervisor, manager or other senior management members who have material conflicts of interests in any matters subject to discussion shall disclose the nature and extent of such conflicts of interests. If the effect of proposed matters on such director, supervisor, manager or other senior management members in their capacity as shareholders is different from that on other shareholders of the same class, the differences shall also be specified;
- (7) it shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (8) it shall contain a clear statement that a shareholder who has right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote on its behalf and that such proxies need not be a shareholder;
- (9) it shall state the time and place for the delivery of the proxy forms for the meeting;
- (10) it shall state the name and telephone number of the contact persons who handles the meeting affairs;
- (11) time and procedures for voting online or by other means;
- (12) it shall meet requirements provided by laws, administrative regulations, departmental rules, normative documents and other requirements issued by relevant regulatory authorities and under the Articles of Association.

**Article 83** If a general meeting will discuss the election of directors or supervisors, the notice of general meeting shall disclose full information of each candidate for directors and supervisors. It shall at least include the following:

- (1) personal particulars such as education background, work experience and other positions concurrently held by such candidate;
- (2) whether he/she has any connected relationship with the Company or the controlling shareholder and actual controller of the Company;
- (3) the number of shares of the Company held by such candidate;
- (4) whether he/she has received any punishment by CSRC or other securities regulatory authorities or sanctions by any stock exchange.

Except for the cumulative voting system for the election of directors, each candidate of director or supervisor shall be proposed in a separate proposal.

**Article 84** A notice of general meeting shall be served on shareholders (whether such shareholders have voting right on such general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his registered address as shown in the register of shareholders, or to the extent permitted by applicable laws, regulations and listing rules, by publication on the Company's website or other website designated by the stock exchange where the Company's shares are listed. For holders of domestic shares, a notice of general meeting may be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published on the website of the stock exchange and in media that meet the requirements of the securities regulatory authority under the State Council before the convening of the meeting. Once the announcement is published, all holders of domestic shares shall be deemed to have received the notice of the general meeting.

**Article 85** After issuance of the notice for the general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make a public announcement, together with the reasons for such delay or cancellation, at least 2 working days before the scheduled date of the meeting. If the listing rules of the listing venue of the Company contain any other provision in respect of the matters mentioned in this Article above, such provisions shall be complied with.

**Article 86** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

#### **SECTION 4 CONVENING GENERAL MEETING**

**Article 87** All holders of ordinary shares on the register of shareholders on the shareholding record date shall be entitled to attend, vote and speak at the general meeting, and vote and speak in accordance with the provisions of relevant law, regulations, the listing rules of the place where the Company's shares are listed and these Articles of Association.

Any shareholder entitled to attend and vote at a general meeting has the right to appoint one or more persons (who are not required to be a shareholder) as his proxies to attend and vote on his behalf.

Such proxies may exercise the following rights pursuant to the authorization by the shareholder:

- (1) the shareholder's right to speak at the general meeting;
- (2) the right to demand or join in demanding a poll;
- (3) Unless otherwise provided in the applicable listing rules or other securities laws and regulations, the right to vote by a show of hands or on a poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights on a poll.

If the shareholder is a recognised clearing house as defined in the relevant regulations in force from time to time under the laws of Hong Kong (hereinafter referred to as "Recognised Clearing House"), such shareholder may authorise one or more persons it thinks fit to act as its proxy at any shareholders' general meeting or any class of any shareholders' general meeting; however, if more than one person is so authorised, the power of attorney shall specify the number and class of the shares with respect to such persons so authorised. The person so authorised may exercise any rights on behalf of such Recognised Clearing House (or its proxy) as if such person were an individual shareholder of the Company.

**Article 88** An individual shareholder who attends the general meeting in person shall present valid proof which can confirm his shareholder's identity. If a proxy is appointed to attend the meeting, in addition to presenting the shareholder's identity proof, the proxy shall also present its own identity proof together with the power of attorney from the shareholder.

If a shareholder who is a legal person appoints its representative to attend the meeting, the Company has rights to request the representative to present the identity proof for the shareholder and its representative, as well as any resolution or authorization letter from the board of directors of the shareholder who is a legal person or other authority as proof of the such authorization.

**Article 89** The instrument appointing a proxy shall be in writing and signed by the appointing shareholder or his attorney duly authorized in writing; where the appointing shareholder is a legal person, such instrument shall be under its seal or signed by its director or duly authorized representative.

The instrument issued by the shareholder to appoint a proxy to attend the general meeting shall state the following contents:

- (1) the name of the proxy;
- (2) whether the proxy has voting rights;
- (3) instructions as to vote for, vote against or abstain from each proposal on the general meeting agenda;
- (4) the signing date and validity term of the instrument;
- (5) signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal person shall be affixed;

- (6) specifying the number of shares represented by such proxy;
- (7) If more than one proxy is appointed, the instrument shall specify the number of shares represented by each proxy respectively.

**Article 90** The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or at least 24 hours prior to the specified time of the voting. Where the instrument is signed by another person authorized by the principal, the authorization letter or other document authorizing the signatory shall be notarized. The notarized authorization letter or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

Where the principal is a legal person, it shall be represented by its legal representative or the person authorized by resolution of its board of directors or other decision-making body at the Company's general meetings.

**Article 91** Any form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall enable the shareholders to separately instruct their proxies to cast vote in favour of or against each matter to be voted on at the meeting.

The authorization letter shall state that if the shareholder does not give specific instructions, the proxy may vote in his/her own discretion.

**Article 92** A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or revocation of the authority to sign any power of attorney for a proxy, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the relevant meeting.

**Article 93** A registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain the names of attendants (or names of organizations), identity card numbers, domicile, the number of voting shares held or represented by each attendant and names (or name of organizations) of the proxies.

**Article 94** The convener and the lawyers engaged by the Company shall examine the shareholders' qualifications according to the register of shareholders provided by the securities registrations and clearing organizations. The names of shareholders and the number of voting shares held by such shareholders shall be registered. The registration shall be closed before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the voting shares held by such shareholders.

**Article 95** Directors, supervisors and the secretary to the board of directors shall attend the general meetings. The general manager and other senior management members shall be in attendance at the meeting.



**Article 96** The general meeting shall be presided over and chaired by the chairman of the board of directors. Where the chairman of the board of directors is unable to discharge the duty or will not discharge his duty, the meeting shall be presided over and chaired by the vice chairman of the board, or if there are two or more vice chairmen, by the one elected by at least half of the directors. Where no vice chairman is appointed or the vice chairman of the board is unable to discharge the duty or will not discharge the duty, the meeting shall be presided over and chaired by a director elected by at least half of the directors. Where no director can be elected by at least half of the directors to preside over and chair a general meeting, the shareholders attending the meeting may elect one person to chair such meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall chair the meeting.

If a general meeting is convened by the supervisory committee, the chairman of the supervisory committee shall preside over the meeting. If the chairman of the supervisory committee is unable to or will not discharge his duties, the meeting shall be presided over by a supervisor elected by at least one half of the supervisors.

If a general meeting is convened by the shareholders themselves, the conveners shall elect a representative to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

In a general meeting, if the chairman of the meeting violates the meeting procedures, making the meeting impossible to proceed, the shareholders may, with approval by at least half of the votes represented by the shareholders present at the meeting, nominate one person to serve as the chairman and continue with the meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall chair the meeting.

**Article 97** The Company shall formulate the rules of procedures for general meeting and specify in details the procedure for convening and voting at the general meeting, including notification, registration, reviewing of proposals, voting, counting of votes, announcement of voting results, adoption of resolutions, minutes of meeting and their signing, public announcements, as well as principles of authorization to the board of directors by the general meeting. The rules of procedures for general meeting shall be appended to these Articles of Association. They shall be formulated by the board of directors and approved by the general meeting.

**Article 98** In the annual general meeting, the board of directors and the supervisory committee shall report their work during the past year to the general meeting. Each independent director shall also present a work report.

**Article 99** Directors, supervisors and senior management members shall explain and answer the enquiries and suggestions from shareholders at the general meeting.

**Article 100** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting as well as the total number of voting shares held by them, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

**Article 101** The board secretary shall keep minutes for each general meeting. The minutes shall contain the following contents:

- (1) the time, venue and agenda of the meeting and names of the conveners;
- (2) the name of the meeting chairman and the names of the directors, supervisors, and senior management members present or in attendance at the meeting;
- (3) the numbers of shareholders (including holders of domestic shares and overseas listed foreign shares (if any)) and proxies attending the meeting, the total number of voting shares held by them and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (4) the process of review and discussion, summary of any speech and voting results of each proposal;
- (5) shareholders' questions, opinions or suggestions and corresponding answers or explanations;
- (6) the names of the lawyers, the persons who count votes and the persons supervising the voting process; and
- (7) other contents to be included as specified in these Articles of Association.

**Article 102** The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, board secretary, conveners and their representatives and the meeting chairman shall sign on the minutes. The minutes shall be kept together with the registration record of attending shareholders, powers of attorney for proxies, valid record on internet voting and other means of voting, for a period of no less than 10 years.

**Article 103** The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to promptly resume the meeting or directly terminate that meeting, and make a timely public announcement and report in accordance with the laws, regulations or listing rules of the place where the Company's shares are listed.

## **SECTION 5 VOTING AND RESOLUTIONS AT GENERAL MEETINGS**

**Article 104** Resolutions of the general meeting include ordinary resolutions and special resolutions.

An ordinary resolution at a general meeting shall be passed by more than one half of the voting shares held by shareholders attending the general meeting (whether in person or by proxy).

A special resolution at a general meeting shall be passed by at least two-thirds of the voting rights held by shareholders attending the general meeting (whether in person or by proxy).



**Article 105** The matters with respect to the exercise of powers in a general meeting as set out in paragraphs (1), (2), (3), (4), (5), (6), (10), (12) and (16) under Article 67 or all matters other than those required by laws, administrative regulations or these Articles of Association to be approved by a special resolution of the general meeting shall be approved by ordinary resolutions of the general meeting.

**Article 106** The matters with respect to the exercise of powers in a general meeting as set out in paragraphs (7), (8)(9), (11), (13) and (14) under Article 67, or the matters as required by laws, administrative regulations or these Articles of Association or as confirmed by ordinary resolutions of the general meeting to have material impact on the Company to be approved by a special resolution of the general meeting shall be approved by special resolutions of the general meeting. The matters set out in paragraph (15) shall be subject to ordinary or special resolutions as stated above depending on the specific contents of shareholder's proposals.

**Article 107** When shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares that they represent. Each share shall carry one vote.

