

Hebei Yichen Industrial Group Corporation Limited*
河北翼辰實業集團股份有限公司

ARTICLES OF ASSOCIATION

(Considered and passed at the 2015 first extraordinary general meeting of the Company held on 30 November 2015, amended at the 2015 annual general meeting of the Company held on 24 June 2016, amended at the 2018 annual general meeting of the Company held on 29 July 2019, considered and passed at the 2020 first extraordinary general meeting of the Company held on 18 March 2020 and amended at the 2022 annual general meeting of the Company held on 25 May 2023)

* *For identification only*

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**ARTICLES OF ASSOCIATION OF
Hebei Yichen Industrial Group Corporation Limited**

CHAPTER 1 GENERAL PROVISIONS

- Article 1.1 In order to protect the legal rights and interests of the shareholders and creditors of Hebei Yichen Industrial Group Corporation Limited (hereinafter referred to as the “**Company**”) and to regulate the organization and activities of the Company, these Articles are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “**Securities Law**”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”), the Guidelines for Articles of Association of Listed Companies and other relevant provisions.
- Article 1.2 The Company is a joint stock limited company established in accordance with the Company Law and other relevant provision.
- The Company was established by way of promotion by generally converting 河北翼辰實業集團有限公司 into a joint stock limited company. Upon registration with Shijiazhuang Municipal Administration for Industry & Commerce on 26 November 2015, the Company has obtained the Business Licence for Company. The credibility code of the Company is: 91130100107907438Y.
- Article 1.3 Subject to the approval by the China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”) and The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”), the Company conducted an initial public offering of 224,460,000 overseas-listed foreign shares (H shares), which were listed on the Hong Kong Stock Exchange on 21 December 2016.
- Article 1.4 The Company’s registered names
Chinese name: 河北翼辰實業集團股份有限公司
English name: Hebei Yichen Industrial Group Corporation
- Article 1.5 The Company’s address
- Address: No. 1 Yichen North Street, Gaocheng District, Shijiazhuang City, Hebei Province
- Another place of business under the same business license: No. 268 Lianzhou East Road, Gaocheng District, Shijiazhuang City, Hebei Province
- Postal Code: 052160

- Article 1.6 The registered capital of the Company is RMB448,920,000.
- Article 1.7 The legal representative of the Company is the chairman of the board of directors of the Company.
- Article 1.8 The Company is a joint stock limited liability company with perpetual existence.
- Article 1.9 The entire assets of the Company are divided into equal shares. Shareholders' liabilities in the Company are proportional to the number of shares they subscribed. The Company is responsible for all debts with all of its assets.
- Article 1.10 From the date upon which these Articles come into effect, these Articles shall become a legally binding document regulating the organization and activities of the Company, and the rights and obligations between the Company and its shareholders, and among its shareholders and shall become a legally binding document for the Company and its shareholders, directors, supervisors and senior management members. Pursuant to these Articles, a shareholder may take legal action against any shareholder as well as the directors, supervisors, general manager and other senior management members of the Company; a shareholder may take legal action against the Company, and the Company may take legal action against its shareholders, directors, supervisors, general manager and other senior management members.
- Article 1.11 The senior management members referred to in these Articles represent the Company's general manager, deputy general managers, financial controller, chief engineer and secretary to the board of directors.

CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

- Article 2.1 The business objectives of the Company are: Exert the group operational advantages of demutualization, diversification and integration with rational and efficient management, promote socio-economic development, maximize shareholder value and create good social impact.
- Article 2.2 Subject to legal registration, the business scope of the Company is: manufacturing and sale of railway engineering equipment, embedded ducts and parts, pipe section bolts and parts of pipe section bolts, railroad sleepers, switch sleepers, short sleepers, supporting blocks, track plates, variable rods, water and boil proof plywood, water stops, geogrids, geotextiles, rubber plates, transportation train parts and components, rubber boot cover, nylon baffle seats and rubber (excluding items for medical use), nylon, plastic products (excluding items for medical use), railway guardrails, railings, multi-function modular shelving and wire steel products, solid wire, gas shielded and self-shielded series of flux cored wire products, welding equipment, steels, metal and electronic products, welding equipment sets and parts, welding machines, electrical engineering and electrification parts, electrical cable ducts, earth terminals and base terminal cables, electrified railway catenary steel poles-H-shaped poles; operating the export of the self-manufactured products and technology of the Company and import of raw and auxiliary materials, machines and equipment, spare parts and technology required by the Company, save for commodities and technology which must only be imported and exported by specific companies designated by the state

and commodities and technology whose import and export are prohibited by the state; casting of railway parts. (Projects which require prior approvals under the laws must be undertaken only after the approvals have been granted by the relevant government authorities)

The business scope of the Company shall include such items as the company registration authority may approve.

CHAPTER 3 SHARES

Section 1 Issue of Shares

- Article 3.1 The shares of the Company shall be issued in the form of share certificates.
- Article 3.2 Shares of the Company shall be issued in a transparent, fair and equal manner and shares of the same class shall rank *pari passu* in all respects.
- Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.
- Article 3.3 The shares issued by the Company shall be denominated in RMB with a nominal value of RMB0.5 per share.
- Article 3.4 The domestic shares issued by the Company shall be collectively deposited with China Securities Depository and Clearing Company Limited. The overseas-listed foreign shares issued by the Company may be deposited with securities registration and settlement companies in Hong Kong and may also be held in the name of individual shareholder(s).
- Article 3.5 Subject to the registration or filing with the CSRC, the Company may issue shares to domestic investors and foreign investors.
- Foreign investors referred to in the preceding paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for the Company's shares and who are located within the territory of the People's Republic of China excluding the regions mentioned above.
- Article 3.6 Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas-listed foreign shares.
- Both holders of domestic shares and holders of overseas-listed foreign shares are holders of ordinary shares, and have the same rights and obligations.

Foreign shares issued by the Company that are listed in Hong Kong shall be referred to as H shares. H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Article 3.7 At the time of its establishment, the Company issued a total of 336,690,000 ordinary shares, with a par value of RMB1 each. At the time of its establishment, the Company issued 336,690,000 shares to its promoters, representing 100% of the total number of ordinary shares issued by the Company at the time of establishment. The shareholding structure of the Company at the time of establishment is set out below:

Name of shareholder	Number of shares	Shareholding
Zhang Haijun (張海軍)	66,799,296	19.84%
Zhang Junxia (張軍霞)	43,635,024	12.96%
Zhang Xiaogeng (張小更)	43,433,010	12.90%
Zhang Xiaosuo (張小鎖)	43,534,017	12.93%
Zhang Suoqun (張鎖群)	12,794,220	3.80%
Zhang Ligang (張立剛)	13,804,290	4.10%
Wu Jinyu (吳金玉)	14,780,691	4.39%
Liu Huizhen (劉惠珍)	3,366,900	1.00%
Liu Jihong (劉繼紅)	3,366,900	1.00%
Zhang Chao (張超)	9,561,996	2.84%
Zhang Lijie (張力杰)	9,561,996	2.84%
Zhang Lifeng (張力峰)	9,561,996	2.84%
Zhang Yanfeng (張艷峰)	9,561,996	2.84%
Zhang Libin (張力斌)	8,753,940	2.60%

Name of shareholder	Number of shares	Shareholding
Zhang Lihuan (張力歡)	8,753,940	2.60%
Zhang Ning (張寧)	8,753,940	2.60%
Zhang Hong (張宏)	8,753,940	2.60%
Zhang Fengxuan (張風選)	2,525,175	0.75%
Liu Xiwen (劉喜文)	2,525,175	0.75%
Ma Hailu (馬海錄)	2,424,168	0.72%
Wu Yonggang (吳永崗)	2,525,175	0.75%
Zhao Liqiang (趙利強)	1,582,443	0.47%
Fan Tiejun (樊鐵軍)	1,414,098	0.42%
Ma Li (馬利)	1,212,084	0.36%
Zhang Shuangge (張雙格)	639,711	0.19%
Zhang Ruiqiu (張瑞秋)	1,178,415	0.35%
Zhang Qinghua (張慶華)	942,732	0.28%
Fan Xiulan (樊秀蘭)	471,366	0.14%
Gao Weifeng (高衛峰)	471,366	0.14%
Total	336,690,000	100%

Article 3.8 The Company has been authorized by the CSRC to issue 224,460,000 H shares, with a par value of RMB0.5 each, which were listed on the Hong Kong Stock Exchange on 21 December 2016.

The Company has a total of 897,840,000 shares, with a par value of RMB0.5 each. All of the shares are ordinary shares.

Article 3.9 The Company or its subsidiaries (including the Company's affiliates) shall not give any financial support, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or intends to purchase the shares of the Company.

Section 2 Increase, Reduction and Repurchase of Shares

Article 3.10 Based on its operating and development needs and in accordance with the requirements of laws and regulations, the Company may increase its capital after respective resolutions are passed at a shareholder's general meeting, by way of the following:

- (i) public offering of shares;
- (ii) non-public offering of shares;
- (iii) by allotting bonus shares to existing shareholders;
- (iv) by converting capital reserves into share capital;
- (v) by any other means stipulated in the laws and administrative regulations and authorized by the CSRC.

After the Company's increase of capital by means of the issuance of new shares has been approved in accordance with the provisions of these Articles, the issuance shall be made in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State and the relevant regulatory regulations of the place where the shares of the Company are listed.

Article 3.11 The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures set out in Company Law, other applicable regulations and these Articles.

Article 3.12 The Company shall not acquire or instruct its third parties to acquire on its behalf its shares except for any of the following circumstances:

- (i) Reduction of the Company's registered capital;
- (ii) Merger with another company which holds the shares of the Company;
- (iii) Using the shares for employee share ownership schemes or share award scheme;
- (iv) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company;

- (v) Using the shares to exercise the conversion of convertible corporate bonds issued by the Company;
- (vi) Safeguarding corporate value and shareholders' rights as it deems necessary.

Article 3.13 The company may acquire its shares by way of open centralized transaction or by other ways as permitted under laws, administrative regulations and by the CSRC.

Article 3.14 Share repurchases made by the Company under the circumstances mentioned in sub-paragraphs (i) and (ii) of Article 3.12 hereof shall be approved by the shareholders' general meeting. Share repurchases made by the Company under the circumstances mentioned in sub-paragraphs (iii), (v) and (vi) of Article 3.12 hereof, in accordance with provisions of these Articles or the authorization by the general meeting, shall be approved by passing resolutions at a board meeting at which more than two-thirds of the directors are present.

