



Tianjin Capital Environmental Protection Group Company Limited
天津創業環保集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1065)

ARTICLES OF ASSOCIATION

(Amended at 2023 Second Extraordinary General Meeting on 21 September 2023)

The Articles of Association of the Company have both Chinese and English versions, the English version is for reference only. Should there be any discrepancy between the two version, the Chinese version shall always prevail.

The Articles of Association was formulated and amended according to such laws, regulations, normative documents as the Company Law of the People's Republic of China (Company Law for short), the Securities Law of the People's Republic of China (Securities Law for short), Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97), Special Regulations of the State Council on the Overseas Share Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (Zheng Wei Fa [1994] No. 21, Mandatory Provisions for short), Letter of Opinions on Additional Changes to Articles of Association of Companies Listing in Hong Kong, (Haihan of CSRS [1995] No. 1, Haihan of CSRS for short), Guidelines for the Articles of Association of Listed Companies (the Announcement of China Securities Regulatory Commission (2022) No. 2, Guideline for short), Rules for Independent Directors of Listed Companies (the Announcement of China Securities Regulatory Commission (2022) No. 14) and the Rules Governing the Listing of Securities on the SEHK (Main Board), etc..

CONTENTS

CHAPTER 1 GENERAL	1
CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS	3
CHAPTER 3 SHARES AND REGISTERED CAPITAL	4
CHAPTER 4 SHARE TRANSFER	6
CHAPTER 5 CAPITAL REDUCTION AND SHARE REPURCHASE	7
CHAPTER 6 FINANCIAL ASSISTANCE TO SHARE PURCHASE	10
CHAPTER 7 STOCKS AND SHAREHOLDER REGISTER	12
CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS	17
CHAPTER 9 GENERAL MEETING	21
CHAPTER 10 SPECIAL PROCEDURE FOR VOTING BY A CLASS OF SHAREHOLDERS	39
CHAPTER 11 BOARD OF DIRECTORS	42
CHAPTER 12 INDEPENDENT DIRECTORS	53
CHAPTER 13 SECRETARY TO THE BOARD OF DIRECTORS	59
CHAPTER 14 MANAGERS OF THE COMPANY	60
CHAPTER 15 BOARD OF SUPERVISORS	62
CHAPTER 16 PARTY COMMITTEE	66
CHAPTER 17 QUALIFICATION AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY	70
CHAPTER 18 INFORMATION DISCLOSURE AND INVESTOR RELATIONS	79
CHAPTER 19 FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT	81

CHAPTER 20 APPOINTMENT OF ACCOUNTING FIRM.....	91
CHAPTER 21 LABOUR MANAGEMENT AND LABOUR UNION.....	94
CHAPTER 22 MERGER AND DIVISION.....	95
CHAPTER 23 DISSOLUTION AND LIQUIDATION.....	97
CHAPTER 24 PROCEDURES FOR REVISION OF THE ARTICLES.....	101
CHAPTER 25 CORRESPONDENCES.....	102
CHAPTER 26 DISPUTE RESOLUTION.....	103
CHAPTER 27 SUPPLEMENTARY PROVISIONS.....	104

CHAPTER 1 GENERAL

Article 1 The Article was formulated to protect the legitimate rights and interests of Tianjin Capital Environmental Protection Group Company Limited (the “Company” for short), and its shareholders and creditors according to the Company Law of the People’s Republic of China (the “Company Law” for short), the Securities Law of the People’s Republic of China (the “Securities Law” for short), and other related regulations.

Article 2 The Company was established on the basis of the Normative Views on Limited Liability Companies released by the former State Commission for Economic Restructuring on May 15, 1993 and other related laws and regulations.

The Company was established on 8 June 1993 by way of private placement according to Circular No. 45, issued by the former Tianjin Commission for Economic Restructuring on 20 July 1992. It was registered and administrated in Tianjin Administration for Industry and Business on June 8, 1993 and obtained the business license, with the registration number 009079.

The promoter of the Company was Tianjin Bohai Chemical Industry Group Company. According to the Equity Transfer Agreement entered into between Tianjin Bohai Chemical Industry Group Company and Tianjin Municipal Investment Limited Company on 10 October 2000, the promoter shares had been transferred to Tianjin Municipal Investment Limited Company.

Article 3 In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish an organisation of the Communist Party of China, carry out the activities of the Party, set up working organs for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.

Article 4 The Company’s registered Chinese name is 天津創業環保集團股份有限公司.

The Company’s English name is Tianjin Capital Environmental Protection Group Company Limited.

Article 5

Company’s address: 12/F, TCEP Building, No. 76 Weijin South Road, Nankai district, Tianjin city, the People’s Republic of China

Postal Code: 300381

Telephone: (8622)23930000

Fax: (8622)23930100

Article 6 The legal representative of the Company is the chairman of the Board of the Company.

Article 7 The Company is a joint stock limited Company with perpetual existence.

Article 8 The Articles of Association takes effect on the day the Company is established.

From the day when the Articles of Association takes effect, the Articles of Association will be 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 shareholders.

Article 9 These Articles of Association shall be binding upon the Company and its shareholders, Directors, supervisors, general managers and other senior management members of the Company, who shall have right to make any claims and propositions regarding the Company's affairs in accordance with the Articles of Association.

The Articles of Association shall be actionable by a shareholder against the Company and vice versa, by the Company against the Directors, supervisors, general manager and other senior management members of the Company, by shareholders against each other, by a shareholder against the Directors, supervisors, general manager and other senior management members of the Company.

The aforesaid actions include filing court proceeding and arbitration proceedings.

Article 10 All the Company's assets are divided into shares of equal amount. Shareholders bear responsibilities for the Company in proportion to the shares they hold. The Company takes responsibilities for the Company's debts by its total assets.

The Company can invest in other companies. However, unless otherwise specified by the laws, the Company cannot be an investor who takes the joint responsibilities for the debts of the companies it invests in.

Article 11 The other senior management members referred in the Articles of Association shall mean the deputy general manager, the secretary to the Board of Directors, the chief accountant (the one who is in charge of finance) and general legal counsel.

CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

Article 12 Business objectives of the Company are: to comply with the State Law and make use of assets both inside and outside China to establish a new effective operating mechanism of listed companies, bring the listed companies' overall advantages and comprehensive functions into play and develop new and high technology products in infrastructure; to broaden the scope of business, reduce operating costs, improve the quality of the Company, enhance its market competitiveness and accumulate funds for the Company and to ensure that all shareholders receive reasonable economic benefits.

Article 13 The business scope of the Company is based on the projects approved by the registration authority.

The business scope of the Company: investment, construction, design, management, operation, technical consultation and supporting services for sewage water, tap water, reclaimed water, industrial wastewater and other water treatment facilities; investment, construction, design, management, operation, technical consultation and supporting services for the collection, transportation, treatment and resource utilization of various types of solid waste and related infrastructure; investment, construction, design, management, operation, technical consultation and supporting services for energy supply services and energy conservation and environmental protection-related facilities; development and operation of environmental protection technology and environmental protection products and equipment; urban integrated environmental services and ecological management services; design, construction, management, construction and operation and management of municipal infrastructure facilities; urban road franchised operation, technical consultation and supporting services for the southeast half of the Central Ring Road in Tianjin municipality; rental of self-owned houses.

According to the needs of business management, the Company may amend the Articles of Association and the business scope in accordance with the relevant provisions. However, the amendment shall be registered. As to projects within the business scope of the Company which have to be approved under the laws and administrative rules and regulations, they shall be approved according to the law.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 14 The Company shall have ordinary shares at all times. The Company may create other classes of shares if necessary, upon approval by the examining and approving departments authorized by the State Council.

Article 15 The stock of the Company shall be in the form of shares. Share issued by the Company shall have a par value and each shall bear a par value of RMB1.