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

The Company's shares which also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

Shareholders who purchase the voting shares of the Company in violation of Clause 1 and Clause 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after purchasing them, and such number shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

Subject to applicable laws, regulations and/or requirements of the listing rules of the place where the Company's shares are listed, the board of directors, independent directors and other qualified shareholders may solicit for the voting rights from shareholders. When soliciting voting rights from the shareholders, information such as specific voting intentions should be fully disclosed to the shareholders being solicited. Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited. Except for statutory conditions, the Company must not set a lowest shareholding percentage when soliciting the shareholder voting rights.

When the general meeting considers connected transactions, if so required under the applicable laws, regulations or listing rules of the place where the Company's shares are listed, the connected shareholders shall abstain from such voting, and the voting shares held by such shareholders will not be counted within the total number of valid votes. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-connected shareholders.

If any shareholder is required by applicable laws, regulations and listing rules of the place where the Company's shares are listed to vote for or to vote against or to abstain from voting on (as the case may be) any particular proposal, any votes cast by the shareholders (or their proxies) in violation of such requirement or restriction shall not be counted in the voting results.

**Article 108** Voting at general meeting will record the name of the voter.

**Article 109** The list for candidates of directors and supervisors shall be submitted as proposed resolutions to the general meeting for voting.

Where voting for the election of directors and supervisors at the meeting, cumulative voting system can be adopted in accordance with the provisions in these Articles of Association or resolutions made at the meeting.

The directors and supervisors shall be elected under the cumulative voting system when a single shareholder and its persons acting in concert hold over 30% of the total shares of the Company.

The cumulative voting system as mentioned in the preceding paragraph means that in the election of directors and supervisors at the general meeting, each share carries a voting right equivalent to the number of directors and supervisors to be elected. A shareholder may concentrate the votes on one candidate. The board of directors shall announce to the shareholders the biographies and basic information of each candidate of directors and supervisors.

Where directors are elected at the general meeting under the cumulative voting system, the voting of the independent directors and non-independent directors shall be carried out separately. The general meeting shall determine the elected directors and supervisors in a descending order of the number of votes obtained according to the number of directors and supervisors to be elected.

Shareholders attending the general meeting shall have the same number of votes as the number of directors or supervisors to be elected under each proposal group for each share held in the proposal subject to the cumulative voting system. The number of votes held by shareholders can be cumulatively cast for one candidate or several candidates.

Shareholders should vote within the number of votes for each proposal group. In the event that the number of votes cast by the shareholder exceeds the number of the votes he/she holds, or the shareholder casts votes in a number exceeding the number of candidates in the competitive election, the vote on such resolution shall be deemed invalid.

Shareholders with multiple shareholder accounts may vote online through any one of their accounts. The number of votes they are entitled to is calculated on the basis of the total shares of the same class under all of their shareholder accounts.

**Article 110** Except for the cumulative voting system, the general meeting shall vote on each proposal individually. Where there are different proposals for the same issue, voting should be carried out according to the order of the proposals raised. Except for special reasons such as force majeure causing the meeting to suspend or unable to reach a resolution, the meeting shall not set aside any proposal or have any proposal not voted on.

**Article 111** When a poll is taken at a meeting, a shareholder (including proxies) who have the right to two or more votes need not cast all his votes in the same way.

**Article 112** The chairman of the meeting shall decide whether a resolution of the general meeting has been passed, based on the voting result. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

**Article 113** If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange re-counting of the votes. If the chairman of the meeting does not arrange re-counting of the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall be entitled to request re-counting of votes immediately after such announcement, and the chairman of the meeting shall immediately arrange re-counting of the votes.

**Article 114** If re-counting of votes is held at a general meeting, the result of the re-counting shall be recorded in the minutes of meeting. The minutes of meeting and the registration record of attendants signed by the attending shareholders and proxies shall be kept at the Company's domicile for a period no less than 10 years.

**Article 115** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within 7 days upon receipt of payment of reasonable charges.

## **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING AT CLASS MEETING**

**Article 116** Shareholders who hold different classes of shares shall be shareholders of different classes.

Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and these Articles of Association.

Where the share capital of the Company includes shares which do not carry voting rights, the words "non-voting shares" must appear in the designation of such shares.

Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

**Article 117** Save for as provided in the fourth paragraph under Article 20, the Company shall not proceed to change or abrogate the shareholders' rights of a class of shares unless such change or abrogation has been approved by way of a special resolution of the general meeting and by a separate class meeting of the affected class shareholders convened in accordance with Articles 119 to 123.

Any change or abrogation of shareholders' rights of a class of shares caused by any changes in domestic or foreign laws, regulations or the listing rules of the place where the shares of the Company are listed, or decisions of domestic or foreign regulatory authorities will not require the approval of shareholder' meeting or class meeting.

**Article 118** The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following conditions:

- (1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) conversion of all or part of the shares of such class into shares of another class, conversion of all or part of the shares of another class into shares of such class or grant of the right to make such conversion;

- (3) removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) removal or reduction of any preference granted to shares of such class in distribution of dividends or distribution of assets during liquidation of the Company;
- (5) addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (6) removal or reduction of rights attached to shares of such class to receive amounts payable by the Company in a particular currency;
- (7) creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (9) issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) increase in the rights and privileges of shares of another class;
- (11) any restructuring of the Company which causes shareholders of different classes to bear liability out of proportion during the restructuring; or
- (12) any amendment or cancellation of the provisions of this section.

**Article 119** Affected class shareholders, whether or not otherwise having the right to vote at the general meeting, shall have the right to vote at class meetings in respect of matters referred to in paragraphs (2) to (8) and (11) to (12) in Article 118, except that interested shareholders shall not vote at class meetings.

The term “interested shareholders” in the preceding paragraph shall have the following meanings:

- (1) in respect of a tender offer made by the Company to all shareholders in the same proportion or repurchase by the Company of its own shares through open market transactions on a stock exchange in accordance with Article 34 hereof, the “interested shareholders” shall mean the controlling shareholder as defined in these Articles of Association;
- (2) in respect of repurchase by the Company of its own shares by off-market repurchase through an agreement in accordance with Article 34 hereof, the “interested shareholders” shall mean any shareholder in relation to such agreement; and

- (3) in respect of a restructuring proposal of the Company, the “interested shareholders” shall mean shareholders who will bear a lower proportion of liability than that other shareholders of the same class, or shareholders who have an interest that is different from the interest of other shareholders of the same class.

**Article 120** Resolutions of a class meeting shall be passed by at least two-thirds of the voting rights of that class represented at the class meeting in accordance with Article 119.

**Article 121** When the Company is to hold a class meeting, it shall issue a written notice in accordance with the notice period requirements as set out in Article 80 of these Articles of Association. The written notice shall inform all shareholders who are registered as shareholders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and venue of the meeting. Shareholders who intend to attend the meeting shall, within the time specified in the notice of the meeting, deliver their written replies to the Company stating that they will attend the meeting.

If the number of the voting shares represented by the shareholders intending to attend the meeting is one half or more of the total number of voting shares of that class, the Company may hold the class meeting of shareholders. If not, the Company shall within five days notify the shareholders once again of the matters to be considered at the meeting and the date and place of the meeting in the form of a public announcement. After notification by public announcement, the Company may hold the class meeting.

If there is any special requirement by the listing rules of the place where the Company’s shares are listed, such requirements shall prevail.

**Article 122** The notice of a class meeting of shareholders is only required to be delivered to the shareholders entitled to vote at such meeting.

The procedure of a class meeting shall, to the extent possible, be identical with the procedure of a general meeting. Unless otherwise specified in this section, provisions of the Articles of Association of the Company related to procedure for holding a general meeting shall be applicable to a class meeting.

**Article 123** Apart from the holders of other classes of shares, holders of domestic shares and holders of overseas listed foreign shares are deemed to be different classes of shareholders.

The special procedure for voting in class meeting shall not apply to the following circumstances:

- (1) upon approval by a special resolution of its shareholders in a general meeting, the Company issues domestic shares and overseas listed foreign shares, separately or concurrently once every 12 months, and the number of each class of shares to be issued is not more than 20% of the outstanding shares of such class.
- (2) the Company implements its plan, which was prepared upon its incorporation, to issue domestic shares and overseas listed foreign shares, provided that such plan shall be implemented within 15 months from the date of approval by the securities regulatory authority of the State Council.
- (3) with the approval by the securities regulatory authority of the State Council, the shareholders of the Company convert their domestic shares and foreign shares to overseas listed foreign shares for listing and trading outside the PRC.

## CHAPTER 10 COMMITTEE OF THE PARTY COMMITTEE

**Article 124** The Company shall establish the committee of the Communist Party of China of Dynagreen Environmental Protection Group Co., Ltd. (the “Party Committee”) and the Committee of the Communist Party of China for Discipline Inspection of Dynagreen Environmental Protection Group Co., Ltd. (the “Discipline Committee”). The Party Committee shall consist of one secretary, and one deputy secretary in charge of party building work. Eligible members of the Party Committee can join the board of directors and the board of management through legal procedures, while eligible Party members of the board of directors and the board of management can also join the Party Committee in accordance with relevant rules and procedures. The number of positions of secretary, deputy secretary and committee members of the Party Committee and the Discipline Committee shall be established in accordance with the approval given by the superior Party Committee, and shall be selected by election. During the adjournment of the Party representative congress, the superior Party Committee may appoint the secretary, deputy secretary of the Party Committee and the secretary of the Discipline Committee as necessary.

**Article 125** The Party Committee shall, in accordance with the Constitution of the Communist Party of China and other party rules, perform its duties:

- (1) To strictly perform the primary duties of grassroots organization under Article 32 of Constitution of the Communist Party of China.
- (2) To ensure and supervise the thorough implementation of the guidelines and policies of the Party and the state as well as the decisions and deployment made by the superior party committee throughout the Company.
- (3) To adhere to the principle of the Party exercising leadership over officials, the selection of operating managers by the board of directors, and the exercise of power as regards the right of officials’ appointment by the operating managers in accordance with laws. To consider and decide on the appointment, removal or recommendation of management cadres. The Party Committee shall observe and appoint or remove leaders of party departments; recommend nominees to the Board of Directors and general manager, or deliberate and give opinions on the candidates nominated by the Board of Directors and general manager; together with the Board of Directors, observe the proposed candidates and discuss jointly to provide opinions and suggestions thereon. To fulfil the duties of managing talents and adopt the strategy of strengthening the Company through talent.
- (4) To study and discuss stable reform and development of the Company as well as material operation and management issues related to the interests of our staff, and provide advice and recommendations in this regard.
- (5) To assume full responsibility to comprehensively strengthen party discipline. To promote party building in respect of politics, ideology, organization, working style and discipline and run through them into system construction and deepen in fighting against corruption. To lead in the ideological and political work, united front work, Spiritual Civilization, corporate culture and trade unions, the Communist Youth League and others public work, to lead in the Party’s conduct and development of clean politics and support the Discipline Committee in fulfilling its supervisory duties.
- (6) Other duties prescribed by the superior Party organization.