For share repurchases by the Company pursuant to Article 3.12 of these Articles, when the shares are repurchased under circumstances mentioned in sub-paragraph (i) they shall be cancelled within 10 days from the date of acquisition; when the shares are repurchased under circumstances mentioned in sub-paragraphs (ii) and (iv), they shall be transferred or cancelled within 6 months; When the shares are repurchased under sub-paragraph (iii), (v) and (vi) hereof, the total shares held by the Company or the third parties instructed by the Company or on its behalf shall not exceed 10% of the Company's issued shares or other limits required by the Hong Kong Listing Rules from time to time (whichever is lower), and the shares acquired shall be transferred or cancelled within three years.

Section 3 Transfer of Shares

Article 3.15 Shares of the Company may be transferred in accordance with the laws.

Transfer of H shares listed in Hong Kong requires registration with the Company's share registrar in Hong Kong.

Article 3.16 Share certificates of the Company shall not be accepted by the Company as the subject of any pledge.

Article 3.17 Shares of the Company held by its promoters shall not be transferable within one year from the date of its establishment. Shares of the Company in issue prior to its public offering of shares shall not be transferable within one year from the date its shares are listed on the stock exchange for trading.

The directors, supervisors and senior management members of the Company shall declare to the Company their shareholdings (including preference shares) in the Company and inform any changes in their shareholdings. During their terms of office, shares transferred every year must not exceed 25% of their aggregate shareholdings in the Company in the same class. No transfer of their shareholdings in the Company shall be made within one year from the date the Company's shares were listed for trading. No transfer of their shareholdings in the Company shall be made within six months after they ceased to hold their respective offices.

CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

Section 1 Shareholders

Article 4.1 The Company shall establish a register of shareholders based on the evidence provided by securities registry. The register of shareholders shall be an evidence sufficient in proving the shareholding of a shareholder in the Company. A shareholder shall enjoy its rights and assume its obligations according to the class of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

During the time the Company's H shares remain listed on the Hong Kong Stock Exchange, the Company shall at any time ensure that all title documents (including H share certificates) relating to its securities listed on Hong Kong Stock Exchange include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder submits to the share registrar a signed form in respect to such shares which bear statements to the following effect:

- (i) The acquirer of the shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with Company Law and other relevant laws, administrative regulations and the Articles of Association;
- (ii) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof;
- (iii) The acquirer of shares authorizes the Company to enter into a contract on his behalf with each director, general manager and other senior management member whereby such directors, general manager and other senior management members undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

Article 4.2 The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations, requirements of the stock exchange on which the shares of the Company are listed and these Articles.

Article 4.3 The original copy of the register of holders of H shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall maintain a duplicate of the register of holders of H shares at the Company's corporate domicile and shall be available to the Company's shareholders, provided that the Company may close the register of holders of H shares in accordance with terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The appointed overseas agent shall ensure the consistency between the original copy and the duplicate of register of holders of H shares at all times.

If there is any inconsistency between the original copy and the duplicate of the register of holders of H shares, the original copy shall prevail.

Article 4.4 All paid-up H shares that are listed in Hong Kong are freely transferable pursuant to these Articles. However, the board of directors may refuse to recognize any instrument of transfer without the need to provide any reason, unless:

- (i) The instrument of transfer only involves the H shares listed in Hong Kong;
- (ii) The stamp duty payable on the instrument of transfer has been paid;
- (iii) The relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the right to transfer such shares shall be provided.

The Company's H shares that are listed in Hong Kong shall be transferred by way of written transfer instrument in usual or ordinary form, or any format acceptable to the board of directors. Such transfer instrument may be signed by hand, or in the event that the transferor or transferee is a recognized clearing house (hereinafter referred to as "**Recognized Clearing House**") as defined under the Securities and Futures Ordinance of Hong Kong or those of its agent, a transfer instrument may be signed in a machine-printed form. All transfer instruments shall be placed in the legal address of the Company or other places as designated by the board of directors from time to time.

Article 4.5 Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates, or carries out other activities that require the determination of the identification of shareholders, the board of directors or the convener of the shareholders' general meeting shall set a date for ascertainment of the shareholding. The shareholders who appear in the register of shareholders after the close of trading on such date shall be entitled to the relevant rights.

Article 4.6 Where two or more persons are registered as joint holders of any share, they shall be deemed as joint owners of such share provided that all joint shareholders of any shares shall be, jointly or severally, liable for all the amounts payable in respect of the relevant shares.

If one of the joint holders dies, only the surviving joint holder(s) shall be deemed by the Company as having ownership of the relevant shares. However, the board of directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the death certificate of such holder or other documentary proof it deems appropriate;

In the event of there being joint holders of any share, only the joint holder first named in the register of shareholders shall be entitled to receive the share certificate of the relevant shares and receive notices from the Company, and the service of notice to the aforementioned person shall be deemed as service to all joint holders of the relevant shares. The proxy form may be signed by any one of the joint holders, but if more than one joint holder is present at the meeting, whether in person or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.

Article 4.7 Holders of shares of the Company shall have the following rights:

- (i) The right to receive dividends and other distributions in proportion to the number of shares held;
- (ii) The right to request, convene, chair, attend and exercise the corresponding voting rights in person or appoint a proxy to attend and exercise the corresponding voting rights on their behalf at shareholders' general meetings in accordance with the laws; App3.18
- (iii) The right to supervise the Company's business operations, and to put forward proposals and raise enquiries;
- (iv) The right to transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations and these Articles;
- (v) The right to inspect these Articles, the register of shareholders, counterfoils of corporate bonds, the minutes of the shareholders' general meeting, the minutes of the board of directors, resolutions of the board of directors, resolutions of the supervisory board and financial and accounting reports; App3.20
- (vi) In the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (vii) With respect to shareholders who voted against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;
- (viii) Any other rights provided by the laws, administrative regulations, departmental regulations or these Articles.

Article 4.8 Where a shareholder requests to inspect the relevant information mentioned in Article 4.7 hereof or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall provide such relevant information or such materials upon request after verifying the shareholder's identity.

Article 4.9 If any resolution of the shareholder's general meeting or the board meeting is in violation of the laws and administrative regulations, the shareholders shall be entitled to request the people's court to invalidate.

If the convening procedure and voting method of the shareholder's general meeting or the meetings of the board of directors is in violation of the laws, administrative regulations or these Articles, or if the content of any resolution is in violation of these Articles, the shareholders shall be entitled to request the people's court for revocation of the resolution within 60 days after the resolution is passed.

Article 4.10 If a director or senior management member violates the laws, administrative regulations or these Articles in fulfilling his/her duties of the Company, thereby incurring any loss to the Company, the shareholder(s) individually or jointly holding 1% or above shares of the Company for more than 180 consecutive days shall be entitled to request the supervisory board in writing to institute legal proceedings to the people's court; if the supervisory board violates the laws, administrative regulations or these Articles in fulfilling its duties of the Company, thereby incurring any loss to the Company, the shareholders shall be entitled to request the board of directors in writing to institute legal proceedings to the people's court.

If the supervisory board or the board of directors refuses to institute legal proceedings after receipt of the aforesaid written request or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstance is urgent such that any delay of legal proceedings may incur irrecoverable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings to the people's court in their own names for the interests of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby incurring any loss to the Company, the shareholder(s) as mentioned in the first paragraph of this Article may institute legal proceedings to the people's court according to the provisions of the two preceding paragraphs.

Article 4.11 If any director or senior management member violates the laws, administrative regulations or these Articles, thereby incurring any loss to the shareholders, the shareholders may institute legal proceedings to the people's court.

Article 4.12 Holders of shares of the Company shall assume the following obligations:

- (i) To abide by laws, administrative regulations and these Articles;
- (ii) To pay subscription monies according to the number of shares subscribed and the method of subscription;

- (iii) No return of capital is allowed, except as provided in laws and regulations;
- (iv) The right of the shareholder shall not be abused to impair the interests of the Company or other shareholders. The independent status of corporate legal person and the limited liabilities of the shareholder shall not be abused to infringe the interests of the Company's creditors;

The Company's shareholder who abuses his rights and result in losses to the Company or its other shareholders shall assume indemnity liabilities pursuant to the laws.

The Company's shareholder who abuses the independent status of corporate legal person and the limited liabilities of the shareholder to avoid debts and seriously infringe the interests of the Company's creditors shall assume joint liabilities to the Company's debts.

- (v) Any other obligations imposed by laws, administrative regulations and these Articles.

Article 4.13 Where a shareholder holding more than 5% of voting shares of the Company pledges any shares he/she holds, he/she shall report the same to the Company in writing on the day on which he/she pledges his/her shares.

Article 4.14 The controlling shareholders and the de facto controllers of the Company shall not use their connected relationships to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred by the Company.

The controlling shareholders and the de facto controllers of the Company have fiduciary duties towards the Company and public shareholders of the Company. A controlling shareholder shall strictly exercise his/her rights as a capital contributor. A controlling shareholder shall not make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing guarantee to damage the legal interests of the Company and public shareholders. He/she shall not make use of his controlling position to damage the legal interests of the Company and public shareholders.

Section 2 General Provisions on the Shareholders' General Meeting

Article 4.15 The shareholders' general meeting is the power of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (i) To decide the Company's operational directions and investment plans;
- (ii) To elect and replace directors and supervisors who are not staff representatives and to determine matters relating to the remuneration of the directors and supervisors; App3.4(3)
- (iii) To consider and approve the reports of the board of directors;

- (iv) To consider and approve the reports of the supervisory committee;
- (v) To consider and approve the Company's annual financial budgets and final accounts;
- (vi) To consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (vii) To make resolutions on increase or reduction of the Company's registered capital;
- (viii) To make resolutions on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (ix) To make resolutions on the issue of corporate bonds;
- (x) To make resolutions on the appointment and dismissal of the accounting firms of the Company, and to determine the remuneration of the accounting firm or the method of determining the remuneration; App3.17
- (xi) To amend these Articles;
- (xii) To consider the motions put forward by shareholders individually or jointly holding 3% or more of the Company;
- (xiii) To consider the matters in relation to purchase or disposal of material assets by the Company of a value exceeding 30% of the Company's latest audited total assets within one year;
- (xiv) To consider the share award scheme and employee share ownership plan;
- (xv) To consider and approve the changes of the use of proceeds;
- (xvi) To consider and approve the guarantees stated in Article 4.16 hereof;
- (xvii) To consider other matters which are required to be determined at the shareholders' general meeting as required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or these Articles.

Article 4.16 The provision of the following external guarantees by the Company shall be considered and approved by the shareholders' general meeting:

- (i) any guarantee which is provided after the total amount of external guarantee provided by the Company and its controlled subsidiaries has exceeded 50% of the Company's latest audited net assets;
- (ii) any guarantee which is provided after the total amount of external guarantee provided by the Company has exceeded 30% of the Company's latest audited total assets;

- (iii) guarantee provided by the Company within one year with an amount exceeding 30% of the Company's latest audited total assets;
- (iv) guarantee which is provided to a target with an asset to liability ratio of over 70%;
- (v) guarantee with a single amount of guarantee of more than 10% of the latest audited net assets;
- (vi) guarantee which is provided to shareholders, de facto controllers and their related parties;
- (vii) Other guarantees which shall be determined by the shareholders' general meeting as required by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and these Articles.