The issue of shares is based on the principles of openness, fairness and impartialness. Each share of the same class shall have equal rights.

For the shares of the same class issued at the same time, the condition of issues and the price of each share shall be identical. Each share subscribed by any units or individuals shall be paid by the same price.

Article 16 Upon approval by the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and overseas investors.

The “foreign investors” referred to in the preceding paragraph shall mean the investors in foreign countries of Hong Kong, Macau and Taiwan who have subscribed the shares issued by the Company. The “domestic investors” shall mean the investors other than those mentioned above who have subscribed the shares issued by the Company and are residing in the People’s Republic of China.

Article 17 Shares issued by the Company to the domestic investors which are subscribed in RMB shall be referred to as domestic shares. Shares issued by the Company to the overseas investors which are subscribed in foreign currencies shall be referred to as foreign-invested shares. Foreign-invested shares that are listed abroad shall be referred to as overseas-listed foreign-invested shares.

Article 18 The total number of ordinary shares can be issued by the Company as authorized by the securities regulatory authority of State Council is 1,330,000,000. When the Company was set up, 839,020,000 shares were issued to the promoter, which accounted for 63.09% of the total number of ordinary shares. At present, the shares of the promoter have been transferred Tianjin Municipal Investment Limited Company.

Article 19 After establishment, the Company has issued 452,495,000 ordinary shares, among which 340,000,000 are the overseas-listed foreign-invested shares (H shares), representing 25.56% of the total ordinary shares can be issued by the Company, and the 112,495,000 are domestic-listed domestic shares (A shares), representing 8.46% of the total ordinary shares can be issued by the Company.

Of the convertible bonds issued by the Company on 1 July 2004, as at 27 August 2007, RMB375,786,000 convertible bonds have been converted to 97,228,430 A shares, representing 6.8% of the total share capital.

On 28 September 2022, the Company completed a non-public issuance of 143,189,655 A shares, representing 9.12% of the total share capital of the Company.

The Company's current equity structure: 1,570,418,085 ordinary shares have been issued, of which are 1,230,418,085 domestic-listed domestic shares (A shares) representing 78.35% of the issued ordinary shares of the Company, and 340,000,000 foreign-listed foreign-invested shares (H shares), representing 21.65% of the issued ordinary shares of the Company.

Article 20 The Board of Directors of the Company may make arrangement for the respective issue of over overseas-listed foreign-invested shares and domestic shares after making proposals for the issuance of the same have been approved by the securities supervisory authorities of the State Council.

The Company may implement its proposal to issue overseas-listed foreign-invested shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the China Securities Regulatory Commission.

Article 21 Where the total number of shares stated in the proposal for the issuance of shares includes overseas-listed foreign-invested shares and domestic shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at a time due to exceptional circumstances, the shares may, subject to the approval of the China Securities Regulatory Commission, be issued on separate occasions.

Article 22 The registered capital of the Company is RMB1,570,418,085.

Article 23 The Company may, according its operation and development needs, increase its capital pursuant to relevant provisions of the Articles of Association.

The Company may increase its capital in the following ways:

- (1) public offer of shares (including placing new shares to existing its shareholders);
- (2) non-public offer of shares;
- (3) allotment of new shares to its existing shareholders;
- (4) conversion of housing provident fund to increased share capital;
- (5) other means permitted by laws, administrative regulations or approved by State Council's Securities Regulatory Authority.

When the Company's increase share capital by means of the issue of new shares has been approved in accordance with provisions of the Articles of Associations, the issue shall be made according to the procedures set out in relevant laws and administrative regulations of the State.

CHAPTER 4 SHARE TRANSFER

Article 24 Except as otherwise provided by laws and administrative regulations, the shares of the Company may be transferred freely with no liens attached.

Article 25 The Company does not accept its shares as the subject matter of a pledge.

Article 26 Shares held by the promoters cannot be transferred within one year since the establishment of the Company. Shares that had been issued before the public offer of Company cannot be transferred within one year since the day when shares were listed and traded on the stock exchange.

Article 27 Directors, supervisors and senior management members shall notify the Company about the shares they hold and the changes of the shares held. During their term, the shares transferred each year cannot exceed 25% of the total shares held by them. The shares held cannot be transferred within one year since the Company's shares are listed. Within six months after the departure of the aforesaid personnel, they cannot transfer their shares of the Company.

Article 28 If Directors, supervisors, senior management member of the Company and shareholders who hold 5% or more of the Company's shares sell their shares within six months after purchase or purchase again within six months after selling, the profit incurred shall belong to the Company and the Board of Directors will collect the said profit. However, if securities companies holding 5% or more of the shares because they underwrite the remaining shares after selling, the selling of such stocks shall not be limited by the 6-month rule.

If the Board of Directors of the Company fails to enforce the preceding paragraph, shareholders have the right to request the Board to enforce within 30 days. If the Board fails to enforce within the aforesaid articles, for the interests of the Company, shareholders have the right to commence proceeding in the people's court in their own name.

If the Board fails to perform according to Article 1, the responsible Directors shall bear joint responsibility.

This Article does not apply to shareholders of overseas-listed foreign-invested shares.

CHAPTER 5 CAPITAL REDUCTION AND SHARE REPURCHASE

Article 29 According to Articles of Association, the Company may reduce its registered capital.

The Company shall reduce its capital in accordance with procedures set out in the Company Law, other relevant regulations and this Articles of Association.

Article 30 When the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify creditors within 10 days after adopting the resolution to reduce registered capital and publish an announcement in newspaper at least 3 times within 30 days. A creditor shall have the right within 30 days after the receipt of written notice or, for those who have not received a written notice, within 90 days after the date of first announcement, require the Company to repay its debts or provide a corresponding debt repaying guarantee.

The registered capital of the Company, after reduction, cannot be less than the minimum amount as prescribed by law.

Article 31 The Company may, in accordance with the procedures set out in these Articles and with the approval of the relevant governing authority of the State, repurchase its issued and outstanding shares under the following circumstances:

- (1) reducing its registered capital;
- (2) merger with other companies holding the shares of the Company;
- (3) granting shares under employee stock ownership plan or as share option incentives;
- (4) repurchase of shares made upon the request of its shareholders who disagree with resolutions passed at a general meeting in connection with a merger or division of the Company;
- (5) to use the shares for conversion into convertible corporate bonds issued by the Company;
- (6) being deemed necessary by the Company for the protection of the Company's value and shareholders' interest;
- (7) other circumstances as permitted by laws and administrative regulations.

Article 32 The Company may repurchase its shares through public and centralized trading or other methods as permitted by laws and regulations and the CSRC.

When the Company repurchases its shares in the circumstances as set out in items (3), (5) and (6) of Article 31 of the Articles of Association, such repurchase shall be conducted by way of public and centralized trading.

Article 33 When the Company is to repurchase shares by a contractual agreement outside a stock exchange, prior approval shall be obtained from a general meeting in accordance with the provisions of the Articles of Association. Upon the prior approval of the general meeting in the same way, the Company may rescind or amend the contract concluded in the manner set forth above or waive any of its rights under such contract.

A contract for the repurchase of shares referred to in the preceding paragraph shall include (but not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign the contracts for repurchase share or any right contained in such contracts.

Article 34 When the Company repurchases its shares in the circumstances as set out in Article 31(1) and Article 31(2), prior approval at the general meeting shall be obtained. When the Company repurchases its shares in the circumstances as set out in Article 31(3), Article 31(5) and Article 31(6), it may be resolved by more than two-thirds of directors present at a board meeting in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

The shares of the Company repurchased pursuant to Article 31(1) shall be cancelled within ten days from the date of repurchase. In the event that the Company repurchases its shares in the circumstances as set forth in Article 31(2) or Article 31(4), the shares so acquired shall be transferred or cancelled within 6 months. In the event that the Company repurchases its shares in the circumstances as set forth in Article 31(3), Article 31(5) or Article 31(6), the shares in the Company held in aggregate by the Company shall not exceed 10% of the total number of the Company's shares in issue and the shares so repurchased shall be transferred or cancelled within three years.