## CHAPTER 11 BOARD OF DIRECTORS

### SECTION 1 DIRECTORS

**Article 126** Directors shall be elected or replaced by the general meeting and serve a term of three years for each term. A director may serve consecutive terms if re-elected upon the expiry of his term, unless otherwise stipulated by the relevant laws, regulations and listing rules of the place where the Company's shares are listed.

A director's term of service commences from the date he takes up the appointment, until the current term of service of the board of directors ends. If a director's term of service expires but a new director is not yet appointed, the original director shall continue to carry out the director's duties according to the laws, administrative regulations, departmental regulations and these Articles of Association until the newly elected director's appointment comes into effect. Before expiry of the current term of office, a director can be dismissed by the general meeting.

A director's post may be assumed by the general manager or other senior management members. But the total number of the directors who also serve as the general manager or other senior management members and the directors as staff representative, shall not exceed one-half of the total number of directors.

A director need not be a shareholder of the Company.

**Article 127** The directors, both collectively and individually, are expected to fulfill fiduciary duties and duties of skill, care and diligence to a standard at least in compliance with the standard established by the laws of Hong Kong. This means that every director must, in the performance of his duties as a director:

- (a) act honestly and in good faith in the interests of the company as a whole;
- (b) act for proper purpose;
- (c) be responsible to the issuer for the application or misapplication of its assets;
- (d) avoid actual and potential conflicts of interest and conflicts in duty;
- (e) disclose fully and fairly his interests in contracts with the issuer; and
- (f) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding a directorship in a listed company.



**Article 128** The Company shall be notified in writing of the intention to nominate a candidate as director and such candidate's willingness to accept the nomination no later than 7 days prior to the date appointed for such general meeting.

Subject to relevant laws and regulations, a director can be removed by an ordinary resolution passed on a general meeting before the expiry of his term of office, without prejudice to the director's claim for damages pursuant to any contract.

**Article 129** If a director fails to attend board meetings in person for two consecutive meetings, and does not appoint other directors to attend board meeting on his behalf, he shall be deemed as failing to carry out his duties. The board of directors shall propose to the general meeting to replace him.

**Article 130** A director may resign before expiry of his term of service. When a director resigns, he shall submit a written resignation notice to the board of directors. The board of directors shall disclose the relevant circumstances within 2 days.

If resignation of a director would cause the number of the directors to fall below the minimum statutory requirement, the notice of resignation of the resigning director will not become effective until a new director is appointed to fill the vacancy. The remaining members of the board shall promptly convene an extraordinary general meeting to elect a new director to fill the vacancy.

Save for the circumstances referred to in the preceding paragraph, the director's resignation takes effect upon delivery of his/her resignation report to the board of directors.

**Article 131** When a director's resignation takes effect or when his term of service expires, the director shall complete all handover procedures with the board of directors. His fiduciary duties towards the Company and the shareholders shall continue to be effective for twelve months from the end of his term of service. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure until the same falls into the public domain. Other duties may continue for such as period as the principle of fairness may require depending on the time lapse between the occurrence of the event concerned and the termination of tenure and the circumstances under which the relationship between him and the Company are terminated.

**Article 132** Unless otherwise duly authorized under these Articles of Association or by the board of directors, no director shall act in his personal capacity on behalf of the Company or the board of directors. When a director acts in his personal capacity, but a third party may reasonably believe that the director is acting for the Company or the board of directors, that director shall declare his position and capacity in advance.

**Article 133** If a director violates the laws, administrative regulations, departmental regulations or these Articles of Association when carrying out his duties and causes loss to the Company, he shall be held responsible for compensation.

## SECTION 2 INDEPENDENT DIRECTORS

**Article 134** The Company shall have independent directors. An independent director means a directors who takes no, position in the Company other than the directorship, and has no relationship with the Company or its substantial shareholders (“substantial shareholders” mean shareholders who separately or together hold at least 5% of the total number of voting shares of the Company) that may be prejudicial to his ability to make independent and objective judgement, and satisfies the requirements on independence by the listing rules of the place where the Company’s shares are listed.

In addition to the provisions of this section, the relevant provisions set out in Chapter 16 of these Articles of Association shall also apply to the qualifications and obligations of independent directors.

**Article 135** No less than one-third members of board of directors and no less than three members of the board of directors of the Company shall be independent non-executive directors; among which, at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. If the number of independent directors fails to meet the minimum number required by these Articles of Association due to any independent director failing to meet the requirement of independence or otherwise unsuitable for the position, the Company shall appoint additional independent directors to meet the requirement.

At least one of the independent non-executive directors of the Company shall ordinarily reside in Hong Kong.

**Article 136** An independent director shall have the same term of office as other directors of the Company, and may be re-elected upon expiry of the term, provided that an independent director may not stay in his position consecutively for more than six years.

**Article 137** The Company shall formulate working regulations of independent directors, which will specify the qualification, nomination, election and replacement and rights and obligations, liabilities of an independent director.

**Article 138** Matters relating to independent directors which are not covered in this section shall be dealt with according to the relevant laws, regulations or listing rules of the place where the Company’s shares are listed.

## SECTION 3 BOARD OF DIRECTORS

**Article 139** The Company shall set up a board of directors, which shall be accountable to the general meeting.

**Article 140** The board of directors shall comprise nine directors, including three independent directors. The board of directors shall have one chairman, and the general meeting may decide whether and how to set up the post of vice chairman by an ordinary resolution at the general meeting. (The provisions in these Articles of Association in relation to a vice chairman are only applicable if the Company has a vice chairman. The same applies below.)

The chairman and vice chairman (or vice chairmen) of the board of directors shall be elected and removed by more than one half of all the directors. The chairman and vice chairman (or vice chairmen) of the board shall serve a term of three years and may be re-elected upon the expiry of their terms.

**Article 141** The board of directors exercises the following functions and powers:

- (1) to be responsible for the convening of general meetings and report its work to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment schemes;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposal for the Company to increase or decrease of its registered capital, issue debentures or other securities and listing thereof;
- (7) to formulate plans for mergers, divisions, dissolution and alteration of corporate form of the Company;
- (8) to formulate plans for the Company's substantial acquisitions or repurchase of shares of the Company;
- (9) within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, creation of mortgage on the Company's assets, provision of guarantees, wealth management entrustment, connected transactions, external donations;
- (10) to decide on establishment of internal management organizations of the Company;
- (11) to determine the setup of the specialized committees under the board of directors, appoint or dismiss the chairmen of such committees (the conveners);
- (12) to appoint or dismiss the general manager, the secretary to the board of directors and the secretary to the Company, and to decide on their remunerations; in accordance with the nominations by the general manager, to appoint or dismiss senior management members such as deputy general managers, financial controller and chief engineer, general legal counsel and to decide on their remunerations;
- (13) to formulate the basic management system of the Company;
- (14) to formulate proposals to amend these Articles of Association;
- (15) to formulate the stock incentive plan of the Company;
- (16) to manage information disclosure of the Company;
- (17) to propose to the general meeting on the appointment or replacement of the accounting firms which provide audit services to the Company;

- (18) to listen to work reports of the general manager and review his/her work;
- (19) to review and approve provision of guarantees by the Company, other than the guarantees which are subject to review and consideration at a general meeting in accordance with Article 68 hereof;
- (20) other powers authorized by the laws, administrative regulations, and departmental rules, listing rules of the listing place where the Company's shares are listed, these Articles of Association and the general meetings.

If any matter of authority to be exercised by the board of directors above or any transaction or arrangement of the Company shall be subject to review by the general meeting according to the listing rules of the place where the Company's shares are listed, such matters shall be submitted to the general meeting for review.

Except for the matters specified in paragraphs (6), (7), (14) and (19) of this Article, as well as laws, administrative regulations, listing rules of the listing place where the Company's shares are listed, this Articles of Association which shall be passed by at least two-thirds of the directors, all other matters above may be passed by at least one half of the directors.

Where the above duties involve any of the significant events or issues referred to under Article 125, it shall be first deliberated by the Party Committee and the board of directors will make the final decision.

**Article 142** The board of directors shall formulate the rules of procedures for meetings of the board of directors to ensure implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for the board of directors stipulate the convening and voting procedures of the board of directors, and shall be appended to these Articles of Association. It shall be formulated by the board of directors and approved by the general meeting.

**Article 143** The board of directors shall set up the Audit and Risk Management Committee, Remuneration and Appraisal Committee and Nomination Committee, and may set up other specialized committees such as Strategic Committee, to advise the board of directors on major decisions.

Each specialized committee is responsible to the board of directors. All members of the specialized committees shall be directors. The Audit Committee shall comprise at least three members, who shall be non-executive directors. The majority of its members shall be independent non – executive directors with at least one independent non-executive director holding proper qualification as required by the listing rules, or appropriate accounting or related financial management expertise. The chairman of the Audit Committee shall be an independent non-executive director. The majority of the Remuneration and Appraisal Committee shall be independent non-executive directors and the chairman of the Remuneration and Appraisal Committee shall be an independent non-executive director. The chairman of the Nomination Committee shall be the chairman of the board of directors or an independent non-executive director and the majority of the Nomination Committee shall be independent non-executive directors. The board of directors may also set up additional specialized committees or adjust the existing committees if necessary. The board of directors shall separately formulate the scope of responsibilities and rules of procedures for each specialized committee.

**Article 144** If the board of directors proposes to dispose of any fixed assets, the expected value of which, when aggregated with value of fixed assets disposed of within four months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest audited balance sheet considered by the general meetings, the board of directors shall not dispose of or agree to dispose of such fixed assets without prior approval by the general meeting.

The term “fixed assets disposal” referred to in this Article includes transfer of certain interests in assets, but excludes creation of security interests over fixed assets.

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

**Article 145** The chairman of the board shall have the following functions and powers:

- (1) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (2) to procure and check the implementation of resolutions of the board of directors;
- (3) to sign on share certificates, debentures and other securities issued by the Company;
- (4) organize the formulation of various rules and coordinate operation of the board of directors;
- (5) to sign on important documents of the board of directors and legally binding documents on behalf of the Company;
- (6) to exercise the powers and functions as the legal representative;
- (7) to nominate candidates for secretary to the board of directors, members and chairmen of the specialized committees under the board of directors;
- (8) to listen to periodic or ad hoc work reports of the company’s senior management, and provide guidance opinion to implementation of the resolutions of the board of directors;
- (9) in case of emergency of catastrophic natural disasters and other force majeure events, exercise the special right of disposal over the Company’s affairs that are in accordance with the requirements of laws and interests of the Company, and report to the board of directors and the general meeting afterwards;
- (10) to exercise certain powers of the board of directors within the mandate of the board of directors when the board of directors is not in session;
- (11) other functions and powers authorized by the laws, administrative regulations, departmental rules, these Articles of Association and the board of directors.