The above guarantees which shall be determined by the shareholders' general meeting must be considered and approved by the board of directors before being submitted to the shareholders' general meeting for consideration.

When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder, de facto controller and their related parties, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

Article 4.17 Unless the Company is in special circumstances such as crisis, the Company will not, without the approval by a special resolution at a shareholders' general meeting, enter into any contract with any party (other than the directors, general manager and other senior management members) pursuant to which such party shall be in charge of management of all of the Company's businesses or the Company's major businesses.

Article 4.18 A shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year. App3.14(1)

Article 4.19 The Company shall convene an extraordinary general meeting within 2 months from the occurrence of any one of the following circumstances:

- (i) When the number of directors is less than the number stipulated in Company Law or two-thirds of the number specified in these Articles;
- (ii) When the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;

- (iii) When any shareholder individually or jointly holding more than 10% of the Company's shares requests for the convening of an extraordinary general meeting;
- (iv) When deemed necessary by the board of directors;
- (v) When requested by the supervisory committee;
- (vi) Any other circumstances stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or these Articles.

Article 4.20 The Company shall hold the shareholders' general meeting at the domicile of the Company or other places as specified in the notice of the general meeting.

The shareholders' general meeting shall have a venue and be held on-site. The Company may also provide the internet voting platform or other methods that comply with the laws, administrative regulations and the regulatory rules of the place where the Company's shares are listed, for the purpose of providing convenience to shareholders attending the shareholders' general meeting. A shareholder who participates in a shareholders' general meeting in the aforesaid manner shall be deemed to be present at the meeting.

Once the notice of a shareholders' general meeting is issued, the venue of an on-site shareholders' general meeting shall not be altered without proper reasons. In the event of alternation, the convener shall make an announcement to state the reasons at least two working days prior to the convening date of the onsite meeting.

Where otherwise provided by the laws, administrative regulations or the securities regulatory authority of the place where the Company's shares are listed, such provisions shall prevail.

Article 4.21 The Company shall, when convening a shareholders' general meeting, engage lawyers to issue legal opinions in accordance with the regulatory rules of the place where the Company's shares are listed.

Section 3 Convening of the Shareholders' General Meeting

Article 4.22 The shareholders' general meetings shall be convened by the board of directors.

If the board of directors is unable to perform or does not perform its duty to convene a shareholders' general meeting, the supervisory board shall convene and preside over it in a timely manner; if the supervisory committee does not convene and preside over it, shareholders who individually or collectively hold more than ten percent of the shares of the Company for more than 90 consecutive days may convene and preside over it themselves.

Article 4.23 Independent directors have the right to propose the board of directors to convene extraordinary general meetings. The board of directors shall give a

written reply on agreeing or disagreeing to convene an extraordinary general meeting within 10 days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations and these Articles. If the board of directors agrees to convene an extraordinary general meeting, a notice convening the general meeting shall be issued within 5 days after the board of directors resolved to do so. If the board of directors does not agree to convene an extraordinary general meeting, reasons shall be given and announced.

Article 4.24 The supervisory board has the right to propose the board of directors to convene extraordinary general meetings and such proposal shall be made in writing. The board of directors shall give a written reply on agreeing or disagreeing to convene an extraordinary general meeting of shareholders within 10 days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations and these Articles.

If the board of directors agrees to convene an extraordinary general meeting, a notice convening the general meeting shall be issued within 5 days after the board of directors resolved to do so. Should there be alterations to the original requests in the notice, consent shall be obtained from the supervisory board.

If the board of directors does not agree to convene an extraordinary general meeting or does not reply within 10 days upon receiving the proposal, the board of directors will be considered as unable or refused to fulfill the obligation to convene shareholders' general meetings and the supervisory board may convene and preside over the meeting on its own.

Article 4.25 The shareholders that individually or collectively hold ten percent (10%) or more shares of the Company may request the board of directors to convene an extraordinary general meeting and shall put forward the request by writing to the board of directors. The board of directors shall give a written reply on agreeing or disagreeing to convene an extraordinary general meeting within 10 days upon receipt of the request in accordance with the requirements of the laws, administrative regulations and these Articles.

Where the board of directors agrees to hold an extraordinary general meeting, it shall issue a notice of meeting within 5 days after the resolution of the board of directors is made, and consent shall be obtained from relevant shareholders for any changes made to the original request in the notice.

Where the board of directors does not agree to hold an extraordinary general meeting or fails to give a reply within ten (10) days upon receipt of the proposal, the shareholders that individually or collectively hold ten percent (10%) or more shares of the Company shall have the right to propose to the supervisory board to hold an extraordinary general meeting, and shall put forward the request to the supervisory board in writing.

Where the supervisory board agrees to hold an extraordinary general meeting, it shall issue a notice within 5 days upon receipt of the request, and any changes made to the original request in the notices shall obtain the consent of the relevant shareholders.

Where the supervisory board fails to issue a notice on the extraordinary general meeting within the prescribed time limit, it shall be regarded that the supervisory board will not convene or preside over the meeting, and the shareholders that individually or collectively hold ten percent (10%) or more shares of the Company for at least 90 consecutive days may convene and preside over the meeting on their own initiatives.

Article 4.26 Where the supervisory board or shareholders decide to convene the shareholders' general meeting on its/their own initiatives, it/they shall notify the board of directors in writing.

Before the resolution of the shareholders' general meeting is announced, the proportion of shares held by the summoning shareholders shall be no less than 10%.

Where otherwise provided by the laws, administrative regulations and the securities regulatory authority of the place where the Company's shares are listed, such provisions shall prevail.

Article 4.27 In respect to the shareholders' general meeting convened by the supervisory board or shareholders on its/their own initiatives, the board of directors and its secretary shall cooperate. The board of directors will provide the register of members as at the shareholding registration date.

Article 4.28 The expenses necessary for holding the shareholders' general meeting convened by the supervisory board or shareholders shall be borne by the Company.

Section 4 Proposals and Notices of Shareholders' General Meeting

Article 4.29 The contents of the motions shall fall within the scope of duties of the shareholders' general meeting, with definite topics and specific matters for resolution and shall comply with the relevant requirements of the laws, administrative regulations and these Articles.

Article 4.30 When the Company convenes a shareholders' general meeting, the board of directors, supervisory committee and shareholders individually or jointly holding 3% or more of shares of the Company shall be entitled to propose motions to the Company.

Shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to propose ad hoc motions and submit to the convener in writing 10 days prior to the convening of the shareholders' general meeting. The convener shall issue a supplemental notice of shareholders' general meeting to other shareholders within two days after the receipt of such proposal and announce the contents of such ad hoc proposal. App3.14(5)

Other than stipulated above, the convener shall not amend any motion stated in the notice of shareholders' general meeting or add any new motion after the announcement by way of issuance of the notice of shareholders' general meeting.

The shareholders' general meeting shall not vote and adopt a resolution on any motion that is not listed in the notice of the shareholders' general meeting or that is inconsistent with Article 4.29 of these Articles.

Article 4.31 To convene a shareholders' annual general meeting, the Company shall give written notice to the shareholders at least 21 days before the date of convening the meeting; in the event of an extraordinary general meeting, a written notice shall be given to the shareholders at least 15 days before the date of convening the meeting. App3.14(2)

In determining the commencement period, the Company shall not include the date on which the meeting is held.

Article 4.32 The notice of a shareholders' general meeting shall include the following:

- (i) the time, place and period of the meeting;
- (ii) the matters and motions to be considered at the meeting;
- (iii) contain a clear statement that all shareholders are entitled to attend and vote at the shareholders' general meeting, and may appoint one or more proxy(ies) in writing to attend such meeting and to vote on his or her behalf and that such proxy may not necessarily be a shareholder of the Company;
- (iv) the shareholding registration date of the shareholders who are entitled to attend the meeting;
- (v) the name and phone number of the regular contact person of the meeting;
- (vi) voting time and procedures for online voting or other voting methods;
- (vii) other contents stipulated by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or these Articles.

Full details of all motions shall be entirely and completely disclosed in the notice of shareholders' general meetings and the supplementary notice, which shall include the contents required by the regulatory rules of the place where the Company's shares are listed and these Articles. If the independent directors are required to express opinions on the matters to be discussed, their opinions and reasons shall be disclosed when the notice of shareholders' general meetings and the supplementary notice are issued.

The interval between the date of shareholding registration and the date of meeting shall not be more than seven working days. Once confirmed, the date of shareholding registration shall not be changed.

This clause also applies to notice of meeting convened by the supervisory board or shareholders in accordance with the provisions in these Articles.

Article 4.33 Where the elections of directors and supervisors are to be discussed, a notice of the shareholders' general meetings shall sufficiently disclose the particulars of the candidates for directors and supervisors and shall at least include the following:

- (i) personal particulars such as educational background, work experience and part-time job;
- (ii) whether or not the candidate has any connected relationship with the Company or its controlling shareholders and de facto controllers;

- (iii) disclose the number of shares held by the candidates in the Company;
- (iv) whether or not the candidates have been subject to penalties by the CSRC and other relevant authorities as well as sanctions by any stock exchange.

Except for directors and supervisors being subject to election by cumulative voting, separate proposals shall be made for each director and supervisor candidate.

Article 4.34 Notice of a shareholders' general meeting shall be delivered to all shareholders (whether with voting rights or not) by personal delivery or prepaid mail at his/her address, as shown in the register of shareholders, or be delivered by any other methods permitted under the Hong Kong Listing Rules, including but not limited to postal mail, electronic mail, facsimile, announcement, or be published on the website of the Company or the website of the Hong Kong Stock Exchange.

For holders of domestic shares, notices of a shareholders' general meeting may be given by way of an announcement. Announcements to holders of domestic shares shall be published on the media that meet the conditions prescribed by the CSRC. Holders of domestic shares shall be deemed to have received notice of the shareholders' general meeting upon the publication of the announcement.

Article 4.35 Subsequent to the dispatch of the notice of shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled without proper reasons, and the proposals set out in the notice of the shareholders' general meeting shall not be withdrawn. Once the meeting is postponed or cancelled, the convener shall make an announcement and give reasons thereof at least two working days prior to the original meeting date.