The repurchase of overseas listed foreign shares of the Company shall comply with the Hong Kong Listing Rules and other relevant regulations of the place of listing.

Article 35 Unless the Company is in the course of liquidation, or otherwise specified by provision of laws, regulations and normative documents, the Company shall comply with the following provisions when repurchasing the issued and outstanding shares:

- (1) where the Company repurchases shares at par value, payment shall be made out of the book balance of the distributable profits of the Company and the proceeds from the new shares issuance for the purpose of repurchasing the original shares;

- (2) where the Company repurchases shares at a price higher than the par value, the portion corresponding to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new shares issuance for purpose of repurchasing the original shares; and the portion beyond the par value shall be handled in accordance with the following methods:
 1. where the shares repurchased are issued at the par value, such portion shall be deducted from the book balance of the distributable profits of the Company; and
 2. where the shares repurchased are issued at a price higher than the par value, such portion shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issuance for purpose of repurchasing the original shares. However, the amount deducted from the proceeds from the new shares issuance shall neither exceed the total premium of the original shares issuance nor the Company's premium account (or capital reserve account) (including the premium from the new shares issuance) at the redemption;
- (3) the Company shall make the following payments out of the Company's distributable profits:
 1. payment for the acquisition of the right to repurchase its shares;
 2. payment for variation of any contract for the repurchase of its shares;
 3. payment for the release of its obligation under any contract for the repurchase of its shares;
- (4) after the total par value of the shares cancelled is deducted from the Company's registered capital in accordance with relevant provisions, the amount deducted from the distributable profits and used to repurchase the shares at the par value shall be included in the premium account (or capital reserve account) of the Company.

The Company shall follow shall the Rules Governing the Listing of Securities on the SEHK, other applicable laws, rules and codes of Hong Kong provide more stringent requirements.

CHAPTER 6 FINANCIAL ASSISTANCE TO SHARE PURCHASE OF THE COMPANY

Article 36 The Company or its subsidiaries (including the affiliated enterprises of the Company) shall not, at any time, offer any form (including but not limited to gift, advancement, guarantee, compensation, loan or other forms) of financial assistance to a person who acquires or intends to acquire shares of the Company. The aforementioned person includes bear any direct or indirect obligations as a result of acquisition of the Company's shares.

The Company or its subsidiaries shall not, at any time, offer any form of financial assistance to the aforesaid obligor for the purpose of reducing or discharging obligations assumed by such person.

This Article does not apply to the circumstance as defined in Article 38 of this chapter.

Article 37 Financial assistance referred to in this chapter includes (but not limited to) the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), relief or waiver of rights;
- (3) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The assumption of obligations referred to in this chapter include the the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the obligor or jointly with other persons) or by any other means which results in a change in his/her financial position.

Article 38 The following acts shall not be deemed to be acts as prohibited by Article 36 of this chapter.

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

CHAPTER 7 SHARE CERTIFICATES AND REGISTER OF MEMBERS

Article 39 Share certificates of the Company shall be in registered form.

In addition to the provisions of Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange on which the shares of the Company are listed.

Article 40 The share certificates shall be signed by the chairman of the Board. Where the stock exchange on which shares of the Company are listed requires other senior management members of the Company to sign on the share certificates, the share certificates shall also be signed by such members. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed under the authorization of the Board of Directors. The signature of the chairman of the Board or other senior management members of the Company may be printed in printed form.

Article 41 The Company shall maintain a register of members of the Company which shall contain the following particulars:

- (i) the name (title), address (domicile), occupation or nature of each shareholder;
- (ii) the class and number of shares held by each shareholder;
- (iii) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (iv) the serial numbers of the shares held by each shareholder;
- (v) the date on which each person was registered as a shareholder;
- (vi) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be sufficient evidence of the shareholders' shareholdings in the Company.

Article 42 The Company may, in accordance with the mutual understanding and agreements made between the securities supervisory authorities of the State Council and overseas securities regulatory organizations, maintain the register of shareholders for holders of overseas-listed foreign-invested shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate register of shareholders for holders of overseas-listed foreign-invested shares shall be maintained at the domicile of the Company. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.

For any inconsistency between the original and the duplicate register of shareholders for holders of overseas-listed foreign-invested shares, the original register of shareholders shall prevail.

Article 43 The Company shall maintain a complete register of members.

A register of members shall include the following parts:

- (1) the register of members which is maintained at the domicile of the Company, other than those share registers which are described in items (2) and (3) of this article;
- (2) the register of members in respect of the holders of overseas-listed foreign-invested shares of the Company which is maintained in the same place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of members which is maintained in such other place as the Board of Directors may consider necessary for the purposes of the listing of the Company's shares.

Article 44 Different parts of a shareholder register shall not overlap. No transfer of shares registered in any part of the register shall, during the continuance of that registration, be registered in other part of the register.

All overseas-listed foreign-invested shares listed in Hong Kong which has been fully paid-up can be freely transferred according to the Articles of Association. However, unless such transfer complies with the following requirements, the Board of Directors may refuse to accept any instrument of transfer without providing any reason:

- (1) A fee of HK\$2, or such higher amount as agreed by the Hong Kong Stock Exchange, has been paid to the Company for registration of the instrument of transfer and other documents relating to or which may affect the right of ownership of the shares;
- (2) The instrument of transfer only relates to overseas-listed foreign-invested shares listed in Hong Kong;
- (3) The stamp duty which is payable on the instrument of transfer has already been paid;

- (4) The relevant share certificates and any other evidence the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) If the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (6) The relevant shares are not attached with lien of the Company.

Amendments or corrections of any part of the register of members shall be made in accordance with the laws of the place where the register is maintained.

Article 45 Where laws, regulations, securities transaction rules and other regulatory documents have provisions on the period of suspension of the share transfer registration procedures prior to the date of the general meeting or before the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 46 When the Company convenes a general meeting, distribute dividends, conduct liquidation or perform other activities that requires determining the shareholding, the Board of Directors or the conveners of the general meeting shall determine the record date for determination of shareholding. The shareholders of the Company shall be such persons whose names are registered on the register of members after the trading hours of that day and may enjoy the relevant rights.

Article 47 Any person who disputes the register of members and requests to have his/ her/ its name (title) entered in or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register of members.

Article 48 If the share certificate (the “original certificate”) held by any person who is a registered shareholder or who claims to be entitled to have his/her/its name (title) entered in the register of members is lost, such person may apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Application by a holder of domestic shares, who has lost his/her/its share certificate, for a replacement share certificate, shall be dealt with in accordance with Article 143 of the Company Law.

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

Application for a replacement share certificate by holders of overseas-listed foreign-invested shares that are listed in Hong Kong who has lost his/her/its share certificate, the issuance of a replacement share certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarized certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his/her/its name entered in the register of members in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his/her/its name shall be entered in the register of members in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate to the applicant, publish a notice of its intention to do so at least once every 30 days within a period of 90 days in such newspapers as prescribed by the Board of Directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days;

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in items (3) and (4) of this article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his/her/its application.

- (6) Where the Company issues a replacement share certificate pursuant to this article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of members accordingly;
- (7) All expenses relating to the cancellation of an original share certificate and issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant.

Article 49 Where the Company issues a replacement share certificate pursuant to the Company's Articles, as for a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as an owner of the shares (in case of a bona fide purchaser), his/her/its name (title) shall not be removed from the register of members.

Article 50 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted fraudulently.

CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 51 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.

A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.

The Company shall not exercise any power to freeze or otherwise impair the rights attached to any shares held by any person on the ground that such person has not disclosed his/her direct or indirect equity interest in the Company.

Article 52 The shareholders of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other distributions in proportion to their shareholdings (but there is no right to participate in dividends subsequently declared on the prepaid shares);
- (2) to request, summon, hold, attend or appoint a proxy to attend general meetings, and the right exercise the voting rights according to the law;
- (3) to supervise the Company's business operations, the right to present proposals or make queries;
- (4) to transfer, present as gift or pledge his/her shares in accordance with laws, administrative regulations and the Articles of Association.
- (5) to obtain relevant information in accordance with the Articles of Association, in which information includes:
 1. to obtain a copy of the Articles of Association, subject to payment of costs;
 2. to inspect (free) and copy, subject to payment of reasonable fees, the following:
 - (1) all parts of the register of members;
 - (2) personal particulars of Directors, supervisors, general manager and other senior management members of the Company, including:
 - (A) present and former names and alias;
 - (B) principal address (place of residence)
 - (C) nationality;
 - (D) primary and all other part-time occupations and duties;

- (E) identity document and its number;
 - (3) report on the issued share capital of the Company;
 - (4) the bond stubs of the Company;
 - (5) reports showing the number and par value of shares repurchased by the Company and the maximum and the minimum prices paid in respect of each class of shares repurchased since the end of the last financial year, and the aggregate amount paid for such shares;
 - (6) minutes of general meetings, resolutions of the Board of Directors and the board of supervisors;
 - (7) financial statements.
- (6) to participate in the distribution of the remaining assets of the Company in proportion to their shareholding in the event of termination or liquidation of the Company;
 - (7) to require the Company to buy the shares of the shareholders in the event of objection to resolutions of the general meeting concerning merger or separation of the Company;
 - (8) to entitle other rights stipulated by laws, administrative regulations and the Articles of Association.

Article 53 If a shareholder wish to inspect or obtain the aforementioned information, he/she shall provide the Company with written evidence showing the class and quantity of shares he/she is holding. Upon verification of his/her identity, the Company may provide the information as requested.

Article 54 If resolutions of the general meeting or the Board of Directors violate laws or administrative regulations, shareholders shall have the right to request the people's court to confirm its invalidity.

If the procedure of convening or the way of voting at the general meeting or Board meeting violate laws, administrative regulations or this Articles of Association, or the content of resolutions violate this Articles of Association, shareholders shall have the right to request the people's court to revoke such resolutions within 60 days since the date it was resolved.

Article 55 If Directors and senior management members act in violation of laws, administrative regulations or the Articles of Association in the course of performing the duties of the Company and cause loss to the Company, shareholders who hold 1% or more of the total share capital of the Company for 180 consecutive days or more, alone or jointly, shall have the right to make a written petition to the Board of supervisors to commence proceeding at the people's court that. If the Board of supervisors act in violation of laws, administrative regulations or the Articles of Association in the course of performing the duties of the Company and cause loss to the Company, shareholders shall have the right to make a written petition to the Board of Directors to commence proceeding at the people's court.

If the Board of supervisors or the Board of Directors refuses to commence the proceeding after receiving a written requisition of shareholders as stipulated in the preceding paragraph, or fails to commence the proceeding within 30 days after receiving such requisition, or in case of emergency, irreparable damage may be caused to the Company's interests shall a proceeding is not duly commenced, the shareholders aforementioned shall have the right to bring the proceeding to the people's court directly in their own name for the purpose of protecting the Company's interest.

If any person infringes the Company's legitimate interests and cause damages to the Company, shareholders may, pursuant to first paragraph of this article commence proceedings, at the people's court in accordance with the two preceding paragraphs.

Article 56 If Directors and senior management member act in violation of the laws, administrative regulations or the provisions under this Articles of Association and impair shareholders' interests, shareholders may commence proceedings at the people's court.

Article 57 Shareholders of ordinary shares shall assume the following obligations:

- (1) to comply with the laws, administrative regulations and the Articles of Association;
- (2) to pay for shares according to shares subscribed and the method of subscription;
- (3) except otherwise specified in the laws or administrative regulations, not to withdraw shares;
- (4) not to abuse their rights as shareholders to impair the interests of the Company or other shareholders, nor to abuse the status of the Company as an independent legal entity and limited liability of shareholders to impair the creditors' interests;

Where shareholders of the Company abuse their shareholders' rights and thereby causing loss to the Company or other shareholders, such shareholders shall be liable for compensation in accordance with laws.

Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

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

Apart from conditions accepted at the time when shareholders subscribed for the shares, any responsibility for further subscription of shares shall not be attached to the shareholders.

Article 58 If shareholders holding 5% or more of the voting rights of the Company pledge their shares, they shall report to the Company in writing on the day of pledging. The Article doesn't apply to shareholders of overseas-listed foreign-invested shares.

Article 59 Apart from obligations as required by laws, administrative regulations or listing rules of stock exchange where the shares of the Company are listed, a controlling shareholder shall not exercise his/her/its voting rights in a manner prejudicial to all or part of the shareholders' interests of the Company in respect of the following matters:

- (1) act honestly in the best interests of the Company in removing a Director or supervisor;
- (2) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual interests of other shareholders, including (but not limited to) rights to distributions and voting rights, excluding a restructuring which has been submitted for approval at a general meeting in accordance with the Articles of Association.

Article 60 The controlling shareholders and the actual controllers of the Company shall not make use of their connected transaction to harm the Company's interests. Anyone who violates this article shall be liable for compensations.

The controlling shareholders and the actual controllers of the Company have an duty of good faith to the Company and public shareholders. The controlling shareholders shall lawfully exercise their rights as investors. They shall not impair the legitimate interests of the Company and public shareholders by way of profit distribution, capital restructuring, foreign investment, misappropriation of funds or loan guarantees, nor impair interests of the Company and public shareholders by its controlling position.

The Company shall establish a long-term mechanism of preventing controlling shareholders and the actual controllers and other connected parties from misappropriating the Company's assets, and set up relevant systems, which can be implemented after approval of the Board of Directors.

The Directors, supervisors and senior management member have legal duty to maintain the security of the funds and assets of the Company. If Directors, supervisors and senior management member assist or connive the controlling shareholders and the actual controllers or their associated companies to misappropriate the Company's assets, the Board of Directors may punish the directly responsible persons depend on the degree of severity of the situation. As to Directors with serious responsibility, the Board of Directors may propose to the general meeting that the Directors to be dismissed.

Article 61 Controlling Shareholder are those who satisfy one of the following requirements:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the Board of Directors;

- (2) a person who, acting alone or in concert with others, has the power to exercise 30% or more or has the power to control the exercise 30% or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

“Acting in concert” mentioned in this article refers to acts or facts that investors enlarge the number of voting shares that they can control together with other investors through agreement or other arrangement.

CHAPTER 9 GENERAL MEETING

Article 62 The general meeting is an organ of authority, and shall exercise its functions and powers according to law.

Article 63 The Board of Directors shall formulate the rules of procedure for the general meeting as attachment to the Articles of Association and submit it to the general meeting for approval. The content of rules shall provide the procedure of the convening and voting at the meeting, including notice, registration, consideration of the resolution, voting, counting of votes, announcement of the voting result, formation of resolutions, minutes and its signing and announcement, and the authorization principle of the Board meeting by the general meeting, with a clear and specific content of authorization.