**Article 146** The vice chairman (or vice chairmen) shall assist the chairman of the board of directors in work. When the chairman is unable to or does not carry out his duties, the vice chairman shall (or if there are two or more vice chairmen, the vice chairmen elected by at least half of the directors shall) carry out such duties. If no vice chairman is appointed or the vice chairman is unable to or does not carry out his duties, such duties shall be carried by a director elected by at least half of the directors.

**Article 147** The board meetings include regular meetings and extraordinary meetings.

Regular meetings of the board of directors shall be held at least twice a year. The meeting shall be convened by the chairman of the board with the notice and documents of meeting being served upon all the directors and supervisors at least 14 days before the meeting is held.

The chairman, any shareholder holding at least one-tenth voting rights, at least one-third of the directors, or the supervisory committee or the general manager may propose the holding of an extraordinary meeting of the board of directors. The chairman shall convene and preside over the extraordinary meeting of the board of directors within 10 days upon receipt of the proposal, and shall give a notice to all the directors and supervisors at least five days before the meeting is held.

Where there is an urgent matter, the extraordinary board meeting may be held upon approval by the chairman, which is not subject to the requirement of meeting notice as set out in paragraph 3 of this Article, provided that a proper notice shall be given to the directors, supervisors and the general manager.

Regular Board meetings or extraordinary meetings can be held by way of telephone conference or use of similar communication equipment. As long as all directors present in the meeting can hear clearly the conversation of the other directors and can give feedback, all directors participated should be treated as present in the meeting in person.

**Article 148** The notice of board meetings may be delivered in the manners as set out in Article 250 of these Articles of Association.

Directors who have attended the meeting will be deemed to have been issued a notice of board meeting if he had not raised any issues of not having received such notice before or during the board meeting.

**Article 149** A notice of board meeting shall include the following contents:

- (1) date and place of meeting;
- (2) period of the meeting;
- (3) reasons and agenda;
- (4) date of issuance of notice; and
- (5) method of convening the meeting.



**Article 150** For any major matters to be determined by the board of directors, sufficient information shall be provided to the directors and the directors are entitled to request supplementary materials. When at least one-fourth of the directors or at least two external directors (an external director means a director who have no executive positions in the Company) consider that the provided materials insufficient or the reasoning is unclear, they may jointly propose to defer the board meeting or defer the consideration on the relevant matters, the board of directors shall accept such proposal accordingly.

**Article 151** Except for the consideration on the connected transactions by the board of directors as set out in Article 153, the quorum of a board meeting shall be presence of more than one half of the directors.

Unless otherwise provided elsewhere in these Articles of Association, resolutions of the board of directors shall be passed by more than one half of all the directors.

As for the voting on a board resolution, each director shall have one vote only.

**Article 152** The directors shall attend a board meeting in person. If a director is unable to attend for any reasons, he may appoint another director in writing to attend on his behalf. The authorization letter shall contain the name of the proxy, the matters represented, scope of authorization and validity period. It shall be signed or sealed by the principal.

A director who acts as a proxy of another director at a board meeting shall exercise the other director's rights within the authorized scope. If a director does not attend a board meeting in person and does not appoint a proxy to attend the meeting, he/she shall be deemed to have waived the voting rights in the meeting.

**Article 153** When a director is connected to companies which are the subject of a resolution to be decided at a board meeting, the connected director shall not vote on that resolution, and shall not vote on behalf of other directors on such resolution. Such board meeting shall be deemed as having a quorum if more than one half of the non-connected directors attend the meeting. Resolutions made by the board meeting shall be passed by more than one half of the non-connected directors. If the number of non-connected directors attending the board meeting is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 154** The board meeting shall vote by way of disclosed ballot.

Provided that the directors can fully express their opinions at the extraordinary board meetings, decisions could be made by signing written resolutions instead of convening board meetings, given that the resolutions to be reviewed shall be delivered to each of the directors by hand, post, fax or other means of communication and the number of directors who signed the said resolutions shall reach the number as required for pass such resolution.

If a substantial shareholder (a substantial shareholder means a shareholder holding 10% or more of the shares of the Company) or a director has material conflict of interest in the matters to be considered, such matters shall be considered and decided on by the means of convening board meetings (rather than written resolutions) and independent non-executive directors who do not have any material interest in such matters shall attend the board meeting.

**Article 155** The board of directors shall keep minutes of its decisions on the matters discussed at the meeting. The directors who attended the meeting, the board secretary and the recorder shall sign the minutes of that meeting.

The directors shall be responsible for the decisions of the board of directors. Where a resolution of the board of directors is in violation of the laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for compensation. However, where a director can prove that he expressed his opposition to such resolution when it was put to voting, and that such opposition was recorded in minutes of the meeting, the director shall be exempted from such liability.

The minutes of board meetings shall be kept as a company file for a period of no less than 10 years.

**Article 156** The minutes of the board meetings shall contain the following information:

- (1) date and venue of the meeting and the name of the convener;
- (2) the names of the directors present and names of directors (proxy) acting for other directors to attend the meeting;
- (3) the agenda;
- (4) the main points of directors' speeches;
- (5) the voting method of each resolution and the result (the result shall specify the number of votes for, against and abstaining).

## **CHAPTER 12 SECRETARY TO THE BOARD OF DIRECTORS**

**Article 157** The Company shall have one board secretary. The board secretary shall be a senior management member of the Company.

**Article 158** The secretary to the board of directors shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the board of directors.

The primary responsibilities of the secretary to the board include:

- (1) to assist the daily work operations of the board, continuously provide the board with the operation provisions on corporate operations under the law, regulations, policies and requirements of domestic and foreign regulatory agencies and ensure the board comprehend such provisions, and assist the directors and general manager perform duty under domestic and foreign law, regulations, the Articles of Association and any other relevant provisions;
- (2) to organize board meeting and shareholders general meeting, prepare the relevant documentations, prepare the meeting minutes, ensure the meeting's decision-making processes in accordance with statutory procedures, and be fully aware of the implementation of the board's resolutions;

- (3) to be responsible for arrangement and coordination of information disclosure, liaise with investors, and enhance the transparency of the Company's work operations;
- (4) to participate in the arrangement of capital market financing;
- (5) to with intermediate agencies, regulatory authorities and media, and maintain good public relations;
- (6) to fulfill other tasks assigned by the board of directors as well as the chairman.

The scope of responsibilities of the secretary to the board includes:

- (1) to organize board meetings and shareholders general meetings, prepare relevant documentations, arrange for meeting affairs, prepare meeting minutes, ensure the accuracy of the meeting minutes, keep the meeting documents including the meeting minutes and take the initiative to fully comprehend the implementation of the related resolutions, report to the board of directors with suggestions on important issues in relation to such implementation.
- (2) to ensure that the board's decision-making on major issues is in strict accordance with the prescribed procedures, organize and participate in the discussion and analysis meetings and provide relevant opinions or suggestions as requested by the board, and fulfill routine work assigned by the board or related committees of the board.
- (3) to serve as the contact person between the Company and the securities regulatory authorities, organize the preparation and timely submission of the documents requested by the regulatory authorities, and receive and organize the completion of relevant tasks assigned by the regulatory authorities.
- (4) to coordinate and organize the information disclosure of the Company, improve the information disclosure system, participate in all the meetings related to information disclosure, and be fully aware of the major business decisions and related information timely.
- (5) be responsible for the confidentiality of the sensitive information on the Company's share price, and formulate effective confidentiality measures; in the event of any leakage of sensitive information of the share price of the Company, to take necessary remedial measures, make prompt explaining and clarifying accordingly, and inform overseas listing regulatory agencies and the CSRC.
- (6) to coordinate and organize the Company's marketing events, receive visitors in such events, deal with investor relationship, liaise with investors, intermediate agencies and media, coordinate and reply to public enquiries, ensure that investors are able to receive timely information disclosed by the Company; prepare and organize the Company's domestic and overseas promotion events, compile summary reports on such events and important visits, and report on relevant matters to the CSRC.
- (7) to be responsible for the maintenance of shareholders' register, directors' register, records of shareholdings of substantial shareholders and directors as well as a list of holders of outstanding debentures of the Company.

- (8) to assist directors and the general manager in performing duties in accordance with domestic and foreign law, regulations, these Articles of Association and other relevant regulations. When knowing that the Company is making or to make a resolution in violation of any relevant provisions, the secretary has an obligation to timely remind the Company and has the right to truthfully report the situation to the CSRC and other regulatory agencies.
- (9) to coordinate to provide information to the Company's supervisory committee and other auditing agencies needed for performance of their supervisory functions, and assist the investigation relevant to the Company's financial controller, directors and general manager on fulfillment of fiduciary duties.
- (10) to perform such other functions and powers assigned by the board of directors and other functions required by the law in the listing place of the Company or stock exchange.

**Article 159** Directors or other senior management members may concurrently act as the secretary to the board of directors. No accountant(s) of the accounting firm engaged by the Company may concurrently act as the secretary to the board of directors.

If the office of the secretary to the board is held concurrently by a director, and an act is required to be taken by a director and the secretary to the board separately, the person who concurrently holds the offices of director and secretary to the board shall not perform the act in dual capacity.

**Article 160** The Company's directors, general manager and related departments shall support the secretary to the board to perform his/her duties in terms of institutional setup, staff deployment, funding etc. if required. All relevant departments of the Company shall actively cooperate with the secretary to the board.

### **CHAPTER 13 COMPANY SECRETARY**

**Article 161** The Board shall appoint a company secretary to ensure good communication among the members of the board and compliance with the board policies and procedures. The company secretary shall report his/her work to the chairman and/or the general manager, recommend to the board on corporate governance through the chairman and/or the general manager, and make arrangements in respect of director's induction training and professional development.

**Article 162** The election, appointment and dismissal of a company secretary shall be approved by the board through board meetings but not written resolutions. The post of company secretary shall be taken by a person who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of a company secretary. The Company may appoint the company secretary by selecting an employee who is familiar with the ordinary course of business of the Company or engaging external agencies. In the event that the company secretary is an external agency, the Company shall designate a senior management member to liaise with the external agency.

**Article 163** The company secretary shall attend professional training of no less than 15 hours for each fiscal year.

**Article 164** All the directors of the Company may have access to the advice and services of the company secretary to ensure compliance with the board procedures and all the laws, regulations and provisions.

## CHAPTER 14 GENERAL MANAGER

**Article 165** The Company shall have one management team who, under the steering of the board of directors, implements the decisions of the board of directors and supervises the Company's daily work operations. The management team shall be led by the general manager.

The Company shall have one general manager and several deputy general managers to assist the general manager and shall also have one financial controller, one chief engineer and one general legal counsel. The general manager, deputy general managers, financial controller, chief engineer and general legal counsel shall be appointed and dismissed by the board of directors.