Section 5 Holding of Shareholders' General Meetings

Article 4.36 The board of directors and other conveners of the Company shall take necessary measures to ensure that the shareholders' general meeting is conducted in an orderly manner and shall take steps to prevent any activities interfering the shareholders' general meeting or infringing the legal interests of shareholders and promptly report the same to the relevant authority for investigation.

Article 4.37 All the shareholders registered on the date of registration or their proxies shall have the right to attend the shareholders' general meeting and to vote thereat in accordance with the relevant laws, regulations and provisions of these Articles.

App3.14(3)
App3.18

Shareholder may attend the shareholders' general meeting in person and shall have the right to speak and vote thereat, unless individual shareholders are required to abstain from voting on individual matters under the Hong Kong Listing Rules.

Shareholders may also appoint one or more persons (who may not necessarily be shareholders of the Company) as his/her proxy to attend and vote on his/her behalf. Such proxy may exercise the following rights in accordance with the shareholder's appointment:

- (i) the shareholder's right to speak at the shareholders' general meeting;
- (ii) the right to demand or join in the demand for a Poll (unless individual shareholders are required to abstain from voting on individual matters under the Hong Kong Listing Rules);
- (iii) the right to vote by show of hands or by poll (unless individual shareholders are required to abstain from voting on individual matters under the Hong Kong Listing Rules), except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll. App3.14(4)

Article 4.38 In the event that an individual shareholder attends the meeting in person, he/she shall present his/her own identity card or other valid documents or proof capable of identifying himself/herself and stock account card. In the event that a proxy is appointed to attend the meeting for someone else, he/she shall present his/her own valid identity documents and the power of attorney from the shareholder.

For a legal person shareholder, its legal representative or a proxy appointed by such statutory representative shall attend and vote at the meeting. If the legal person shareholder has appointed a representative to attend any shareholders' general meeting, it is deemed to be present in person. The legal person shareholder may sign a proxy form by its duly authorized person. If such legal representative attends a meeting, he/she shall present his/her own identity card or other valid proof capable of qualifying himself/herself as the legal representative; if such entrusted proxy attends a meeting, the proxy shall present his/her own valid identity card and the power of attorney from the legal representative of the legal person shareholder according to laws. App3.18

If the shareholder is a recognized clearing house (or an agent thereof) as defined in the relevant regulations under the Hong Kong laws in effect from time to time, one or more individuals or legal persons that it deems suitable may be appointed by it to act as its representative(s) and attend any shareholders' general meeting or creditors meeting of the Company; however, if more than one individual or legal person is appointed as representatives, their powers of attorney shall specify the number and class of shares involved in the appointment of each such individual or legal person, and shall be signed by officials of the recognized clearing house. The individual(s) or legal person(s) so appointed may attend meetings (without showing evidence of shareholding, notarized authorizations and/or further evidence to prove that he/she has been duly authorized) to exercise the same legal rights (including the rights to speak and vote) as other shareholders on behalf of the recognized clearing house (or its agent) as if he, she or they was or were (a) shareholder(s) of the Company. App3.19

- Article 4.39 The power of attorney issued by a shareholder to appoint another person to attend the shareholders' general meeting shall contain the followings:
- (i) the name of the proxy;
 - (ii) whether the proxy has the right to vote;
 - (iii) the instructions to vote in favor of or against, or to abstain from voting on each matter set out on the agenda of the shareholders' general meeting;
 - (iv) the signing date and validity of the power of attorney;
 - (v) the signature (or seal) of the appointer. If the appointer is a body corporate, the seal of the legal entity shall also be affixed.
- Article 4.40 The proxy form shall state that whether the proxy may vote at his/her discretion if the appointer does not give any specific instruction.
- Article 4.41 Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. The notarized power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.
- Where the appointer is a legal person, its legal representative or the person authorized by resolutions of its board of directors or other governing body may attend the shareholders' general meetings of the Company as a representative of the appointer.
- Article 4.42 The Company shall be responsible for compiling the attendee register which shall include, among others, the name of attendee (or name of relevant unit), ID number, domicile, the number of shares with voting rights that he holds or represents, and name of the person (or name of relevant unit) who attends the meeting by proxy.
- Article 4.43 The convener and where applicable, lawyers engaged by the Company shall verify the legitimate qualification of shareholders in accordance with the register of members provided by the securities registration and settlement institution, and shall register the names of shareholders and the number of voting shares each of them holds. The registration shall end before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares they hold.
- Article 4.44 All directors, supervisors and the secretary to the board of directors shall attend the shareholders' general meeting, and the general manager and other senior managers shall be present at the meeting.

- Article 4.45 The shareholders' general meeting shall be held by the chairman of the board of directors. Where the chairman cannot perform his/her duties or fails to perform his/her duties, the vice chairman of the board of directors shall preside over the meeting; where the vice chairman also cannot perform his duties or fails to perform his duties, half of the directors or more shall jointly recommend one director to preside over the meeting.
- Where the supervisory board convenes a shareholders' general meeting, the chairman of the supervisory board shall preside over the meeting. Where the chairman of the supervisory board cannot perform his duties or fails to perform his duties, the vice chairman of the supervisory board shall preside over the meeting; where the vice chairman of the supervisory board cannot perform his duties or fails to perform his duties, half of the supervisors or more shall jointly recommend one supervisor to preside over the meeting.
- Where the shareholders convene a shareholders' general meeting, the convener shall recommend one representative to preside over the meeting.
- When the shareholders' general meeting is held and the presider of the meeting violates the rules of procedure and it becomes difficult for the shareholders' general meeting to continue, the shareholders' general meeting may recommend one person as the presider of the meeting upon consent of more than half of the voting shareholders that are present at the meeting, and continue the meeting.
- Article 4.46 The Company shall formulate the rules of procedure for shareholders' general meetings, which shall specify in detail the procedures for convening and voting at shareholders' general meeting, and cover notification, registration, the consideration of motions, voting, vote counting, announcement of voting results, the adoption of meeting resolutions, the keeping and signing of the minutes of meeting, announcement as well as the authorization principle of the shareholders' general meeting to the board of directors, whereby such authorization shall be clear and specific. The rules of procedure for the shareholders' general meeting shall be made as an annex to these Articles, prepared by the board of directors and approved by the shareholders' general meeting.
- Article 4.47 During the annual general meeting, the board of directors and the supervisory board shall respectively report to the shareholders' general meeting on their work in the previous year, and each independent director shall also make his duty report.
- Article 4.48 The directors, supervisors and senior management shall give explanation on the inquiries and suggestions made by shareholders at a shareholders' general meeting.
- Article 4.49 Prior to voting, the chairman of the general meeting shall announce the number of shareholders and proxies present and the total number of shares with voting rights held by them. The number of shareholders and proxies present and the total number of shares with voting rights held by them shall be that as stated in the registration of the meeting.
- Article 4.50 Minutes of shareholders' general meetings shall be recorded by the secretary to the Board. The minutes shall contain the following items:
- (i) the time, place and agenda of the meeting, and the name of the convener;

- (ii) the name of the chairman of the meeting, and the names of Directors, supervisors, the general manager and other senior management members of the Company present or in attendance at the meeting;
- (iii) the number of shareholders and their proxies attending the meeting, the total number of voting shares held by them and the percentage of the total number of shares of the Company;
- (iv) the process of review and discussion, summary of any speech, and voting results of each proposal;
- (v) the queries, opinions or recommendations of the shareholders and corresponding answers or explanations;
- (vi) the names of lawyer(s), vote counters and scrutinizer(s);
- (vii) other matters to be recorded in the minutes of the meeting as required by these Articles.

Article 4.51 The convener shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors, supervisors, secretary to the board of directors, the convener or his representative attending the meeting and the chairman of the meeting shall sign on the meeting minutes. The minutes shall be kept together with the signature book of attending shareholders, proxy forms and valid information of internet voting or otherwise for no less than 10 years.

Article 4.52 The convener shall ensure that the shareholders' general meeting is held continuously until the final resolutions are reached. In the event that the general meeting is adjourned or resolutions failed to be made due to force majeure or other special reasons, the convener shall take necessary measures to resume the meeting or directly terminate that meeting as soon as practicable, and an announcement shall be promptly made.

Section 6 Voting at and Resolutions of a Shareholders' General Meeting

Article 4.53 The resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the shareholders' general meeting shall be adopted by more than half of voting shares held by the shareholders (including their proxies) present at the meeting.

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

Article 4.54 A Shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as attached to the number of voting shares which he represents, in which case one vote is attached to each share.

The Company's shares held by the Company do not carry any voting rights, and shall not be counted into the total number of shares carrying voting rights in the shareholders' general meeting.

Article 4.55 The list of director and supervisor candidates shall be submitted to the shareholders' general meeting for voting in the form of proposal.

When the shareholders' general meeting votes on the election of directors or supervisors, the cumulative voting system may be implemented pursuant to the provisions of these Articles or the resolution of a shareholders' general meeting.

The cumulative voting system referred to in the preceding paragraph means that each share has the number of voting right equal to the number of directors or supervisors to be elected, and the voting right owned by a shareholder may all be used toward one director or supervisor candidate at the shareholders' general meeting for election of directors or supervisors.

The board of directors shall make a public announcement to the shareholders concerning the biographies and general information of the directors' and supervisors' candidates.

Article 4.56 Except for the cumulative voting system, the shareholders' general meeting shall vote on all the proposals item by item, and shall vote on the proposals on the basis of the time sequence of the proposals if there are various proposals for one matter. Unless the shareholders' general meeting is suspended or no resolution can be made due to special reasons such as force majeure, the shareholders' general meeting shall not shelve the proposals or suspend the voting of proposals.

Article 4.57 When the shareholders' general meeting considers a proposal, it shall not amend the proposal. Otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted thereat.

Article 4.58 The same right to vote can only be exercised by selecting to vote at the scene, online or otherwise. If the same right to vote has been exercised twice, the result of the first voting shall prevail.

Article 4.59 Votes at a shareholders' general meeting shall be taken by way of registered poll.

Article 4.60 If any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted towards the voting results. App 3.14(4)

Article 4.61 The following matters shall be resolved by an ordinary resolution at the shareholders' general meeting:

- (i) The work reports of the board of directors and the supervisory board;
- (ii) The profit distribution plan and plan for making up losses proposed by the board of directors;

- (iii) Appointment and removal and remuneration and payment methods of the members of the board of directors and the supervisory board;
- (iv) The Company's proposals of annual budget and final accounts;
- (v) The Company's annual report;
- (vi) Appointment and removal of accounting firms and determination or the determination method of their remuneration;
- (vii) Matters other than those requested to be passed by special resolutions according to laws, administrative regulations or these Articles.