Article 64 The general meeting shall exercise the following functions and powers:

- (1) to decide on the Company’s operational policies and investment plans;
- (2) to elect and replace Directors and to decide on matters relating to the remuneration of Directors;
- (3) to elect and replace supervisors assumed by individuals other than representatives of the employees and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the reports of the Board of Directors;
- (5) to examine and approve the reports of the Board of Supervisors;
- (6) to examine and approve the Company’s proposed annual preliminary and final budgets;
- (7) to examine and approve the Company’s profit distribution plans and loss recovery plans;

- (8) to pass resolutions on the increase or decrease of the Company's registered capital;
- (9) to pass resolutions on matters such as merger, division, dissolution and liquidation or change of company form;
- (10) to pass resolutions on the issuance of debentures by the Company;
- (11) to pass resolutions on the appointment, dismissal and non-reappointment of the accounting firms of the Company;
- (12) to amend these Articles;
- (13) to consider motions raised by shareholders who separately or jointly represent 3% or more of the total shares of the Company;
- (14) to consider and approve matters relating to guarantees under Article 65;
- (15) to consider and approve purchase or disposal of significant assets with aggregate value of more than 30% of the latest audited total assets of the Company within a year;
- (16) to consider and approve matters in relation to the change of use of the raised fund;
- (17) to consider and approve employee stock ownership, share option incentive, and other medium-and long-term incentive plans;
- (18) to decide on other matters which, according to laws, administrative regulations and rules as well as these Articles, need to be approved by shareholders in general meetings.

Whereas the Rules Governing the Listing of Securities on the SEHK and other applicable laws, regulations and rules of Hong Kong have more stringent requirement, they shall be complied with.

Article 65 The following external guarantee by the Company shall be considered and approved by the general meeting:

- (1) the total amount of the external guarantee provided by the Company and its controlling subsidiary beyond 50% of the net assets in the latest audited financial statement;
- (2) the total amount of the external guarantee provided by the Company beyond 30% of the total assets in the latest audited financial statement;
- (3) guarantee offered to person whose debt ratio has exceed 70%;

- (4) the amount of a single guarantee exceed 10% of the net assets in the latest audited financial statement;
- (5) guarantee offered to shareholders, Actual Controllers and their connected parties;
- (6) the amount guaranteed by the Company within one year exceeding 30% of the total assets in the latest audited financial statement.

Whereas the Rules Governing the Listing of Securities on the SEHK and other applicable laws, regulations and rules of Hong Kong provides more stringent requirement, they shall be complied with.

Article 66 Except for the special circumstances where the Company is under crisis, the Company shall enter into any contract to transfer management of all or important business to any person other than Directors, the general managers and other senior management member.

Article 67 The general meeting is classified into annual general meeting and extraordinary general meeting. The general meeting is convened by the Board of Directors. The annual general meeting is convened once a year, and it shall be held within 6 months after the end of the preceding fiscal year.

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

- (1) where the number of Directors is less than two-thirds of the number stipulated in the Company Law or the number specified in these Articles;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of share capital;
- (3) shareholders who hold, individually or jointly, 10% or more of the voting rights make a written requisition for convening an extraordinary general meeting,
- (4) whenever the Board of Directors deems necessary;
- (5) the Board of supervisors so requests;
- (6) other cases regulated in Laws, administrative regulations, departmental rules or the Articles of Association.

Article 68 When the Company convene a general meeting, a notice in the form of announcement or other form (if necessary) provided by the Articles of Association shall be given not less than 20 business days before the date of meeting and when the Company convene an extraordinary general meeting, a notice in the form of announcement or other form (if necessary) provided by the Articles of Association shall be given not less than 15 natural days or not less than 10 business days (whichever is longer) before the date of meeting and inform the registered shareholders of the matters to be considered, the date and place of the meeting. The business day set out in the Articles of Association refers to any day on which the Hong Kong Stock Exchange is open for the business of dealing in securities. Calculation of the above commencement date and period shall not include the date of notice and the date of the meeting.

In principle, the general meeting is held in the Company. The general meeting sets out the venue, and it is an on site meeting. The Company shall provide convenience for shareholders to attend the general meeting by various means, including providing internet voting platform and other modern information technology means, as long as the general meeting is legal and valid. Shareholders who attend the general meeting by the aforementioned ways are regarded as present. A voting right can only choose one way of the voting of on-the-spot voting, internet voting or others means. The closing time of on site general meeting shall not be earlier than that of the internet voting and others means.

Article 69 At the general meeting, the Company will engage a lawyer to provide legal opinions in respect of the following issues and announce such opinions:

- (1) whether the procedures of summoning and convening comply with laws, administrative regulations and the Articles of Association;
- (2) whether the qualifications of those attending the general meeting and the conveners are legitimate and valid;
- (3) whether the voting procedure and voting results are legitimate and valid;
- (4) legal opinions on other related issues required by the Company.

Article 70 When the Company holds the annual general meeting, the Board of Directors, the Board of Supervisors and shareholders who individually or jointly hold 3% or more of the Company's shares, shall have the right to present a written proposal to the Company. The Company shall list the issues that belong to duties of the general meeting in the agenda of the general meeting.

Shareholders holding, individually or jointly, 3% or more of the Company's shares can submit a temporary motion and present a written proposal to the conveners within ten days before the date of meeting. Conveners shall issue a supplemental notice and announce the content of the temporary motions within two days after receiving the proposal. Besides, after the conveners have issued the supplemental notice, they cannot revise the proposed motions that have been clearly listed in the notice or add new motions.

The contents of the meeting's motions shall belong to duties of the general meeting. The contents shall have clear issues and specified items to be decided and comply with relevant provision of laws, administrative regulations and the Articles of Association.

As to motions which are not listed in the notice of general meeting or do not comply with the above requirements, the general meeting cannot take a vote or make a resolution.

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

- (1) in written form;
- (2) specifying the venue, date and time of the meeting;
- (3) describing the matters to be discussed at the meeting;
- (4) providing shareholders with materials and explanations necessary for them to make sensible decisions in respect of the matters to be discussed, including (but not limited to) specific terms and contract (if any) for a proposed transaction, and a detailed explanation of its reason and consequence where the Company proposes a merger, share redemption, share capital restructuring or other form of restructuring;
- (5) where any Director, supervisor, general manager and other senior management member have a material interest in respect of the matters to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, general manager and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (6) containing the full text of any special resolution proposed to be passed at the meeting;
- (7) providing a clear text description stating that all shareholders who have the right to attend and vote at the general meeting have the right to entrust one or more proxies, who does not need to be shareholders of the Company, to attend and vote at the meeting;
- (8) stating the deadline and place for the delivery of proxy letter of the meeting;
- (9) date of determining the shareholders who have the right to attend the meeting;

(10) name and phone number of the contact person for the meeting affairs.

If the general meeting intends to discuss the election of Directors or supervisors, it shall fully disclose the detailed information of the candidates for Director or supervisor. The information shall at least include but not limited to the following:

- (1) personal information such as educational background, work experience, part-time jobs;
- (2) whether they have any connected relationship with the Company, controlling shareholders or the actual controllers;
- (3) disclosure of the number of shares of the Company held;
- (4) whether they have ever received any punishment from China Securities Regulatory Commission, or its relevant department or the stock exchange.

Article 72 Notice of a general meeting shall be served on each shareholder, (regardless whether they are entitled to vote thereat) by a personal delivery or pre-paid mail or fax. The address or fax number of addressees shall refer to that in the register of members. As for holders of domestic shares, the notice of general meeting may be given by announcement.

The announcement referred to in the preceding paragraph shall be published in one or several newspapers designated by the securities authority of the State Council at least 20 business days before the date of annual general meeting and not less than 15 natural days or not less than 10 business days (whichever is longer) before the date of the extraordinary general meeting, respectively. Once it is published, all shareholders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

Article 73 In the case when the notice of the meeting has not been delivered to those who are entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions made by the meeting shall not therefore become ineffective.