**Article 166** The term of office of the general manager shall be three years and the general manager may serve consecutive terms if re-appointed.

The general manager can submit his resignation before the expiry of his term of office. The procedures and methods concerning the general manager's resignation shall be regulated by the employment contract between the general manager and the Company. If the general manager fails to perform his/her duties for special reasons, one deputy general manager designated by the Board of directors shall act on his/her behalf.

A director may concurrently take the post of general manager or deputy general manager, provided that the post of chairman and general manager shall be taken by different persons.

Any person holding any executive position in the controlling shareholder of the Company other than as a director or supervisor shall not serve as senior management of the Company.

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

- (1) to lead the Company's production, operation and management, and report to the board of directors;
- (2) to organize resources to carry out the Board's resolutions;
- (3) to organize the implementation of the Company's annual business plan and investment plan formulated by the board of directors;
- (4) to draft plans for the establishment of the Company's internal management structure;
- (5) to draft the basic management system of the Company;
- (6) to formulate detailed rules and regulations of the Company;
- (7) to propose the appointment or dismissal of the Company's deputy general manager(s), financial controller and chief engineer to the board;
- (8) to appoint or dismiss other management members other than those required to be appointed or dismissed by the Board;
- (9) to exercise other powers conferred by these Articles of Association or the board of directors.

Where the above duties involve any of the significant events or issues referred to under Article 125, it shall be first deliberated by the Party Committee and the General Manager Office will make the final decision.

**Article 168** The Company's general manager shall be in attendance at the meetings of the board of directors. If the general manager is not a director, he shall not have the right to vote at such meetings.

**Article 169** The general manager shall formulate the detailed working rules of the general manager, which shall be submitted to the board of directors for approval.

The working rules of the general manager include the following:

- (1) conditions, procedures and attendants for convening manager meeting;
- (2) respective duties and responsibilities of the general manager and other senior management members;
- (3) limits of authority in using company funds and assets as well as the signing of significant contracts, together with the reporting system to the board of directors and the supervisory committee;
- (4) other matters considered necessary by the board of directors.

**Article 170** In the exercise of his/her functions and powers, the general manager shall act honestly and diligently in accordance with the law, administrative regulations and these Articles of Association.

**Article 171** The Company adopts a general legal counsel system and has a general legal counsel. The general legal counsel is a senior management member of the Company appointed by the board of directors and is the specific leader of the Company's rule of law efforts. The general legal counsel shall be responsible for legal affairs of the Company by coordinating and handling legal affairs in decision-making, operation and management of the Company. The general legal counsel reports directly to the general manager or chairman of the board of directors and is accountable to the board of directors. Significant matter to be discussed and considered at a decision-making meeting of the Company which is subject to legal review and verification must be submitted to the general legal counsel for legal review in advance. If the general legal counsel considers that such matter involves material risks, submission to the decision-making meeting shall be deferred. The general legal counsel shall attend the meetings of the Party committee and the board of directors on legal issues and participate in the general manager's work meetings to provide independent legal opinions on legal issues related to the matters under consideration.

## **CHAPTER 15 SUPERVISORY COMMITTEE**

### **SECTION 1 SUPERVISORS**

**Article 172** The term of office of a supervisor shall be three years, renewable upon re-election and re-appointment.

**Article 173** Directors and other senior management members cannot concurrently hold a post as supervisor.

**Article 174** When a supervisor's term of office expires while a new supervisor is not yet appointed, or the number of supervisors falls below the statutory minimum due to resignation of any supervisor during his term of office, the original supervisor shall continue to perform his/her duties according to the law, administrative regulations and these Articles of Association, until the new supervisor takes office.



**Article 175** A supervisor shall ensure that the information disclosure of the Company is true, accurate and complete.

**Article 176** A supervisor can be in attendance at a board of director's meeting. He/she can also raise questions or suggestions concerning proposed resolutions at the meeting.

**Article 177** A supervisor shall not make use of his connected relationship to prejudice the Company's interests, and shall be liable for compensating all losses incurred by the Company due to such reason.

**Article 178** A supervisor shall faithfully perform his supervisory duties in accordance with the law, administrative regulations and these Articles of Association.

If a supervisor violates the laws, administrative regulations, departmental regulations or these Articles of Association while performing his duties and causes losses to the Company, he/she shall bear the responsibility of compensation.

## **SECTION 2 SUPERVISORY COMMITTEE**

**Article 179** The Company shall establish a supervisory committee.

**Article 180** The supervisory committee shall comprise three supervisors, one of whom shall be the chairman of the supervisory committee.

The appointment and dismissal of the chairman of the supervisory committee shall be passed by at least two-thirds of its members.

**Article 181** The supervisory committee shall comprise shareholder representative supervisors and employee representative supervisors. The shareholder representative supervisors shall be elected and removed by the general meeting. The number of employee representative supervisors shall be no less than one-third of the total number of supervisors, and the employee representative supervisors shall be democratically elected and removed by the Company's employees.

**Article 182** The supervisory committee shall be accountable to the general meeting and exercise the following functions and powers according to the laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise the directors and senior management during their performance of duties to the Company, and propose the dismissal of directors or senior management members who violate the law, administrative regulations, these Articles of Association or resolutions of general meetings;
- (3) to demand rectification from a director and any other senior management members when the acts of such persons are harmful to the Company's interests;
- (4) to verify financial information such as financial reports, business reports and profit distribution plans, etc. to be submitted by the Board to the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;

- (5) to propose convening of extraordinary general meeting and to convene and preside over the general meeting when the Board fails to perform such duties;
- (6) to submit proposals to the general meetings;
- (7) to propose convening of extraordinary meeting of board of directors;
- (8) to initiate legal action against directors and senior management members in accordance with the Company Law;
- (9) to conduct investigations upon discovery of abnormality in the business operation and engage, at the cost of the Company, professional firms such as accounting firms and law firms to assist its work where necessary;
- (10) to review the Company's periodical reports prepared by the board of directors and to express its review opinions in writing; and
- (11) any other duties as prescribed by these Articles of Association.

**Article 183** The supervisory committee shall hold a meeting at least once every six (6) months. Such meeting shall be convened and presided over by the chairman of the supervisory committee. A supervisor may propose to convene an extraordinary meeting of the supervisory committee.

Where the chairman of the supervisory committee is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over the supervisory committee meeting.

**Article 184** The supervisory committee shall formulate the rules of procedures for the supervisory committee in order to ensure working efficiency and scientific decision-making. The rules of procedures of the supervisory committee shall contain the convening and voting procedure of meetings of the supervisory committee, and shall be appended to these Articles of Association. Such rules of procedures shall be drafted by the supervisory committee and approved by the general meeting.

**Article 185** The quorum of a meeting of the supervisory committee shall be presence of more than half of the supervisors. Voting at the supervisory committee meeting shall be carried out by disclosed ballot and each supervisor shall have one vote. A supervisor shall attend meetings of the supervisory committee in person. If a supervisor is unable to attend such meeting for any reason, he/she shall appoint in writing another supervisor to attend the meeting on his/her behalf. The letter of authorization shall specify the extent of authorization.

Resolutions at the meeting of the supervisory committee shall be passed by at least two-thirds of the supervisors' votes.

**Article 186** Decisions made at a meeting of the supervisory committee shall be recorded in the minutes of such meeting. Supervisors attending the meeting shall sign on the minutes of meeting.

Supervisors are entitled to request that an explanation of their comments made at the meetings be noted in the minutes. Minutes of meetings of the supervisory committee shall be maintained as corporate archives for at least 10 years.

**Article 187** A notice of the regular meeting of the supervisory committee shall be given to all supervisors in writing at least 10 days before the meeting is held and a notice of the extraordinary meeting of the supervisory committee shall be given to all supervisors in writing at least three days before the meeting is held.

A notice of the supervisory committee meeting shall include the following contents:

- (1) date, venue, and duration of the meeting;
- (2) reasons and agenda;
- (3) date of issuance of notice.

**Article 188** Any reasonable expenses incurred by the supervisory committee for engagement of professionals such as lawyers, certified public accountant, practicing auditors, etc., to perform its (his) duties shall be borne by the Company.

#### **CHAPTER 16 QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT MEMBERS**

**Article 189** A person may not serve as a director, supervisor, or senior management member of the Company if he/she is in any of the following circumstances:

- (1) he/she has no capacity or only has restricted capacity for civil acts;
- (2) he/she has been found guilty of offences of corruption, bribery, embezzlement or misappropriation of property or disruption of the social economic order, and not more than five years have lapsed since the sentence was served, or he/she has been deprived of his political rights as a criminal punishment, and not more than five years have lapsed since the sentence was served;
- (3) he/she is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvency and liquidation of the company or enterprise;
- (4) he/she is a former legal representative of a company or enterprise which had its business license revoked due to violation of the law and he/she is personally liable for such revocation, where less than three (3) years has elapsed since the date of revocation of the business license;
- (5) he/she has a relatively large amount of debts due and outstanding;
- (6) he/she is under criminal investigation by a judicial organization for violation of the criminal law where said investigation is not yet concluded;
- (7) he/she is prohibited to enter the securities market by the securities regulatory authority under the State Council and the aforesaid prohibition period has not yet expired;

- (8) he/she is has been found by the competent authority as violating relevant securities regulations and acting fraudulently or dishonestly, where not more than five years have lapsed since the date of such finding;
- (9) he/she is not a natural person;
- (10) other circumstances prescribed by the laws, administrative regulations or departmental regulations or rules of security regulators and stock exchange(s) in the territory where the Company's shares are listed.

**Article 190** The validity of an act of a director or senior management member on behalf of the Company vis-a – vis a bona fide third party shall not be affected by any non-compliance in relation to the performance of duties, election or qualification of such director or senior management member.

**Article 191** In addition to the 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, and other senior management members owe the following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to them:

- (1) not to cause the Company to exceed the scope of business stipulated in its business licence;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities beneficial to the Company; and
- (4) not to deprive the shareholders of their individual rights or interests, including (without limitation) rights to distribution and voting rights, save pursuant to restructuring of the Company submitted to Shareholders for approval in accordance with these Articles of Association.