Article 4.62 The following matters shall be resolved by a special resolution at the shareholders' general meeting:

- (i) the increase or reduction in registered capital of the Company;
- (ii) the division, split, merger, dissolution and liquidation or change in corporate form;
- (iii) amendment to these Articles;
- (iv) the material assets bought or sold by the Company within one year or the amount guaranteed exceeds 30% of latest audited total assets of the Company;
- (v) share option scheme and share incentive/award scheme;
- (vi) any other matters required by laws, administrative regulations, the Hong Kong Listing Rules or these Articles to be approved by special resolutions and those decided by the shareholders' general meeting by way of an ordinary resolution to be of a nature which may have a material impact on our Company and shall require approval by special resolutions.

App3.16

Article 4.63 In the course of considering matters relating to connected transactions at a shareholders' general meeting, the connected shareholders shall abstain from voting. The voting rights represented by the number of shares held by such shareholders shall be excluded from the total number of valid votes. The voting result of the non-connected shareholders shall be fully disclosed in the announcement of the resolution of the shareholders' general meeting.

Article 4.64 Before the proposals are being voted at shareholders' general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. If these shareholders are related in the matters to be examined, the relevant shareholders or their proxies shall not participate in the vote counting or scrutinizing.

When the proposals are being voted at the shareholders' general meeting, lawyers (if any), shareholders representatives and supervisors shall be jointly responsible for vote counting and scrutinizing and announcing the voting results onsite. The voting results in connection with the resolution shall be recorded in the minutes.

Article 4.65 Shareholders present at the shareholders' general meeting shall give one of the following comments to the proposals put forward for voting: for, against or abstention. Securities registration and clearing service providers serve as nominal holders of shares under the transactions in stock connect mechanisms between mainland China and Hong Kong, save for those who report according to the intent of the actual holders.

If the voting slip has not been completed or has been completed incorrectly or that the writing is illegible, or the voting slip has not been cast, it shall be treated that the voter has renounced his/her voting rights and the voting results of the relevant number of shares held by him/her shall be counted as "abstain".

Article 4.66 If the presider of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the presider of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the result announced by the presider of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the presider of the meeting shall have the votes counted promptly.

Article 4.67 Resolutions of the shareholders' general meeting shall be announced in due time in accordance with the relevant laws, administrative regulations, departmental rules, regulatory rules of the place where the shares of the Company are listed or these Articles. The announcement shall specify the number of attending shareholders and proxies, the total number of voting shares they represent and the proportion of such shares to the total number of the voting shares of the Company, the voting method, the voting results of each resolution and the details of each of the resolutions passed.

The Company as a company issuing foreign invested shares listed domestically shall make separate statistics and announcement on the attendance of and votes at the meeting by the holders of domestic shares and holders of foreign invested shares.

Article 4.68 Proposals not adopted or resolutions of the former shareholders' general meeting changed at this shareholders' general meeting shall be specially pointed out in the announcement of resolution of the shareholders' general meeting.

Article 4.69 Where a proposal on election of directors or supervisors is passed at the shareholders' general meeting, the new directors and supervisors shall take office from the date on which the resolution of the shareholders' general meeting is passed or directors or supervisors as set out in the proposal for the election of such directors or supervisors.

Article 4.70 Where a proposal on distribution of cash dividend, bonus share or capital increase from conversion of capital surplus is passed at a shareholders' general meeting, the Company shall implement the specific proposal within two (2) months after the shareholders' general meeting ends.

CHAPTER 5 BOARD OF DIRECTORS

Section 1 Directors

Article 5.1 The directors of the Company shall be natural persons. None of the following person(s) shall serve as director(s) of the Company:

- (i) anyone who has no civil capacity or has limited civil capacity;
- (ii) anyone who has been convicted of the offense of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of the conviction and is within five years of the expiry date of the sentence;
- (iii) anyone who has served as director, factory manager or manager of a company or enterprise that was bankrupted and liquidated, and was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;
- (iv) anyone who has served as the legal representative of a company or enterprise which had its business license revoked and was ordered to close due to violation of laws, and was personally liable and is within three years of the date on which the business license of the company or enterprise was revoked;
- (v) anyone who has a large outstanding amount of debt;
- (vi) anyone who is banned from entering into securities market by the CSRC, and the punishment has not expired;
- (vii) other circumstances as provided by the laws and administrative regulations and departmental regulations.

Election or appointment of directors in violation of the above provisions shall be deemed invalid. If any circumstance mentioned above appears during the director's term of office, the Company shall dismiss his/her position.

Article 5.2 Directors shall be elected or changed at shareholders' general meetings, and the shareholders' general meeting may dismiss their positions prior to the expiration of their terms of office.

The term of office of a director is 3 years. Upon the expiration of the term of office, a director shall be eligible to offer himself for re-election.

Subject to relevant laws and administrative regulations, the shareholders' general meeting may remove any director by ordinary resolution before the expiration of his/her term of office (including general manager or other executive directors) without prejudice to any claim for damages by such director pursuant to any contract. App3.4(3)

The office of a director may be taken up by the general manager or other senior management members. However, the total number of directors who concurrently hold the office of general manager or other senior management members and directors who are staff representatives shall not exceed half of the total number of directors of the Company.

A director does not need to hold any shares of the Company.

Article 5.3

The term of office of a director shall start from the date on which the said director assumes office and end at the expiry of the current term of the board of directors. If the term of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform the duties as director pursuant to laws, administrative regulations, departmental rules and these Articles until the elected director assumes his office.

Subject to laws, administrative regulations, departmental rules, regulatory rules of the place where the shares of the Company are listed and these Articles, if the board of directors appoints any person to fill a casual vacancy or as an addition to the board of directors, the term of office of the appointed director shall expire at the first annual general meeting after his/her appointment and such director shall then be eligible for re-election.

App3.4(2)

Article 5.4

Directors shall comply with laws, administrative regulations and these Articles and undertake the following fiduciary obligations towards the Company:

- (i) not to exploit his/her position to accept bribes or other illegal income, or to embezzle the Company's properties;
- (ii) not to embezzle the monies of the Company;
- (iii) not to open accounts in his/her own name or other names for deposit of the assets and properties of the Company;
- (iv) not to lend the Company's monies or to provide guarantee with the Company's property to others, unless agreed by the shareholders' general meeting or by the board of directors and does not violate these Articles;
- (v) not to enter into a contract or transaction with the Company in violation of the provisions of these Articles or without the consent of a shareholders' general meeting;
- (vi) not to exploit his/her position to seek the business opportunities, which should have belonged to the Company, for himself/herself or for others, unless agreed by the shareholders' general meeting, or to engage in the same type of businesses as the Company on his/her own or for others;
- (vii) not to accept commissions as his/her own in connection with transactions of the Company;

- (viii) not to disclose the secrets of the Company without authorization;
- (ix) not to make use of their relationships to compromise the interests of the Company;
- (x) any other diligent obligations stipulated by laws, administrative regulations, departmental rules and these Articles.

Income obtained in violation of the provisions in this Article by a director shall belong to the Company; if the violation results in losses to the Company, the person who is obligated shall undertake the liability of damages.

Article 5.5 Directors shall comply with the laws, administrative regulations and these Articles and undertake the following fiduciary obligations towards the Company:

- (i) exercising the rights accorded by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;
- (ii) treating all shareholders equally;
- (iii) keeping informed of the operation and management conditions of the Company;
- (iv) signing a written confirmation for the periodic reports of the Company, to ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (v) providing the relevant information and materials to supervisory board truthfully and not hindering the exercise of official powers by the supervisory board or the supervisors;
- (vi) any other diligent obligations stipulated by laws, administrative regulations, departmental rules and these Articles.

Article 5.6 Directors who fail to attend two consecutive meetings of the board of directors either in person or entrust other directors to do so shall be deemed incapable of performing their duty, and the Board shall make a proposal to the shareholders' general meeting to replace such directors.

Article 5.7 A director may resign before the expiration of his/her term. The resigning director shall submit to the board of directors a written resignation.

Where the number of the directors in the board of directors of the Company is less than the statutory number due to the resignation of a director within his term of office, such director shall, until a new director is elected, continue to perform his duty as a director in accordance with laws, administrative regulations, departmental rules and these Articles.

Save for the circumstances referred to in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the board of directors.

- Article 5.8 When a Director's resignation takes effect or his/her term of service expires, the Director shall complete all transfer procedures with the Board. His/her obligation of loyalty towards the Company do not necessarily cease immediately after the end of his/her term of service. The obligation of confidentiality in respect of trade secrets of the Company shall remain in effect after the end of his/her term of office, until such trade secrets become publicly available information, the good-faith obligations shall continue for a period determined on a fair basis by the nature of matters, the significance to the Company, the time of influence to the Company, the relation with such director and other factors.
- Article 5.9 No director shall act in his/her own name on behalf of the Company or the Board, without the legal authorization provided in these Articles or from the board of directors. Where the director acts in his/her own name, but where a third party may reasonably assume such director to act on behalf of the Company or the board of directors, such director shall state his/her position and capacity in advance.
- Article 5.10 A director shall be liable for compensation for any loss of the Company arising from violation by him/her of any laws, administrative regulations, departmental rules or these articles in the course of performing his/her duties.
- Article 5.11 The Company shall have independent directors, and the qualifications, nomination and election procedures, term of office, resignation, functions and powers of independent directors shall be implemented in accordance with laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and these Articles.

Section 2 Board of Directors

- Article 5.12 The Company shall establish a Board which is accountable to the shareholders' general meetings.
- Article 5.13 The Company shall establish a board of directors consisting of 9 directors, including 3 independent directors. The board of directors shall consist of one Chairman and may have vice chairman.
- Article 5.14 The board of directors shall exercise the following functions and powers:
- (i) to convene shareholders' general meetings and report its work to the shareholders' general meetings;
 - (ii) to implement the resolutions of the shareholders' general meetings;
 - (iii) to decide on the Company's business plans and investment plans;

- (iv) to formulate the Company's annual financial budgets and final accounts;
- (v) to formulate the Company's profit distribution plan and the plan for making up losses;
- (vi) to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of debentures or other securities and the listing project of the Company;
- (vii) to formulate plans for major acquisitions, purchase of the shares of the Company, or the merger, division or dissolution and change of corporate form;
- (viii) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages, the provision of security for third parties, entrustment of financial services, related (connected) transactions, external donations, etc. within the scope of authorization by the shareholders' general meeting;
- (ix) to decide on matters such as investment, acquisition or sale of assets, financing, related (connected) transactions, etc. that require the decision of the board of directors in accordance with the relevant provisions of the regulatory rules of the place where the shares of the Company are listed, provided that they do not violate laws, administrative regulations, departmental rules and regulations and the relevant provisions of these Articles;
- (x) to determine on the establishment of the Company's internal management structure;
- (xi) to determine the engagement or dismissal of the Company's general manager and secretary to the board of directors, and to decide on their remuneration, rewards and punishments; to decide on the engagement or dismissal such senior management members as deputy general manager, financial controller etc., as proposed by the general manager, and to decide on matters relating to their remuneration, rewards and punishments;
- (xii) to formulate the basic management systems of the Company;
- (xiii) to formulate proposals for amendments to these Articles;
- (xiv) to manage the information disclosure of the Company;
- (xv) to propose to the shareholders' general meeting the appointment or replacement of an accounting firm that audits for the Company;
- (xvi) to listen to the work reports of the general manager and inspect his or her work;
- (xvii) to exercise other functions and powers conferred by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, these Articles or the shareholders' general meeting.