Article 74 All the shareholders or their proxies, whose name are registered on the register of members on the date of determining the list of shareholders shall have the right to attend the meeting, and exercise the voting right in accordance with the relevant laws, regulations and the Articles of Association.

If individual shareholders attend the meeting in person, they shall present their identity card or other documents that can prove their identity and the stock account card. Proxies, who are appointed to attend the meeting, shall present their valid identity cards and the proxy form.

Legal representatives or proxy appointed by legal representatives of the corporate shareholders may attend the meeting. When legal representatives attend the meeting, they shall present their identity card or valid documents that can prove their qualification as a legal representative. When the proxy attends the meeting, they shall present their identity card and the written proxy form lawfully issued by legal representatives of the corporate shareholders.

The Company is responsible for producing the register of members who attend the meeting. The register shall record the names (or names of their companies), identity number, address, the number of voting shares or shares representing voting rights, the names of who are represented (or names of the companies). Conveners and lawyers hired by the Company shall verify the legality of the shareholders' eligibility against the register of members provided by the share registrar, and record the shareholders' names (or title) and the number of voting shares they hold. When the host announces the number of shareholders and proxies present at the meeting and the total number of voting shares, the registration of the meeting shall end.

Article 75 Shareholders, who have the right to attend the general meeting and have a voting right, shall have the right to appoint one or more persons (not necessarily shareholders(s)) as his/her/its proxies to attend vote at the meeting.

Article 76 Shareholders shall appoint proxy in writing. The proxy form shall be signed by the appointer or its authorized representative who has been authorized in writing. If the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its Directors or duly authorized attorney.

The proxy form issued by the shareholders appointing a proxy to attend the general meeting, shall include the following:

- (1) name of proxy;
- (2) whether he/she has voting rights;
- (3) instructions on voting in favor, against and abstained for each motion on the agenda;
- (4) Date of issuance and valid period of the proxy form;
- (5) signature (or seal) of the appointer. When the appointer is legal person, the common seal is required.

Article 77 The proxy form for voting shall be placed in the domicile of the Company or other places designated in the notice of the meeting at least within 24 hours prior to convening of the meeting, or 24 hours prior to the designated voting time. If the appoint authorized others to sign the proxy form, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form authorizing the proxy to vote at the domicile of the Company or other place designated in the notice of meeting.

If the appointer is a legal person, its legal representative, the Board of Director or other persons authorized by the decision-making authority shall attend the shareholders' meeting of the Company on its behalf.

Article 78 Any format of blank proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, or abstain from voting, and to give separate instructions on each motion to be voted at the meeting. The proxy form shall state that the proxy may vote at his/her/its discretion if the appointer does not give any instruction.

Article 79 Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 80 The Board of Directors, independent non-executive Directors (“Independent Directors”), shareholders holding more than 1% of the total voting shares or investor protection corporation established in accordance with laws, administrative rules or the provisions of the CSRC may publicly solicit voting rights from shareholders. No payment shall be made to the shareholders for such solicitation, and information shall be fully disclosed to the shareholders to be solicited. If they publicly solicit voting rights from shareholders of listed companies, they shall do it according to relevant implementation measures. The Company and the conveners of the general meeting shall not impose any limitation related to minimum shareholding on the collection of voting rights.

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

Article 81 Without justifiable reasons, the general meeting shall not be adjourned or cancelled, nor the motions listed in the notice of general meeting shall not be cancelled after the notice is sent. Once the general meeting is adjourned or cancelled, conveners shall announce with reason within at least 2 working days before the original date of the meeting.

Article 82 Directors of the Company and other conveners shall take necessary measures to ensure the normal order of the general meeting. As for activities that interfere the general meeting, disruption and violate the legitimate rights and interests of the shareholders, measures shall be taken to stop them and they shall be reported to relevant department to be investigated and disciplined.

Article 83 When convening a general meeting of shareholders, all the Directors, Supervisors and secretary to the Board of the Company should attend the meeting. The meeting can be attended through electronic means such as telephone or video conference. The general manager and other senior management members should attend the meeting as observers.

At the annual general meeting, the Board of Directors and the Board of Supervisors shall make report on work in past year at the meeting. Each Independent Director shall report on his work.

Directors, Supervisors and senior management member shall respond to and explain on the queries and suggestion by shareholders at the general meeting.

Article 84 The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the general meeting shall be adopted by a majority of voting shares held by the shareholders (including their proxies) present at the meeting.

Special resolutions made by the 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 85 When voting at the election of Directors and supervisors, the general meeting implements the cumulative voting system

The cumulative voting system means that when the Directors or supervisors are elected at the general meeting, each share held by shareholders has the same number of voting rights as the number of Directors and supervisor to be elected and the shareholder can vote by concentrating the number of shares held. The Board of Directors shall announce to the shareholders the personal particulars and basic information of the Director and supervisor candidates.

The specific implementation measures of cumulative voting system are as follows:

- (I) Election of Directors: The Director candidates to be elected are divided into non-independent Directors and independent Directors and are voted respectively.

When voting at the election of non-independent Directors, the number of votes available equals to the number of shares held by the individual shareholder multiplied by the number of non-independent Directors to be elected, and the shareholders may cast the total votes concentratedly to one or several candidates to determine the elected non-independent Directors by the number of votes received by the candidate(s) successively;

When voting at the election of independent Directors, the number of votes available equals to the number of shares held by the individual shareholder multiplied by the number of independent Directors to be elected, and the shareholders may cast the total votes concentratedly to one or several candidates to determine the elected independent Directors by the number of votes received by the candidate(s) successively;

The number of concurring votes received by each elected Director shall be no less than (inclusive) half of the total number of voting shares held by the shareholders who attend the general meeting.

- (II) Election of Supervisors: When voting at the election of Supervisors, the number of votes available equals to the number of shares held by the individual shareholder multiplied by the number of Supervisors to be elected, the shareholders may cast the total votes concentratedly to one or several candidates to determine the elected Supervisors by the number of votes received by the candidates successively. The number of concurring votes received by each elected Supervisor shall be no less than (inclusive) half of the total number of voting shares held by the shareholders who attend the general meeting.

- (III) If two or more Director or supervisor candidates receive the same number of voting rights and such number is the lowest among the Directors or supervisors being elected, and when the election of all such Directors or supervisors results in the number of Directors or supervisors exceeding the number that should be elected at that general meeting, the general meeting shall hold a re-election in respect of the above Director or supervisor candidates receiving the same number of voting rights pursuant to the above procedures, until the number of Directors or supervisors elected at the general meeting are the exact number that should be elected.
- (IV) At the general meeting where Directors and supervisors are elected, the secretary to the Board of Directors shall explain to the shareholders the specific contents and voting rules of the cumulative voting system and inform them of the number of voting rights of each share in such election.
- (V) In the execution of the cumulative voting system, the voting shareholders must write down all the names of Directors and supervisors they elect and write down the number of voting rights casted to each Director and supervisor. If a shareholder's voting rights exercised on the votes exceed the total number of his legitimate voting rights, such votes are invalid. If a shareholder's voting rights exercised on the votes do not exceed the total number of his legitimate voting rights, the votes are valid.

When only one Director or supervisor is to be elected, the cumulative voting system is not applicable; the notice of general meeting lists expressly whether the cumulative voting system is applied in the election of Directors or supervisors.

Article 86 A shareholder (including his/her/its proxy) when voting at a 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. However, the Company's shares held by the Company itself have no voting right and the shares are not calculated into the total number of voting shares at the meeting.

If a shareholder purchases any voting shares of the Company in violation of paragraphs 1 and 2 of article 63 of the Securities Law, voting rights of the shares exceeding the prescribed percentage shall not be exercisable within 36 months after the purchase, and such shares shall not be calculated into the total number of voting shares at the general meeting.