**Article 192** Each of the Company's Directors, supervisors, general manager and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 193** The Company's directors, supervisors, and senior management members must, in the exercise of their duties, abide by the principles of good faith 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 exceed such powers;
- (3) to personally exercise the discretion vested in him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his discretion to another party unless permitted by the law and administrative regulations or with the informed consent of the shareholders at the general meeting;

- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in these Articles of Association of the Company or with the informed consent of the shareholders at the general meeting;
- (6) not to use the Company's property for his own benefit in any way without the informed consent of the general meeting;
- (7) not to exploit his position to accept bribes or other illegal income, misappropriate the Company's funds or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) not to accept commissions in connection with Company's transactions without the informed consent of the general meeting;
- (9) to abide by these Articles of Association, perform his duties faithfully, and protect the interests of the Company and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to seek for himself/herself or others the business opportunities originally belonged to the Company, not to operate for himself or others business similar to the Company's and not to compete with the Company in any way, in each case without the informed consent of the shareholders at the general meeting;
- (11) not to misappropriate company funds or deposit the properties or funds of the Company in an account under his own or other's name;
- (12) not to, in violation of the provisions of these Articles of Association, lend funds to any other person or provide security for the Company's shareholders or other person with any properties of the Company, without the consent of the general meeting or the board of directors;
- (13) not to harm the interests of the Company through the use of his connected relationship;
- (14) not to disclose confidential information relating to the Company that was acquired by him or her during his or her office without the informed consent of the shareholders at the general meeting, 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 in any of the following circumstances:
  1. mandatorily provided by law;
  2. required for the public interest; or
  3. required for the interest of such director, supervisor or senior officer of the Company.

The income acquired by the said persons in violation of this Article shall belong to the Company and any loss caused to the Company shall be borne by such persons.

**Article 194** Each director, supervisor, senior management member of the Company shall not direct the following persons or institutions (“associates”) to act in a manner which a director, supervisor or senior management personnel is prohibited from so acting

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

**Article 195** The fiduciary duties of the directors, supervisors, general manager and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 196** Except for circumstances prescribed in Article 64 of these Articles of Association, a director, supervisor, and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

**Article 197** Where a director, supervisor and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her service contract with the Company), he/she shall disclose the nature and extent of his/her interests to the board at the earliest opportunity, whether or not such matter is otherwise subject to the approval of the Board.

A director shall not vote on a contract, transaction or arrangement in which he/she or any of his/her associates has a material interest, nor shall such director be included in the quorum for a meeting.



Unless the interested director, supervisor or senior management member of the Company has disclosed such interest to the board of directors as required under the first paragraph hereof and the matter has been approved by the board of directors at a meeting where he/she 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 or senior management concerned.

A director, supervisor or senior management member of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which an associate of that director, supervisor or senior officer has an interest.

**Article 198** If a director, supervisor or senior management member of the Company has given a written notice to the board of directors before a contract, transaction or arrangement is considered by the Company for the first time, stating that he has an interest in the contract, transaction or arrangement to be made by the Company for the reasons as described in the notice, such director, supervisor or senior management member shall be deemed for the purposes of the preceding articles of this chapter to have declared his interest to the extent stated in the notice.

**Article 199** The Company shall not in any manner pay tax for or on behalf of its directors, supervisors or senior management members.

**Article 200** The Company shall not directly or indirectly provide a loan or provide any guarantee for a loan for a director, supervisor or senior management member of the Company or its parent, or any associate of the said persons.

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

- (1) provision of a loan or a guarantee for loan by the Company for a subsidiary of the Company;
- (2) provision of a loan or a guarantee for loan or other funds by the Company to a director, supervisor or senior management member of the Company under a service contract approved by the general meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his duties; and
- (3) provision of a loan or a guarantee for loan by the Company to relevant director, supervisor or senior management member of the Company or to an associate thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of guarantees.

**Article 201** 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 202** A guarantee provided by the Company in violation of provision under the first paragraph of Article 200 shall be unenforceable against the Company, provided that:

- (1) the lender is not aware of such violation when providing the loan to an associate of a director, supervisor or senior management member of the Company or its parent;
- (2) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

**Article 203** For the purposes of the preceding articles of this chapter, the term “guarantee” shall include an undertaking or creation of security interest over property to guarantee or secure the obligor’s performance of his obligations.

**Article 204** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor or senior management member of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) demand the relevant director, supervisor or senior management member to compensate for the losses sustained by the Company as a consequence of his/her dereliction of duty;
- (2) rescind any contract or transaction concluded by the Company with the relevant director, supervisor or senior management member or contracts or transactions with a third party (where such third party is aware or should be aware that the director, supervisor or senior management member representing the Company is in breach of his obligations to the Company);
- (3) demand the relevant director, supervisor or senior management member to surrender the gains derived from the breach of his obligations;
- (4) recover any funds received by the relevant director, supervisor or senior management member that should have been received by the Company, including (but not limited to) commissions;
- (5) demand the relevant director, supervisor or senior management member to return the interest which is generated or may be generated from the funds that should have been given to the Company; and
- (6) take legal proceedings to decide that director, supervisor or senior management member should return to the Company the property obtained as a consequence of his breach of obligations.

**Article 205** The Company shall enter into a contract in writing with every director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the 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 member of the Company;
- (2) emoluments in respect of his service as a director, supervisor or senior management member of a subsidiary of the Company;
- (3) emoluments otherwise in connection with the management of the Company or any subsidiary thereof; and
- (4) funds as compensation for his loss of office or retirement to the aforementioned directors and supervisors.

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

In addition, the Company shall enter into a contract in writing with each director, supervisor and senior management member containing at least the following provisions:

- (1) an undertaking by the director, supervisor or senior management member to the Company that he shall observe and comply with the Company Law, the Special Regulations, these Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong and other regulations prevailing in places where shares of the Company are listed, and an agreement that the Company shall have the remedies provided in these Articles of Association and that neither the contract nor his/her office is assignable;
- (2) an undertaking by the director, supervisor or senior management member to the Company that he shall observe and comply with his obligations to shareholders stipulated in these Articles of Association; and
- (3) the arbitration clause as set out in Article 255 hereof.

**Article 206** The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment for loss of office or retirement. If the listing rules of places where shares of the Company are listed provide otherwise, such rules shall prevail.

For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following circumstances:

- (1) any person making a general offer to all the shareholders;
- (2) any person making a general offer so that the offeror becomes a controlling shareholder as defined hereof.

If a director or supervisor fails 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 director or supervisor and may not be paid out of such fund.

**Article 207** The Company may establish a liability insurance system for directors, supervisors and senior management members in order to reduce the risks which may arise from the ordinary performance of duties by such personnel.

## **CHAPTER 17 FINANCIAL ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS**

**Article 208** The Company shall formulate its own financial and accounting systems in accordance with provisions of the laws, administrative regulations and relevant authorities.

**Article 209** The Company adopts the calendar year as its fiscal year, which shall begin in each year on 1 January and end on 31 December of the Gregorian calendar.

The Company shall prepare financial reports at the end of each fiscal year, and such reports shall be examined and verified according to laws.

**Article 210** The board of directors of the Company shall place before the shareholders at each general meeting such financial reports as required by relevant laws, administrative regulations and normative documents promulgated by the local government and the competent authorities.

**Article 211** The financial reports of the Company shall be made available in the office of the Company for inspection by shareholders at least 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 this chapter.

At least 21 days before the annual general meeting, the Company shall deliver the aforementioned reports to each holder of overseas listed foreign shares with the pre-paid mail or by other means (including through posting at the Company website or other websites designated by the relevant stock exchange) permitted by the Stock Exchange of the place where the Company's shares are listed, to the registered address of the shareholders as recorded in the share register.

**Article 212** The financial statements of the Company shall be prepared in accordance with the China Accounting Standards for Business Enterprises and regulations.

**Article 213** The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC Accounting Standards for Business Enterprises and regulations.

**Article 214** The Company shall publish two financial reports each fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

If it is otherwise required by the securities regulatory authority of the place where the Company's shares are listed, such requirements and regulations shall prevail.

**Article 215** The Company shall not maintain any account books other than statutory account books.

**Article 216** The capital reserve shall include the following funds:

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

**Article 217** When the Company distributes its after-tax profits of the current year, it shall allocate 10% of the profits to the Company's statutory common reserve. The Company may stop such allocation if the accumulative balance of the common reserve is equal to or more than 50% of the Company's registered capital.

If the accumulative balance of the Company's statutory common reserve is not enough to make up for the losses of the Company of the previous years, the current year's profits shall first be used for making up the losses before any allocation to the statutory common reserve according to the provisions of the preceding paragraph.

After the Company makes allocation to the statutory common reserve from the after-tax profits, it may, upon a resolution made by the general meeting, make allocation to the discretionary common reserve from the after-tax profits.

After the losses have been made up and allocation to common reserves have been made, the remaining after-tax profits shall be distributed to its shareholders in proportion to their respective shareholding, except for any out-of-proportion distribution as required under these Articles of Association.

If the general meeting violates the provisions of the preceding paragraph by distributing profits before the losses are made up and the allocation to statutory common reserves are made, the profits so distributed must be refunded to the Company.

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

**Article 218** The reserve of the Company is used to make up the Company's losses, expand the production and operation of the Company or increase the Company's capital. However, capital reserve shall not be used to make up the Company's losses.

When statutory reserve funds are capitalized, the remaining balance of that reserve fund shall not be less than 25% of the registered capital of the Company before the capitalization.

## **Article 219** Profit distribution policies and decision-making mechanism

- (1) Any profit distribution of the Company shall not exceed the amount of accumulated distributable profits and shall not adversely affect the continued operation of the Company. The Company may distribute interim dividends according to its profit and capital requirements.
- (2) Terms and policies of cash dividends

The Company shall give priority to the payment of cash dividends. If no cash dividends are available, no scrip dividends shall be declared for the same year. Any cash dividends proposed shall satisfy the following criteria: The current profit and accumulated retained earnings of the Company shall be positive and its cash flow shall be sufficient to support the continued operation and long-term development of the Company; the profit to be distributed in cash shall not be less than 10% of the distributable profits of the year, and the cumulative profit distributed in cash in any three consecutive financial years shall not be less than 30% of the average distributable profit of the Company for such three years.

With a view to providing investment returns to its shareholders and sharing its corporate values, the Company may declare the payment of scrip dividends in addition to the cash dividends, taking into account practical and reasonable factors such as the growth of the Company, dilution of net asset value per share and the maintenance of an adequate reflection of its share capital on its share price.

Where the Company records surplus for consecutive years, each cash dividend shall not be more than 24 months apart.

The board of directors shall distinguish the following situations and formulate/ diversified cash dividend distribution proposals in accordance with requirements of these Articles of Association and comprehensively take into account of the Company's industry, stage of development, business model, and profitability and other factors such as whether there are significant capital expenditure arrangements:

1. If the Company is at a mature stage of development and has no significant capital expenditure arrangements, the proportion of cash dividends should be at least 80% in the profit distribution;
2. If the Company is at a mature stage of development and has significant capital expenditure arrangements, the proportion of cash dividends should be at least 40% in the profit distribution;
3. If the Company is at a development stage and has significant capital expenditure arrangements, the proportion of cash dividends should be at least 20% in the profit distribution.