Resolutions relating to the above, with the exception of items (6), (7) and (13) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors.

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

Article 5.15 The board of directors of the Company may establish audit, nomination, remuneration and other special committees in accordance with laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, and actual governance and operation requirements. The special committee is accountable to the board of directors, and performs its duties in accordance with the regulatory rules of the place where the Company's shares are listed, these Articles and the authorization of the board of directors. Proposals shall be submitted to the board of directors for consideration and decision. The board of directors shall seek opinion from the relevant committee(s) before approving such relevant resolutions.

A special committee shall comprise members who are all directors and elected by the board of directors. A special committee shall have a convener (chairman) to be responsible for convening meetings of the respective committee.

The audit committee shall comprise non-executive directors and has no less than three members. The chairman and most of the members must be independent non-executive directors, of whom at least one shall be an independent non-executive director with appropriate professional qualifications or appropriate expertise in accounting or related financial management in accordance with the Hong Kong Listing Rules.

A majority of the members of the nomination committee must be independent non-executive directors, and the chairman of the nomination committee must be the chairman of the Company or an independent non-executive director.

The majority of the members of the remuneration committee must be independent non-executive directors and the chairman must be an independent non-executive director.

The board of directors is responsible for determining the composition of each special committee in accordance with the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and these Articles, and formulating working procedures such as the scope of duties and operating mechanisms of the special committees to standardize the operation of the special committees.

Article 5.16 The board of directors of the Company shall explain to the shareholders' general meeting the non-standard audit opinions issued by certified accountants with respect to the Company's financial reports.

Article 5.17 The board of directors shall formulate rules of procedure of its meetings to ensure that the board of directors have put into action the resolutions passed by the shareholders' general meeting so as to promote work efficiency and scientific decision-making.

The rules of procedure of the board of directors stipulate the convening and voting procedures of meetings of the board of directors, shall be made as an annex to these Articles, prepared by the board of directors and approved by the shareholders' general meeting.

Article 5.18 The board of directors shall lay down strict procedures to inspect and decide on the approval limit for foreign investment, purchase or sale of assets, pledge of assets, provision of external guarantees, entrusted assets management, related (connected) transactions and external donations. For major investment projects, the board of directors shall organize relevant experts and professionals to conduct assessment for approval by the shareholders' general meeting.

Article 5.19 There shall be one chairman and there may be vice chairman of the Board. The chairman and the vice chairman of the board of directors shall be elected by more than half of all the directors.

Article 5.20 The chairman of the board of directors shall exercise the following functions and powers:

- (i) To preside over the shareholders' general meetings and to convene and preside over the meetings of the board of directors;
- (ii) To supervise and inspect the implementation of resolutions of the board of directors;
- (iii) To exercise other functions and powers conferred by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, these Articles or the board of directors.

Article 5.21 The vice chairman of the board of directors of the Company shall assist with the work of the chairman of the board of directors. If the chairman of the board of directors is unable to perform his or her duties or fails to perform his or her duties, his or her duties shall be performed by the vice chairman of the board of directors; if the vice chairman of the board of directors is unable or fails to perform these duties, a director elected by at least one half of the directors shall perform such duties.

Article 5.22 Meetings of the board of directors shall be held at least four times a year and convened by the chairman of the board of directors. The written notice of meeting shall be sent to all directors and supervisors 14 days before the date of the meeting.

CG Code of App 14 to Hong Kong Listing Rules C.5.1 and C.5.3

Article 5.23 An extraordinary board meeting may be convened upon the proposal of shareholders holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the directors or the supervisory board. Chairman of the board of directors shall convene and preside over the board meeting within 10 days after receiving such proposal.

The notice of an interim meeting of the board of directors shall be served on all directors and supervisors in writing 3 days before the meeting.

In case of an emergency or approved by all directors, the delivery and service of notices for an interim meeting of the board of directors shall not be subject to the time-limit stated in the preceding paragraph.

Article 5.24 Notice of meetings of the board of directors shall be in writing by means of electronic mail, telegraph, facsimile, email, express delivery service, registered mail, by personal delivery or other means provided in these Articles.

In case of an emergency or approved by all directors, the notice of meeting may be delivered by telephone or other verbal way, but the convener shall make relevant statements at the meeting.

Article 5.25 A notice of the meeting of board of directors shall contain the following:

- (i) date and place of the meeting;
- (ii) duration of the meeting;
- (iii) cause and topic;
- (iv) date of notice.

Article 5.26 Meetings of the board of directors must be attended by more than half of the directors.

When voting on board resolutions, each director shall have one vote. Unless otherwise provided for under laws, administrative regulations, the Hong Kong Listing Rules and these Articles, resolutions of the board of directors shall be passed by more than half of all directors.

Article 5.27 If any director has connection association with the enterprise involved in the resolution made at a board meeting, the said director shall not vote on the said resolution for himself or on behalf of another director. The board meeting may be held when more than half of the non-connected (related) directors attend the meeting. The resolution of the board meeting shall be passed by more than half of the non-connected (related) directors. If the number of non-connected (related) directors attending the meetings is less than three, the issue shall be submitted to the shareholders' general meeting for consideration.

Article 5.28 Board meetings may be held and voted wherein by means of physical meeting, electronic communication such as telephone/video and combination of physical meeting and electronic communication.

Article 5.29 Votings at the board meetings shall be conducted by open ballot in writing.

The extraordinary meeting of the board of directors may be conducted and a resolution may be made by circulation of written resolutions or other means permitted under laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed, provided that the directors can fully express their opinions. The resolution shall be signed by the participating directors.

Article 5.30 A director shall attend the board meetings in person; when a director is not able to attend the meeting for any reason, he may appoint in writing other directors to attend the meeting on his behalf. The name of the attorney, issues under authorization, scope of authorization and valid period shall be set out in the letter of attorney, which will be signed or sealed by the appointing director.

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director fails to attend a board meeting or appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.

Article 5.31 The board of directors shall keep minutes of resolutions on matters discussed at the meeting. The attending directors shall sign the minutes of such meetings.

Directors shall be held responsible for the resolutions of the board of directors. If the resolutions of the board of directors violate the laws, administrative regulations or these Articles, and the Company suffers a material loss as a result thereof, the directors participating in the resolutions are liable to the Company for the losses. However, directors may be exempted from such liability if it is verified that such director has stated his objection when voting and the same was recorded in the minutes at the board meeting.

Minutes of the board meeting shall be kept as the Company's record for not less than 10 years.

Article 5.32 The minutes of board meeting shall include the following contents:

- (i) date and place of the meeting and name of the convener;
- (ii) names of the directors attending the meeting and names of the directors (proxies) appointed by others to attend the board meeting;
- (iii) agenda of the meeting;
- (iv) main points of directors' speeches;
- (v) method and results of the voting for each proposal (the voting result should specify the number of votes for and against the proposal or abstention).

CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

Article 6.1 The Company shall have one general manager, who shall be appointed or dismissed by the board of directors.

The Company shall have several deputy general managers, a financial head (i.e. financial controller) and a chief engineer to assist the general manager. The deputy general manager, financial controller and chief engineer shall be nominated by the general manager, and appointed or dismissed by the board of directors.

The general manager, deputy general manager, financial controller, secretary to the board of directors and chief engineer of the Company are senior management members of the Company.

Article 6.2 Those where a person shall not serve as a director under Article 5.1 of these Articles shall also apply to senior management members.

The provisions of the directors' obligations of loyalty under Article 5.4 and those of the directors' obligations of diligence in item (iv), (v) and (vi) under Article 5.5 of these Articles shall also apply to senior management members.

Article 6.3 Any person serving as other administrative duties other than directors and supervisors in the units of the controlling shareholders of the Company shall not serve as senior management members of the Company.

Senior management members of the Company may only receive remuneration from the Company and may not be paid by the controlling shareholders.

Article 6.4 The general manager has a term of office of 3 years and may serve successive terms upon reappointment.

Article 6.5 The general manager shall be accountable to the board of directors and exercise the following functions and powers:

- (i) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the board of directors, and to report on his or her work to the board of directors;
- (ii) to arrange for the implementation of the Company's annual business plans and investment plans;
- (iii) to draft the plan for establishment of the Company's internal management organization;
- (iv) to draft the Company's basic management system;
- (v) to formulate the specific rules of the Company;
- (vi) to request the board of directors to engage or dismiss the Company's deputy general managers, financial controller and chief engineer;
- (vii) to determine to engage or dismiss responsible management members other than those to be determined to engage or dismiss by the board of directors;
- (viii) other functions and powers conferred by these Articles or the board of directors.

Article 6.6 The general manager shall attend meetings of the board of directors.

Article 6.7 The rules of work of the general manager shall be formulated by the general manager and be implemented upon approval of the board of directors.

- Article 6.8 The rules of work of the general manager includes the following:
- (i) conditions, procedures and participants of the general managers' meeting;
 - (ii) the specific responsibilities of the general manager and other senior management members and their segregation of duties;
 - (iii) the use of the Company's funds and assets, the authority to enter into major contracts, and the reporting system to the Board and the supervisory board;
 - (iv) other matters as the board of directors may deem necessary.
- Article 6.9 The general manager may resign before the expiry of his/her term of office. The specific procedures and methods for the resignation of the manager are set out in the employment contract between the general manager and the Company.
- Article 6.10 The board of directors determines the appointment and removal procedures and powers of the deputy general manager, as well as the relationship between the deputy general manager and the general manager, taking into account the specific situation and actual needs of the Company.
- Article 6.11 The Company shall have a secretary to the board of directors, who shall be responsible for the preparation of the shareholders' general meetings of the Company and meetings of the board of directors, document keeping as well as the management of shareholders' information, information disclosure and other matters.
- The secretary to the board of directors shall comply with laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and relevant requirements of these Articles.
- Article 6.12 The senior management members shall be liable for any losses caused to the Company by their breach of any law, administrative regulation, departmental rule or these Articles in performing their duties on behalf of the Company.
- Article 6.13 The senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management members of the Company fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.