When a vote is cast, it may be cast by only one of the following methods, in person, online or by other voting means. If one vote is cast by more than one method, the first vote shall prevail. Shareholders of the Company or their proxies who cast their votes online or by other means shall have the right to check the results of their votes by way of the pertinent voting system.

Shareholders present at the meeting shall provide one of following comments on motions to be voted: for, against or abstain. Except for the securities registration and settlement institutions which, being the nominal holders of shares subject to the interconnection mechanism of the Mainland and Hong Kong stock market transactions, shall make declaration according to the intentions of actual holders.

Unfilled, wrongly filled or illegible votes are regarded as the voters giving up their voting rights and the voting results of their shares shall be “abstain”.

Except for the cumulative voting system, the general meeting will vote all motions one by one. If there are different motions on the same issue, the motion will be voted in chronological order according to the time they are proposed. Except for the reason of force majeure or other special reason causing the general meeting to be adjourned or no resolutions can be made, the general meeting will not shelve or refuse to vote the motions.

When the motion is being considered at the general meeting, no amendment to the motion shall be made, otherwise such amendment shall be considered as a new motion which cannot be voted at the general meeting of this time.

For any issue which shareholders shall abstain from voting or can only vote either in favor of or against pursuant to Rules Governing the Listing of Securities on the SEHK, the shareholders shall abstain from voting according to such regulations. Any votes in violation of the relevant regulations or restrictions casted by the shareholders or his/her/its proxy will not be calculated into the voting results.

Article 87 The voting at the general meeting shall be in open ballot.

Article 88 Before a poll on the motions is taken, two shareholder or proxy representatives attending the general meeting shall be invited to participate in the vote count and scrutiny. If shareholders are interested in certain issues, the relevant shareholders shall not take part in the vote count or scrutiny.

When the motions are voted at the general meeting, the auditor, lawyer, shareholder representatives and supervisor(s) shall jointly count and scrutinize the votes, the voting result shall be announced on the spot.

Prior to the formal announcement of voting results, the companies, the vote counter(s), the substantial shareholder(s), the internet service provider and other relevant parties involved in relation to voting at the general meeting, online or by other means, shall be obliged to keep the status of voting confidential.

Article 89 On a poll taken at a meeting, a shareholder (including his/her/its proxy) who is entitled to two or more votes needs not cast all his/her/its votes in the same way.

Article 90 The following matters shall be resolved by an ordinary resolution at the general meeting:

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) appointment and removal of members of the Board of Directors and the Board of Supervisors and their remuneration and manner of payment;
- (4) annual preliminary and final budgets of the Company;
- (5) the Company's annual report; and
- (6) matter other than those which are required by laws, administrative regulations and the Articles of Association to be adopted by special resolutions.

Article 91 The following matters shall be resolved by a special resolution at the general meeting:

- (1) the increase or reduction of its share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation or change of the form of the Company;
- (4) amendment to the Articles of Association;

- (5) the amount of significant assets purchased or disposed of within one year or the amount of guarantee exceed 30% of the total assets in the latest audited financial statements;
- (6) employee stock ownership, share option incentive, and other medium-and long-term incentive schemes;
- (7) any other matters considered by the general meeting and resolved by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by special resolutions.

Article 92 Independent Directors have the right to propose to the Board of Directors for convening an extraordinary general meeting. The Board of Directors shall, in accordance with law, administrative regulations and the Articles of Association, reply in writing whether it agrees to hold the general meeting within 10 days receipt of such proposal. If the Board agrees to convene the general meeting, a notice of the extraordinary general meeting shall be given within 5 days after the resolution at the Board meeting; if the Board disagrees with the proposal, it shall announce its reasons.

The Board of Supervisors and shareholders holding 10% or more of the Company's shares, individually or jointly, have the right to requisition to the Board of Directors the convening of an extraordinary general meeting and shall abide by the following procedures:

- (1) The Board of Supervisors and shareholders holding more than 10% or more of the Company's shares, individually or jointly, shall sign one or more counterpart requisitions requiring for an extraordinary general meeting to the Board of Directors and stating the objectives of the meeting. The Board of Directors shall make a written reply of whether it agrees to hold such meeting within 10 days upon receipt of such requisition in accordance with law, administrative regulations and the Articles of Association. The above-mentioned shareholdings shall be calculated as at the date of the requisition is deposited.

If the Board of Directors agrees to hold an extraordinary general meeting, a notice of such extraordinary general meeting shall be given within 5 days after the Board of Directors has made such resolution. Any amendment to the requisition in the notice shall obtain the prior consent from the requisitionists.

- (2) If the Board of Directors does not agree to hold the extraordinary general meeting or does not give a reply within 10 days upon receipt of such requisition, the following procedure shall be followed:
1. for the extraordinary general meeting proposed by the Board of Supervisors: under the aforementioned situations, it is regarded as the Board cannot or refuses to perform the duty of convening the general meeting, the Board of Supervisors may convene and hold the meeting by itself.
 2. for the extraordinary general meeting proposed by shareholders, individually or jointly, holding 10% or more of the Company's shares: under the aforementioned situation, shareholders holding, individually or jointly, 10% or more of the Company's shares shall have the right to submit a written requisition to the Board of Supervisor for the convening of the extraordinary general meeting. Shall the Board of Supervisors agree to hold the extraordinary general meeting, it shall give a notice of extraordinary general meeting within 5 days upon receipt of such requisition. Any amendment to the requisition in the notice shall obtain the prior consent from the requisitionists. Shall the Board of Supervisors fails to give such notice of extraordinary general meeting, the Board of Supervisors shall be deemed as not convening or holding the general meeting, shareholders holding 10% or more of the Company's shares, individually or jointly, for a period of over 90 consecutive days shall have the right to convene and hold the meeting by themselves.

The convening of general meeting decided by the Board of Supervisors or shareholders as aforementioned, they shall notify the Board of Directors in writing and comply with relevant laws, regulations and normative documents and relevant rules of the stock exchange where the shares of the Company are listed.

As to the general meeting convened by the Board of Supervisors or shareholders, the Board of Directors and secretary to the Board shall be cooperative. The Board of Directors shall provide the register of members as at the date of determining the shareholding.

If the Board of Supervisors or shareholders convene the meeting by reason of the failure of the Directors duly to convene a meeting as requested above, the Company shall bear all the necessary expenses of the meeting and any sum so repaid shall be set off against sums owed by the Company to the Directors in default.

Article 93 The general meeting is convened by the Board of Directors and presided over by the Chairman of the Board. If the Chairman fails to or refuses to perform his/her duty, the vice chairman shall convene and chair the meeting. If the vice chairman fails to or refuses to perform his/her duty, the Director elected by more than half of the Board of Directors shall convene and chair the meeting.

The general meeting convened by the Board of Supervisors shall be presided by the Board of Supervisors; if the chairman of the Board of Supervisors fails to or refuses to perform his/her duty, it shall be chaired by the vice chairman. If the vice chairman fails to or refuses to perform his/her duty, the Supervisor elected by more than half of the Board of supervisors shall convene and chair the meeting. As to the general meeting convened by shareholders, the conveners shall elect a representative to chair the meeting.

The conveners shall ensure the general meeting will go on continuously until a final resolution is formed. For special reasons such as force majeure causing the general meeting to be adjourned or fail to form any resolutions, they shall take necessary measures to resume the general meeting or directly terminate such general meeting as soon as possible, and announce in time.

At the general meeting, if the chairman of the meeting violates the rules of procedure making the general meeting fail to continue, as agreed by the shareholders holding more than half of voting rights present at the meeting can vote for another person to be the chairman of the meeting.

Article 94 The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares represented by them. The number of shareholders and proxies present and their representing number of voting shares shall be based on the register of the meeting.