When it is difficult to assess the Company's stage of development but there are significant capital expenditure arrangements, the profit distribution may be determined in accordance with the foregoing provisions.



Significant capital expenditure arrangements are transactions involving, among other things, acquisition of assets, external investment and investment in fixed assets contemplated by the Company and settled in cash in the following 12 months with expenditure amounting to or exceeding an aggregate of 30% of the latest audited total assets, or exceeding 50% of the latest audited net assets and RMB50 million, in each case except for project investments through raised capital.

### (3) Decision-making mechanism

Particulars of any profit distribution shall be determined by the board of directors in accordance with the requirements of these Articles of Association, the Company's profits, capital supply and requirements and shareholders' return as approved by a simple majority at the supervisory committee and as proposed for approval at a general meeting.

The board of directors shall specify the use of retained earnings and, where scrip dividends are to be distributed, the reasonableness and feasibility thereof in any profit distribution proposal. In the event that the board of directors does not declare any cash dividend in its annual profit distribution plan in accordance with relevant requirements herein, the board shall provide reasons for not declaring the cash dividend or declaring a dividend below the stipulated percentage and the specific use of the retained profits and expected return thereon, which shall be opined by independent directors and proposed at a general meeting for shareholders' approval. Such information shall be disclosed in the announcement on results of the meeting of the board of directors of the Company and periodic reports.

Independent directors may collect opinions from minority shareholders, propose dividend distribution proposals and directly submit it to the board of directors for approval.

The Company shall elicit opinion of investors on profit distribution through effective means such as investors' interaction platforms, the website of the Company, telephone, facsimile and electronic mail. Such opinion shall be summarized by the secretary to the board of directors and provided at the meeting thereof considering a proposal for profit distribution.

When considering a proposal for profit distribution at a board meeting, such proposal shall be passed by two – thirds of independent directors by a separate voting. By considering a cash dividend proposal, the board of directors shall earnestly research and determine the timing, conditions, minimum proportion, adjustment conditions and other decision-making procedures in relation thereto. The independent directors shall express clear opinions before such proposals are considered in a board meeting. Such proposals shall be proposed at a general meeting upon being approved by the board of directors.

Before a cash dividend proposal is considered at a shareholders' meeting, the Company shall communicate with shareholders, especially minority shareholders through various channels to listen to the opinion and requests of minority shareholders and give timely responses to issues which minority shareholders are concerned about. When convening a general meeting to consider a proposal for profit distribution, online voting shall be provided in addition to the on-site meeting for the convenience of minority shareholders. A proposal for profit distribution shall be passed by over half of the shareholders present (including their proxies). Upon passage of the resolution on such proposal at the general meeting, the Company's board of directors shall complete the dividend payout within two months after the general meeting is held.

If, due to the Company's operating conditions, investment planning and needs for long-term development or changes in the Company's external operating environment, it is necessary to adjust the profit distribution policy, the adjusted profit distribution policy should focus on protecting the rights and interests of shareholders and shall not violate relevant laws and regulations, and provisions of regulatory documents and these Articles of Association. The proposal to adjust the profit distribution policy, together with opinions expressed by independent directors, will be considered by the board of directors before submission to the general meeting of the Company for approval, and will be passed by more than two-thirds of the voting rights held by shareholders attending the general meeting. Regular reports shall explain in details whether the conditions for and the process of such policy adjustment comply with relevant requirements.

**Article 220** The Company may distribute dividends in either or both of the following forms:

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

Any cash dividends and other payments to domestic shareholders shall be paid in RMB. Any cash dividends and payments to foreign shareholders will be denominated and declared in RMB and paid in foreign currency. The Company will, according to regulations on foreign exchange, deal with foreign currency matters for cash dividends and other payments to foreign shareholders.

Unless otherwise provided by the relevant laws and regulations, for the payment of cash dividends and other payments in foreign currency, the applicable exchange rates shall be the average sell price announced by the People's Bank of China in one calendar week immediately preceding the declaration date of such cash dividends and other payments.

**Article 221** Any amount paid up in advance of calls on any share of the Company may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

**Article 222** The Company shall appoint a receiving agent for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of overseas listed foreign shares.

The receiving agent appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the stock exchange(s), where the Company's shares are listed.

The receiving agent appointed by the Company for shareholders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to relevant PRC laws and regulations, the Company may exercise the power to retain unclaimed dividends, but that power shall not be exercised until the applicable limitations period applicable to claim of such dividends expires.

The Company has the right to cease sending dividend warrants by post to certain holders of overseas listed foreign shares, provided that such right may not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such right may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company has the right to sell the shares held by a holder of overseas listed foreign shares who is untraceable under the following circumstances:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of such 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the stock exchange where such shares are listed of such intention.

**Article 223** After the general meeting has resolved on the plan to allocate profits, the board of directors shall complete the distribution of dividends (or bonus shares) within 2 months of the general meeting.

**Article 224** The Company will give full consideration to the interests of shareholders and adopt a reasonable profit distribution policy according to business situation and market environment. The Company's profit distribution policy shall to the greatest extent maintain continuity and stability, and give priority to cash dividends, with the specific dividend rate to be passed with a resolution at the general meeting in accordance with relevant laws and regulations.

## **CHAPTER 18 APPOINTMENT OF AN ACCOUNTING FIRM**

**Article 225** The Company shall employ an independent accounting firm that complies with relevant regulations to audit the annual and other financial reports and financial statements of the Company, and provide services such net asset tests and relevant consulting service.

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

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

**Article 226** The term of employment of an accounting firm employed by the Company shall start from the end of the annual general meeting until the end of the next annual general meeting.

**Article 227** An accounting firm employed by the Company shall have the following rights:

- (1) the access at any time to the account books, records or vouchers of the Company and the right to require directors and other senior management members of the Company to provide the relevant information and explanations;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties;
- (3) the right to attend general meetings, receive a notice or other information concerning any meetings which shareholders have a right to receive, and to be heard at any general meetings on any matter which relates to it as the accounting firm of the Company.

**Article 228** If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a general meeting is held. Any other accounting firm which has been appointed by the Company may continue to act during the period when such a vacancy arises.

**Article 229** The engagement of the accounting firm by the Company must be determined by the general meeting. The board of directors cannot engage an accounting firm before the decision by the general meeting.

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

**Article 230** The remuneration of an accounting firm employed by the board of directors or the way to set the remuneration shall be determined by the general meeting.

**Article 231** The decision to employ, dismiss or not to renew the employment of an accounting firm shall be made by the general meeting and reported to the securities regulatory authority under the State Council for filing.

Where the Company is intended to pass a resolution at a general meeting to appoint a non – incumbent accounting firm to fill any vacancy of the position of the accounting firm, or to dismiss an accounting firm before the expiration of a term of office, such matters shall be dealt with the following provisions:

- (1) before the notice of such general meeting is given, the proposal on the appointment or dismissal shall be delivered to the accounting firm to be appointed or to leave its office or already left in the relevant fiscal year. "Leave or left" referred in this paragraph shall include dismissal, resignation and retirement.

- (2) If the accounting firm to leave its office makes any statement in writing and requires the statement to be informed to shareholders by the Company, the Company shall (unless the written statement has been received too late) take the following measures:
  - (1) to state, in the notice to shareholders for the resolution, the fact that the statement has been made by the accounting firm leaving its post; and
  - (2) to attach a copy of the statement to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.
- (3) If the Company fails to deliver such statement by the relevant accounting firm in accordance with the provisions in paragraph (2) of this article, the accounting firm concerned may require the statement to be read out at the general meeting and make further complaints.
- (4) The leaving accounting firm is entitled to attend the following meetings:
  - (1) the general meeting at which its term of office shall expire;
  - (2) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (3) the general meeting which is convened as a result of its voluntary resignation.

The leaving accounting firm is entitled to receive all notices or other information related to the above meetings, and to speak at the aforementioned meetings on matters related to it as the former accounting firm of the Company.

**Article 232** Where the Company decides to dismiss or not to renew the appointment of an accounting firm, it shall notify the accounting firm in advance. The accounting firm is entitled to present its views to the general meeting. Where an accounting firm submits its resignation, it shall explain to the general meeting whether there are any irregularities in the Company.

- (1) The accounting firm may resign from its post by placing its resignation notice in writing at the legal address of the Company. Such notice shall take effect upon the date it is placed at the legal address of the Company or a later date as specified in the notice. The notice shall include the following statements:
  - (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
  - (2) a statement of any such circumstances.

- (2) Within 14 days upon the receipt of such notice in writing as referred to in paragraph (1) of this article, the Company shall deliver a copy of the notice to the competent authorities. If the notice contains statements as above mentioned in paragraph (1)(2), the Company shall prepare and place copies of such statements at the company for inspection by shareholders. The Company shall also deliver copies of such foregoing statements with postage prepaid mail to each holder of overseas listed foreign shares at its address registered in the share register, or, subject to applicable laws, regulations and listing rules, post such information at the company website or a website specified by the stock exchange of the listing place of the Company's shares.
- (3) If the accounting firm's resignation notice contains any statement referred to in paragraph (1)(2). of this Article, the accounting firm may request the board of directors to convene an extraordinary general meeting of shareholders to hear its explanations on the situation of its resignation.

## **CHAPTER 19 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

### **SECTION 1 MERGER AND DIVISION**

**Article 233** The merger or division of the Company shall require preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in these Articles of Association, relevant examination and approval procedures shall be carried out according to laws. Shareholders that oppose to such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that approve 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 document shall also be served on the holders of overseas listed foreign by post or by any other means as permitted by relevant laws, regulations or listing rules of the listing place.

**Article 234** The merger of a company may be effected by merger by absorption or merger by the establishment of a new company.

If the Company is subject to a merger, the parties to such merger shall conclude a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify the creditors according to the Company Law, and shall make a public announcement on a newspaper recognized by the stock exchange of the place where the Company's shares are listed, and discharge its debts or provide corresponding guarantees as the creditors require.

After the merger, the rights against debtors and the indebtedness of each of the parties to the merger shall be inherited by the company which survives the merger or the newly established company.

**Article 235** Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors according to the Company Law, and shall make a public announcement on a newspaper recognized by the stock exchange of the place where the Company's shares are listed.



Debts of the Company prior to division shall be severally and jointly assumed by the companies which exist after the division, unless otherwise agreed in writing with the creditors in respect of the debt settlement before division takes place.