CHAPTER 7 SUPERVISORY BOARD

Section 1 Supervisors

Article 7.1 The circumstances of disqualification for directors prescribed in Article 5.1 of these Articles shall also be applicable to supervisors.

A director, general manager or other senior management member shall not concurrently be a supervisor.

Article 7.2 Supervisors shall abide by the laws, administrative regulations and these Articles. They shall bear the obligations of fidelity and duties of diligence to the Company, and not to exploit his/her position to accept bribes or other illegal income, or to embezzle the Company's properties in any manner.

Article 7.3 The term of office of each supervisor shall be 3 years, renewable upon re-election and re-appointment.

Article 7.4 If the number of members of the supervisory board falls below the statutory number due to a failure to timely elect a supervisor upon expiration of a supervisor's term of office or due to the resignation of a supervisor during his or her term of office, the incumbent supervisor shall continue to perform his or her duties as supervisor in accordance with laws, administrative regulations and these Articles until the incoming supervisor takes up his or her position.

Article 7.5 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and he/she shall sign on the periodical report with written confirmation.

Article 7.6 Supervisors may attend meetings of the board of directors and to question or advise upon the matters to be resolved by the board of directors.

Article 7.7 Supervisors shall not prejudice the interests of the Company by means of their connected relationship or they shall be liable for compensation for any loss caused to the Company.

Article 7.8 If supervisors have violated the provisions of any laws, administrative regulations, departmental rules or these Articles in performing their duties, which has caused losses to the Company, they shall be liable for compensation.

Section 2 Supervisory Board

Article 7.9 The Company shall have one supervisory board.

The board of supervisors shall comprise supervisors who represent the shareholders and a proper proportion of supervisors who represent the employees, and the proportion of staff representative shall not be lower than one third. The representatives of shareholders shall be elected and removed by shareholders' general meeting. Staff representative shall be elected through democratic election by staff members via staff representative meeting, staff meeting or other means.

The supervisory board of the Company comprises 3 supervisors, including two representatives of shareholders and one representative of staff.

One supervisor shall act as the chairperson, who shall be elected by a simple majority of all directors.

Article 7.10 Chairman of the supervisory board shall convene and preside over meetings of the supervisory board. Where the chairman of the supervisory board cannot perform his duties or fail to perform his duties, a supervisor shall be elected by more than half of the supervisors to convene and preside over meetings of the supervisory board.

Article 7.11 The supervisory board exercises the following functions and powers:

- (i) to review and express its review comments in writing on regular reports prepared by the board of directors;
- (ii) to review the Company's financial position;
- (iii) to supervise directors and senior management members in respect of their act during exercise of the Company's powers and make recommendations on removal of such directors and senior management members who are in violation of laws, administrative regulations, these Articles or resolutions of the shareholders' general meeting;
- (iv) to demand the directors and senior management members of the Company to rectify their error if the directors and senior management members have acted in a manner harmful to the Company's interest;
- (v) to propose to convene an extraordinary general meeting, and to convene and preside over the shareholders' general meeting in the event that the board of directors fails to perform its duties in convening and presiding over the shareholders' general meeting under the Company Law;
- (vi) to make proposals at the shareholders' general meetings;
- (vii) to propose to convene extraordinary meetings of the board of directors;
- (viii) to attend meetings of the board of directors in a non-voting capacity and to question or advise upon the matters to be resolved by the board of directors;
- (ix) to sue the directors or senior management members according to Article 151 of the Company Law;

- (x) to conduct an investigation of any abnormality identified in the operations of the Company and, when necessary and at the expense of the Company, engage such professional organizations as accounting firm or law firm, etc, to assist in the investigation;
- (xi) other powers stipulated by laws, administrative regulations, the Hong Kong Listing Rules or these Articles.

Article 7.12 Meetings of the board of supervisors shall be held at least once every six months. Any of the supervisors may propose to hold extraordinary meetings of the board of supervisors.

Resolutions of the board of supervisors shall be passed by the affirmative votes of more than half of the supervisors.

Article 7.13 The supervisory board formulates the rules of procedure of its meetings, which stipulate the discussion rules and voting procedures of the supervisory board, to ensure the work efficiency and scientific decision-making of the supervisory board.

The rules of procedure of the supervisory board shall be made as an annex to these Articles, prepared by the supervisory board and approved by the shareholders' general meeting.

Article 7.14 The board of supervisors shall keep minutes of all decisions made at the meeting, and the attending supervisors shall sign on the minutes of the meeting.

A supervisor is entitled to request that an explanatory note be made with regard to his speech in the meeting. The minutes of the meeting of the supervisory board shall be kept in the files of the Company for at least ten years.

Article 7.15 The notice of meetings of the board of supervisors shall include the following:

- (i) the date, place and duration of the meeting;
- (ii) the reasons and agenda;
- (iii) the date of the notice.

CHAPTER 8 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT

Section 1 Financial and Accounting Systems

- Article 8.1 The Company shall develop its financial accounting policies pursuant to laws, administrative regulations, as well as rules issued by national authorities.
- Article 8.2 At the end of each accounting year, the Company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws.
- The financial report shall be made in accordance with the laws, administrative regulations, the Ministry of Finance of the State Council and the regulatory rules of the place where the Company's shares are listed.
- Article 8.3 The Company shall make its financial reports available at the Company for inspection by the shareholders 20 days before the annual general meeting is convened. Each shareholder is entitled to obtain one copy of the financial report referred to in this chapter.
- Article 8.4 The financial statements of the Company may, in addition to complying with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas area in which the Company's shares are listed.
- Article 8.5 Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, and may also be prepared in accordance with either international accounting standards or that of the overseas area in which the Company's shares are listed.
- Article 8.6 The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within 60 days after the end of the first six months of an accounting year, and to publish its annual financial report within 120 days after the end of an accounting year.
- Article 8.7 The Company shall not keep any accounting books other than those specified by laws. The asset of the Company shall not be deposited in any account opened in the name of any individual.
- Article 8.8 At the time of distribution of the annual after-tax profits, the Company must allocate 10% of the profits to our statutory reserve. Once the aggregate amount of the statutory reserve reaches or exceeds 50% of the Company's registered capital, no more allocations need to be provided.
- If the statutory reserve is insufficient to offset the losses incurred during the previous year, the profits generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth in the preceding paragraph.
- After allocation to the statutory reserve from the profits after tax of the Company, it may also allocate to the discretionary reserve fund from after-tax profits in line with the resolution(s) adopted at the shareholders' general meeting.
- After offsetting the losses and allocating to the reserve, all remaining profits after tax may be distributed in proportion to shares held by shareholders.

If it is resolved at the shareholders' general meeting to distribute profit to shareholders before offsetting the losses and making allocation to statutory reserve in violation to the provisions of the previous paragraph, the shareholders shall return such distributed profits to the Company.

Shares of the Company held by the Company may not engage in the profit distribution.

The specific proportion of profit distribution and discretionary surplus reserve in a particular year shall be determined by the board of directors based on the operation and the development needs of the Company, and shall be approved at the shareholders' general meeting.

Article 8.9 The reserves of the Company may be used to recover losses of the Company, to expand the production and operation of the Company, or to be converted into the increased capital of the Company. Nevertheless, no capital reserves will be used to make up the losses of the Company.

When converting the funds in the statutory reserve fund into capital, the funds remaining in such reserve will not be less than 25% of the Company's registered capital before the conversion.

Article 8.10 Cash dividends and other monies paid by the Company to holders of domestic shares shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of overseas-listed foreign shares shall be calculated and announced in RMB and paid in a foreign currency pursuant to the relevant state regulations on the administration of foreign exchange.

Article 8.11 Unless otherwise provided in relevant laws, administrative regulations, and departmental rules, where cash dividends and other payments are paid in a foreign currency, the average middle exchange rate of the relevant foreign currency announced by the People's Bank of China for the calendar week immediately preceding the date of declaration of the dividends and other payments shall be used as the exchange rate

Article 8.12 Where the Company distributes dividends to its shareholders, it shall withhold taxes levied upon such dividends in accordance with PRC tax laws.

Article 8.13 The Company shall appoint receiving agents for holders of overseas-listed foreign shares. The receiving agents shall, on behalf of the relevant shareholders, receive the dividends distributed and other amounts payable to the shareholders by the Company in respect of overseas-listed foreign shares.

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The receiving agents appointed by the Company shall comply with the requirements of laws in the jurisdiction where the shares are listed or the requirements of the stock exchanges on which the shares are listed.

The receiving agents appointed on behalf of holders of overseas-listed foreign shares listed in Hong Kong shall be companies registered as a trust company under the Trustee Ordinance of Hong Kong.

Article 8.14 In respect of dividends distributed to shareholders, the Company shall have the right to forfeit unclaimed dividends after the date of declaration of the dividends.

Article 8.15 After the passing by the shareholders in any general meeting of a resolution on the proposal for profit distribution, the distribution of dividend (or shares) under such proposal shall be completed within two months after the date of the relevant general meeting.

Section 2 Internal Audit

Article 8.16 The Company shall implement an internal audit system and appoint full time auditors to carry out internal audit and supervision of the Company's financial income and expenses and economic activities.

Article 8.17 The Company's internal audit system and the responsibilities of the auditing personnel shall be performed after obtaining approval from the board of directors. The auditor in-chief shall be accountable and report to the board of directors.

Section 3 Engagement of Accounting Firms

Article 8.18 The Company shall appoint an accounting firm which has complied with the Securities Law to conduct audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one year and can be renewed.

Article 8.19 The appointment of accounting firm by the Company must be decided by the shareholders' general meeting, and the board of directors shall not appoint any accounting firm prior to the decision of the shareholders' general meeting.

Article 8.20 The Company guarantees to provide true and complete accounting evidence, accounting books, financial report and other accounting information to the accounting firm engaged without refusal, withholding or false information.

Article 8.21 The audit fee of an accounting firm shall be determined by shareholders' general meeting. App3.17

Article 8.22 A 30-day prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall have the right to state its opinions where a voting process concerning the dismissal of such accounting firm is carried out at the general meeting of the Company.

Where the accounting firm resigns from its position, it shall make clear to the shareholders in a shareholders' general meeting whether there has been any impropriety on the part of the Company.

CHAPTER 9 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION AND LIQUIDATION

Section 1 Merger, Division, Capital Increase and Capital Reduction

Article 9.1 Merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

A company absorbing other company(ies) is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger whereby the companies to the merger shall be dissolved.

Article 9.2 In the case of a merger of the company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The company shall notify its creditors within ten days from the date on which the Company's merger resolution is passed and shall publish a public notice in newspapers within 30 days from the date on which the Company's merger resolution is passed. The creditors may within 30 days upon receipt of a written notice or, for those who have not received a written notice, within 45 days from the date on which the notice is announced, require the Company to repay its debts or to provide a corresponding guarantee.

Article 9.3 After the merger of the company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

Article 9.4 In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division, the Company shall prepare a balance sheet and an inventory of assets. The company shall notify its creditors within ten days from the date on which the Company's division resolution is passed and shall publish a public notice in newspapers within 30 days of the date on which the Company's division resolution is passed.

Article 9.5 Debts of the Company prior to the division shall be assumed incidentally by the companies which exist after the division, except those debts that have otherwise agreed by the Company with the creditors in writing for the settlement of the debts before the division.

Article 9.6 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution to reduce registered capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date it receives the notice or, in the case of a creditor who did not receive such notice, within 45 days from the date of the relevant announcement.

The Company's registered capital shall not, after the reduction in capital, be less than the minimum amount as prescribed by the laws.

Article 9.7 Where a merger or division of the company involves changes in registered items, such changes shall be registered according to laws with the company registration authority; if the company is dissolved, its deregistration shall be carried out according to laws; where a new company is incorporated, the registration of incorporation of the company shall be carried out according to laws.

Where the Company increases or reduces its registered capital, it shall apply for change in its registration with the company registration authority in accordance with laws.

Section 2 Dissolution and Liquidation

Article 9.8 A company shall be dissolved for the following reasons:

- (i) The operation period expires, or other liquidation matters in these Articles happened; App3.21
- (ii) A special resolution for dissolution is passed at a shareholders' general meeting;
- (iii) Dissolution is necessary due to a merger or division of the Company;
- (iv) The Company's business license has been suspended, or the Company has been ordered to close or revoked in accordance with laws;
- (v) If the Company encounters significant difficulties in business and management, continuous survival will be significantly detrimental to the interests of shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of the shares carrying voting rights may request a people's court to dissolve the Company.

Article 9.9 Under the circumstances set forth in item (i) of the preceding clause, the Company can still exist via the amendment of these Articles.

The amendment to these Articles according to the preceding Article shall be passed by two-thirds of the voting rights held by shareholders present at the shareholders' general meeting.

If the Company is dissolved due to the provisions set forth in items (i), (ii), (iv) and (v) above, the liquidation committee shall be established within 15 days to carry out liquidation. The members of the liquidation committee shall be determined by directors or a shareholders' general meeting. In the case of failure to establish a liquidation committee according to schedule, the creditors may apply for liquidation to be carried out by a liquidation committee which is composed of members designated by the people's court.

Article 9.10 The liquidation committee shall inform the creditors of the Company within ten days following its establishment, and shall make a public announcement in a newspaper within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date on which the notice is received or 45 days from the date of the announcement if the notice is not received.

When the creditors declare their claims, they shall explain the relevant matters of such claims and provide evidential materials. The liquidation committee shall register all the creditors' rights.

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

Article 9.11 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (i) categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (ii) notify the creditors or to publish public announcements;
- (iii) dispose of and liquidate any pending businesses of the Company;
- (iv) pay outstanding taxes and the taxes occurred during liquidation;
- (v) settle claims and debts;
- (vi) deal with the surplus assets remaining after repayment by the Company of debts;
- (vii) represent the Company in any civil proceedings.

Article 9.12 After it has categorized the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the people's court for confirmation.

Any residual assets of the Company remaining after payment of liquidation expenses, staffs wages, social insurance expenses and statutory compensation, outstanding taxes and repayment of the Company's debts shall be distributed by the Company among its shareholders according to the proportion of shares held.

The Company shall continue to exist but shall not conduct any operational activities not related to liquidation during the period of liquidation. Unless the Company's assets had been distributed to repay debts in accordance with the previous paragraphs, it shall not be distributed to the shareholders.

Article 9.13 Upon completion of the categorization of the Company's assets and preparation of a balance sheet and an inventory of assets, if the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the people's court for a declaration of insolvency.

After the Company is declared insolvent by a ruling of the people's court, the liquidation committee shall transfer all matters arising from the liquidation to the people's court.

Article 9.14 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the general meeting or the people's court for confirmation, and submit the same to the company registration authority and apply for cancellation of registration of the company, and publish a public announcement relating to the termination of the Company.

Article 9.15 The members of the liquidation committee shall be faithful in the discharge of their duties and perform their liquidation obligations in accordance with the law.

The members of the liquidation committee may not use their power and authority to accept bribes or other illegal income or misappropriate the company's property.

If the Company or a creditor sustains a loss due to a willful act or gross negligence on the part of a member of the liquidation committee, such liquidation committee member shall be liable for damages.

Article 9.16 Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

CHAPTER 10 AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article 10.1 The Company may amend the Articles of Association under any one of the following circumstances:

- (i) after amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association shall conflict with the amended laws or administrative regulations;
- (ii) the changes that the Company have undergone are inconsistent with the records made in the Articles of Association;
- (iii) the general meeting decides that the Articles of Association shall be amended.

Article 10.2 Any amendment to the Articles of Association passed by resolutions at the general meeting required to be examined and approved by the competent authorities shall be submitted to the competent authorities for approval. If the amendment involves the registration of company, the lawfully prescribed procedures for registration change shall be carried out.

Article 10.3 The board of directors shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to these Articles and the examination and approval opinions from relevant authorities.

Article 10.4 Where the matters on the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall announce such amendments according to these requirements.

CHAPTER 11 NOTICES

Article 11.1 Notices of the Company shall be served in the following ways:

- (i) by hand;
- (ii) by post;
- (iii) by facsimile or e-mail;
- (iv) by making announcement on the website of the Company and the website designated by the regulatory authorities in the place where the shares of the Company are listed in compliance with laws, administrative regulations, departmental rules, regulatory rules of the place where the shares of the Company are listed and these Articles;
- (v) by announcement;
- (vi) by other means agreed in advance between the Company and the recipient or accepted by the recipient after receiving notice;
- (vii) by other means approved by the securities regulatory authority in the place where the shares of the Company are listed or specified in these Articles.

Article 11.2 Any notice of the Company given by announcement shall be deemed to be received by all relevant persons once such announcement is published. Where the securities regulatory authority of the place where the shares of the Company are listed provides otherwise, such provisions shall prevail.

Article 11.3 Unless otherwise stated in these Articles, the notice, information or written statements issued by the Company to the holders of overseas-listed foreign shares shall be despatched to holders of overseas-listed foreign shares who holds the registered shares by personal delivery, or send to each holder of overseas-listed foreign shares by post at the address as recorded in the register of shareholders, or served in any other matter as permitted by the Hong Kong Listing Rules.

In terms of the manner in which any notice, information or written statement may be provided or sent by the Company to shareholders holding the Company's overseas listed foreign shares in accordance with the requirements of the Hong Kong Listing Rules, subject to the relevant regulations of the securities regulatory authority in the place where the shares of the Company are listed, the Company may elect to adopt the way of notification stipulated in item (IV) of Article 11.1 in these Articles to dispatch its notice, information or written statement in lieu of the delivery of the foresaid documents by hand or prepaid mail to every shareholder holding the overseas listed foreign shares.

- Article 11.4 Where a notice is sent by post, it is only required to specify the address, name of the addressee, prepay the postage, and put the notice in the envelope, and the said notice shall be deemed to have been served and delivered on the day on which the envelope containing the same, properly addressed and prepaid, is put into the post. In proving such service or delivery, it shall be sufficient to prove that the envelope containing the notice was properly addressed and prepaid and put into the post, and a certificate in writing signed by a director or a person appointed by the board of directors that the envelope containing the notice was so addressed and prepaid and put into the post shall be conclusive evidence thereof.
- Article 11.5 An accidental omission to give notice of a meeting to any person entitled to receive notice or a failure by such person to receive such notice of the meeting shall not invalidate the meeting and any resolution passed at that meeting.
- Article 11.6 All notices or any other documents of the Company to be submitted to the Hong Kong Stock Exchange according to the Hong Kong Listing Rules shall either be written in English or accompanied by a signed and certified English translation.

CHAPTER 12 THE PARTY BUILDING

- Article 12.1 Adhere to the overall leadership of the Communist Party of China, ensure the implementation of the Party and State's guidelines and policies in the Company, support the establishment of Party organizations, carry out Party activities, and give full play to the role of Party organizations as a battle fortress.
- Article 12.2 According to the provisions of the Party Constitution, the Company establishes a Party organization, carries out Party activities, strengthens Party building, and enhances the political core and leading role of the Party in the Company.
- Article 12.3 Provide the necessary conditions for the Party organization to carry out activities and make adequate efforts, equip a sufficient number of staff for Party affairs, and guarantee the working funds of the Party organization.

CHAPTER 13 INTERPRETATIONS AND DEFINITIONS OF THESE ARTICLES

- Article 13.1 The right to interpret these Articles shall belong to the board of directors of the Company, and any matters uncovered by these Articles shall be submitted by the board of directors to the general meeting for determination. The right to revise these Articles shall belong to the shareholders' general meeting.
- Article 13.2 These Articles are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the latest verified Chinese version registered in the Company registration authority shall prevail.

- Article 13.3 The expressions of “above”, “within”, “below” shall include the figures mentioned whilst the expressions of “more than”, “short of”, “without” and “less than” shall not include the figures mentioned.
- Article 13.4 The term “de facto controller” herein refers to the person who is not a shareholder of the Company but is able to exercise control over the acts of the Company through an investment relationship, agreement or other arrangement.
- Article 13.5 These Articles will become effective and be in force from the date of their adoption by a special resolution at the general meeting. The original Articles of Association of the Company shall automatically cease to have effect from the date on which these Articles come into effect.
- Article 13.6 In these Articles, the following expressions shall have the following meanings unless the context otherwise requires:
- | | | |
|--------------------------------|-------|--|
| “legal address of the Company” | means | The legal address of the Company, i.e. No. 1 Yichen North Street, Gaocheng District, Shijiazhuang City, Hebei Province, PRC |
| “RMB” | means | legal currency of the PRC |
| “China” or “the State” | means | People’s Republic of China which, for the purpose of these Articles, shall not include the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan |
| “CSRC” | means | China Securities Regulatory Commission |
| “Hong Kong Stock Exchange” | means | The Stock Exchange of Hong Kong Limited |
| “Hong Kong Listing Rules” | means | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the amendments thereof from time to time |
| “App3” | means | Appendix 3 to the Hong Kong Listing Rules |
| “LR19A” | means | Chapter 19A of the Hong Kong Listing Rules |
| “Business day(s)” | means | any day on which the Hong Kong Stock Exchange is open for the business of dealing in securities |

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(This page contains no text, and is the signature page of the Articles of Association of Hebei Yichen Industrial Group Corporation Limited)

Hebei Yichen Industrial Group Corporation Limited (affixed with company seal)



Legal representative: _____