**Article 236** Where any of the registered items of the Company is changed due to merger or division of the Company, the Company shall go through modification registration with the company registry. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **SECTION 2 DISSOLUTION AND LIQUIDATION**

**Article 237** The Company shall be dissolved under any of the following circumstances:

- (1) any of the matters for dissolution as stipulated in these Articles of Association appears;
- (2) a resolution regarding the dissolution is passed by shareholders at a general meeting;
- (3) it is necessary to be dissolved due to merger or division of the Company;
- (4) the Company is declared insolvent according to the law for being unable to pay its due debts;
- (5) its business license is canceled or it is ordered to close down or to be dissolved according to the law; or
- (6) the Company is dissolved by the competent people's court in accordance with law, if the Company has great difficulties in operation or management, which would cause substantial loss to the interests of the shareholders if the Company continues to exist, and there is no other solution to remove such difficulties, and the shareholders who hold 10% or more of the voting rights of all the shareholders of the Company plead the people's court to dissolve the Company.

**Article 238** Where the Company is dissolved according to the provisions of Article 237 (1), (2), (5) or (6) of these Articles of Association, a liquidation committee shall be formed within 15 days as of the occurrence of the causes of dissolution, to carry out a liquidation. The liquidation committee shall comprise the directors or any other people as determined by the general meeting. Where no liquidation committee is formed within the time limit, the creditors may plead the people's court to designate relevant persons to form a liquidation committee.

Where the Company is dissolved according to the provisions of Article 237 (4) of these Articles of Association, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

**Article 239** If the board of directors decides that the Company shall be liquidated (except the liquidation as a result of the Company being declared insolvent), 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 of directors is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation.

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

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

**Article 240** The liquidation committee shall, within ten days as of its formation, notify the creditors, and shall, within 60 days, make a public announcement on newspapers recognized by the stock exchange for the listing of shares of the Company. Creditors shall, within 30 days as of the receipt of the notice or within 45 days as of the publications of the public announcement in the case of failing to receiving the notice, declare to the liquidation committee their claims against the Company.

To declare claims, a creditor shall explain the relevant matters and provide relevant supporting documents. The liquidation committee shall register the credits.

The liquidation committee shall not discharge any of the debts of any creditor during the period of credit declaration.

**Article 241** The liquidation committee shall have the following functions during the process of liquidation:

- (1) liquidating the properties of the Company, and preparing a balance sheet and an inventory of assets;
- (2) informing creditors by notice or public announcement;
- (3) disposing of and liquidate any unfinished businesses of the Company that are related to the liquidation;
- (4) paying the outstanding taxes and the taxes incurred in the process of liquidation;
- (5) settling all credits and debts;
- (6) disposing of the residual assets of the Company after discharge of debts; and
- (7) participating in the civil litigation on behalf of the Company.

**Article 242** The liquidation committee shall, after liquidating the properties of the Company and preparing the balance sheet and the inventory of properties, make a plan of liquidation, and report it to the shareholders' general meeting or the people's court for confirmation.

The residual assets after paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed to the shareholders according to the proportions of shares held by the shareholders.

During the period of liquidation, the Company continues to exist, but may not carry out any business operation that is not related to the liquidation. The Company's assets shall not be distributed to shareholders until all debts and liabilities mentioned in the preceding paragraph are paid off.

**Article 243** In case of liquidation upon dissolution, if the liquidation committee discovers, after liquidating the properties of the Company and preparing the balance sheet and the inventory of properties, that the assets of the Company are insufficient to fully discharge all debts, it shall file an application to the people's court for insolvency of the Company.

Once the people's court declares the insolvency of the Company, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 244** Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, a revenue and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a CPA in China, submit the same to the shareholders' general meeting or the people's court for confirmation. Within 30 days from the date of the confirmation of the shareholders' general meeting or the people's court, the Company shall submit the above-mentioned documents to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

**Article 245** The members of the liquidation team shall be faithful to their duty and fulfill the liquidation obligation in accordance with the law.

None of the members of the liquidation committee may take any bribe or any other illegal proceeds by taking advantage of his position, nor may he misappropriate any of the properties of the Company.

Where any of the members of the liquidation committee causes any loss to the Company or any creditor by intention or due to gross negligence, he shall make corresponding compensations.

## **CHAPTER 20 AMENDMENT TO ARTICLES OF ASSOCIATION**

**Article 246** The Company may amend these Articles of Association in accordance with the law, administrative regulations and relevant provisions prescribed in these Articles of Association.

**Article 247** In any one of the following circumstances, the Company shall amend the Articles of Association:

- (1) after amendment to the Company Law or relevant laws or administrative regulations, the contents of these Articles of Association conflict with the laws or administrative regulations;
- (2) the status of the Company has changed so that it is different from the contents of these Articles of Association; or
- (3) the shareholders' general meeting decides that these Articles of Association shall be amended.

**Article 248** If any amendment to these Articles of Association passed by resolutions at the shareholders' general meeting is subject to examination and approval by the competent authorities, such amendment shall be submitted to the competent authorities for approval. If any amendment to these Articles of Association involves any registered item of the Company, such amendment shall be filed for alteration registration according to the law.

**Article 249** The board of directors shall amend these Articles of Association according to the resolutions of the shareholders' general meeting and the opinions of the relevant competent authority.

Notwithstanding the foregoing paragraph, in the following circumstances, the shareholders' general meeting may pass a resolution to authorize the board of directors to amend these Articles of Association in accordance with the following principles:

- (1) the board of directors may make non-substantial amendments to these Articles of Association as required for implementing a resolution passed by the general meeting, such as changes to registered capital, number of shares, company name or address as required by the resolution of the general meeting; and
- (2) the board of directors may change the wordings or order of articles of these Articles of Association in accordance with the requirements raised by the competent authorities during their review of the draft of these Articles of Association passed by the general meeting.

**Article 250** Any amendment to these Articles of Association which involves information to be disclosed as required by the laws, regulations or the listing rules of the place where the Company's shares are listed shall be publicly announced as required.

## **CHAPTER 21 NOTICE**

**Article 251** Notices of the Company may be served through the following means:

- (1) delivery by hand;
- (2) by post;
- (3) by fax or email;
- (4) subject to the laws, regulations and listing rules of the place where the Company's shares are listed, by posting at the Company's website and such website designated by relevant stock exchange;
- (5) by public announcement;
- (6) by means agreed between the Company and the recipient in advance or accepted by the recipient after receipt of such notices;
- (7) other means approved by the relevant regulatory agency of the listing place or as set out in these Articles of Association.

Where the Company issues a notice by public announcement, all recipients shall be deemed to have received such notice once the public announcement has been made.

Unless the context otherwise requires, “public announcement” referred to in these Articles of Association shall refer to, if issued to domestic shareholders or within the PRC in accordance with relevant regulations and these Articles of Association, an announcement published in such Chinese newspapers as specified by the Chinese laws and regulations or the securities regulatory authority under the State Council; and, if issued to holders of H shares or in Hong Kong in accordance with the relevant regulations and these Articles of Association, an announcement published in Hong Kong newspapers specified in relevant listing rules. All notices or other documents required under Chapter 13 of the Main Board Listing Rules to be sent by the Company to the Hong Kong Stock Exchange shall be in English, or accompanied by a certified English translation.

Subject to the relevant listing rules of the place where the Company’s shares are listed, with respect to the service/distribution of corporate communications to holders of the overseas listed foreign shares, the Company may electronically or at the company’s website or such website of the stock exchange post such corporate communication so as to deliver such information to such holders, instead of such delivery by hand or postage prepaid mail.

**Article 252** Unless otherwise provided in these Articles of Association, the means of delivery of notice as set out in the preceding Article may also be applicable to notices for shareholders’ general meeting, meetings of board of directors or the supervisory committee.

**Article 253** If the notice is served by hand, the date of service is the date of acknowledgement of receipt by signature or affixed seal on the service return slip. If the notice is sent by post, the date of service is the fifth working day from the date on which the notice is put into the post. If the notice is made via facsimile, e-mail or website or other electronic means, the date of service is the date of transmission. If the notice is made by public announcement, the date of service is the date of the first publication of the public announcement.

**Article 254** If any corporate documents are required, under to the listing rules of the place where Company’s shares are listed, to be sent, posted, distributed, given, published or otherwise provided in both English and Chinese versions, but the Company has made proper arrangements to confirm whether a shareholder is willing to receive only one of the two language versions above, then the Company may send to such shareholder only the language version as requested by such shareholder, in accordance with and to the extent permitted by applicable laws and regulations.

## **CHAPTER 22 RESOLUTION OF DISPUTES**

**Article 255** The Company shall abide by the following provisions for dispute resolution:

- (1) Whenever any disputes or claims arise from these Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between any holder of overseas listed foreign shares and the Company; or any holder of overseas listed foreign shares and any director, supervisor, the general manager or other senior management member of the Company; or any holder of overseas listed foreign shares and any holder of domestic shares, the parties concerned shall submit such disputes or claims to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is submitted to arbitration, the entire claim or dispute must be submitted to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim and all persons whose participation is necessary for the resolution of such dispute or claim, shall, where such persons are the Company or the Company's shareholders, directors, supervisors, general manager or senior management members, submit to the arbitration.

Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

- (2) The arbitration claimant may opt to submit the dispute or claim either to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules, or to the Hong Kong International Arbitration Centre for arbitration in accordance with its arbitration rules. Once the claimant submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the claimant.

If the arbitration claimant elects to submit the dispute or claim to the Hong Kong International Arbitration Centre for arbitration, then either party may apply to have such arbitration proceedings conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) The laws of PRC shall govern the arbitration of disputes or claims described in Item (1) above, unless otherwise provided by the laws or administrative regulations.
- (4) The award of the arbitral body is final and shall be binding on the parties thereto.

## **CHAPTER 23 SUPPLEMENTARY PROVISIONS**

### **Article 256** Definition

- (1) In these Articles of Association, "acting in concert" means two or more persons agree, whether in oral or written form, that one of such persons acquires and holds voting rights in a company for and on behalf of all such persons, so as to achieve or reinforce their control over such company.
- (2) The "actual controller" means a person who, though not a shareholder of a company, has actual power to direct the acts of such company by investment, contract or other arrangements.
- (3) "Connected relationship" is the relationship between the controlling shareholder, the actual controller, directors, supervisors or senior management members of a company and enterprises directly or indirectly controlled by them, as well as other relationships which may cause the transfer of the Company's interests. However, enterprises owned by the State will not be regarded as having connected relationship only because they are owned by the State.



**Article 257** In these Articles of Association, the terms “not less than”, “within”, “not more than” and “before” shall include the given figure following such terms, and the terms “more than half”, “below”, “beyond”, “exceeding”, “below”, “less than”, “fewer than” and “more than” shall not include the given figure following such terms.

**Article 258** The term “accounting firm” as used in these Articles of Association shall have the same meaning as “auditor”.

**Article 259** These Articles of Association are made in Chinese. If there is any discrepancy between the Chinese version and any other language versions, or between different revisions of these Articles of Association, the Chinese version which was most recently filed and registered at the Market Supervision Administration of Shenzhen Municipality shall prevail.

**Article 260** The board of directors of the Company shall have the power to interpret these Articles of Association.