Article 95 If the chairman of the meeting has any doubt about the results of resolution put to vote, he/she may have the votes calculated. If the chairman of the meeting fails to have the votes calculated, a shareholder or proxy attending the meeting who object to the results announced by the chairman of the meeting, shall have the right to request calculating of votes immediately after such announcement, and the chairman of the meeting shall immediately have the votes calculated.

Article 96 If votes are calculated at the general meeting, the results shall be recorded in the minutes of the meeting.

Secretary to the Board of Directors shall be responsible for the minutes of the meeting, which shall record the following:

- (1) the time, venue, agenda and names of the conveners of the meeting;
- (2) names of the chairman of meeting, Directors, Supervisors, general managers and other senior management members who attended or observed the meeting;
- (3) the number of the shareholders and proxies present at the meeting and their representing total number of voting shares and its percentage over the total number of the Company's shares;
- (4) the process of consideration, main points of address and voting results of each motion;
- (5) shareholders' opinions or suggestions and the corresponding reply or explanations;
- (6) names of lawyers, vote counters and scrutinizers;
- (7) other content specified by the Articles of Association to be recorded in the minutes.

The conveners of the meeting shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. Directors, Supervisors, secretary to the Board of Directors, conveners or their representatives, and the chairman of the meeting shall sign their names on the minutes of meeting. The minutes of meeting, together with attendance register of the attending shareholders and the power of attorney of their proxies shall be kept at the premises of the Company for not less than ten years.

Article 97 When issues of connected transactions are being considered at the general meeting, the connected shareholders shall not take part in the voting, and the number of voting shares that they represent shall not be counted into the total number of the valid voting shares. The announcement of the result of the general meeting shall fully disclosed the information on the voting by non-connected shareholders.

Article 98 Result of resolutions of the general meeting shall be promptly announced. The announcement shall include but not limited to the number of the shareholders and proxies attended the meeting, the total number of voting shares they held and its percentage over the total number of the Company's shares, the way of voting, identity of the scrutinizers, the voting results of each motion and details and results of each of the resolutions passed (including (i) the total number of shares which were voted for or against the resolutions by the shareholders that were entitled to attend and vote at the general meeting; (ii) the total number of shares which can only be voted either for or against the resolutions by the shareholders that were entitled to attend the general meeting; (iii) the number of shares actually voted for or against the relevant resolutions).

Special reminder shall be given at the poll results announcement if the motions are not passed or a resolution passed in previous general meeting is amended at the general meeting of this time.

The Company shall respectively record and announce the voting results of shareholders of domestic shares and foreign-invested shares.

Article 99 Shall proposals for election of Director and Supervisor are resolved at the general meeting, the appointment day of the newly-appointed Directors and supervisors shall be specified at the general meeting.

Article 100 During business hours of the Company, shareholders may inspect the copies of meeting minutes free of charge. If any shareholder wishes to obtain copy of the minutes of meeting of the Company, the Company shall deliver such within 7 days after verification of the shareholder's identity and receipt of reasonable fees. When shareholders inspect or request for the copy of the minutes of meeting, they shall provide the relevant evidences in accordance with Article 53 of the Articles of Association.

CHAPTER 10 SPECIAL PROCEDURE FOR VOTING BY A CLASS OF SHAREHOLDERS

Article 101 Shareholders holding different classes of shares are difference classes of shareholders.

Different classes of shareholders enjoy rights and assume obligations according to laws, administrative regulations and the Articles of Association.

Article 102 Rights conferred on any class of shareholders in the capacity of shareholders (“class rights”) may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 103 to 106.

Article 103 The following are deemed as amending or canceling rights of certain classes of shareholders:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights attached to shares of such class to receive payment payable by the Company in particular currencies;

- (7) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or add to such restriction;
- (9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring;
- (12) to vary or abrogate the provisions of these Articles.

Article 104 Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning Articles 103 (2) to (8) or (11) to (12), but interested shareholder(s) shall not be entitled to vote at class meetings.

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

- (i) in the case of a repurchase of shares by offers to all shareholders on a pro rata basis or public dealing on a stock exchange under Article 32, a “controlling shareholder” within the meaning of Article 61;
- (ii) in the case of a repurchase of share by an off-market contract under Article 33, a holder of the shares to which the proposed contract relates;
- (iii) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate obligation imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Article 105 Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 104, are entitled to vote at class meetings.

Article 106 A written notice of a class meeting in the form of announcement or other form (if necessary) as provided by the Articles of Association shall be given with reference to the time limit of notice required in Article 72 of the Articles of Association regarding the convening of the general meeting before the date of the class meeting to notify all of the shareholders in the share register of the class of the matters to be considered, the date and the place of the class meeting.

Article 107 Notice of class meetings need only be served on shareholders entitled to vote thereat.

Any meeting of a class of shareholders shall be conducted in a manner as similar as possible to that of general meetings. The provisions of these Articles relating to the manner to conduct any general meeting shall apply to any meeting of a class of shareholders.

Article 108 In addition to other classes of shareholders, holders of domestic shares and holders of overseas-listed foreign-invested shares are deemed to be different class of shareholders.

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

- (1) Where the Company issues, upon the approval by special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its issued and outstanding domestic shares and overseas-listed foreign-invested shares;
- (2) Where the Company's plan to issue domestic shares and overseas-listed foreign-invested shares at the time of its establishment is carried out within fifteen months from the date of approval by China Securities Regulatory Commission;

CHAPTER 11 BOARD OF DIRECTORS

Article 109 The Company shall have a Board of Directors, which consists of 9 Directors, one chairman and possibly one vice chairman.

The Board has established the audit committee, the nomination committee, the strategic committee and the remuneration and assessment committee. The committees shall be accountable to the Board of Directors and are authorized by the Articles of Association and the Board of Directors to perform their duties, and the motions proposed by such specific committees shall be submitted to the Board of Directors for consideration and resolution. All the members of such special committees are Directors, among which, Independent Directors shall account for the majority in the audit committee, the nomination committee, the remuneration and assessment committee and act as the chairmen of such committees, and the chairman of the audit committee shall be accounting professional.

Article 110 The Board of Directors shall formulate rules of procedure of the Board to ensure the Board of Directors will execute the resolutions of the general meeting, improve work efficiency and guarantee scientific decision making.

As attachment to the Articles of Association, the rules of procedure of the Board shall be formulated by the Board of Directors and approved at the general meeting of the Company. Such rules of procedure shall regulate the procedure of convening and voting at the Board meeting.

Article 111 A Director is elected and replaced at the general meeting, with a term of office of three years. Upon expiry of his term, a Director shall be eligible for re-election and reappointment.

Unless otherwise expressly specified by applicable laws, rules, regulations and normative documents, candidates for Directors shall be nominated by Directors of previous session of the Board or shareholders holding, individually or jointly, 3% or more of the Company's shares.

The notice period for the declaration by the candidate for Director, the resume of the candidate, the written notice to be given to the Company showing his consent for nomination shall be at least 7 days. Such notice period shall be counted from not less than 1 day after the notice of the general meeting to 7 days before the date of the general meeting.

The chairman and vice chairman of the Board of Directors shall be elected or removed by a majority of all the Directors of the Board. The term of office of each of the chairman and the vice-chairman is three years, and they can be re-elected and reappointed.

The terms of office of Director commences on the date of appointment to the expiry of the term of the session of the Board of Directors. Where a Director has not been timely re-elected at the expiry of the term of office, prior to the assumption by the re-elected Director, the former Director shall perform his/her duty as a Director in accordance with laws, administrative regulations and departmental rules and the provision of this Articles of Association.

When there are vacancies for Directors, the term of the so appointed Directors for filling the temporary vacancies or increasing the number of Directors of the Board shall only serve his office till next general meeting. Such Director and be eligible for re-election thereat upon the end of his terms of office.

In accordance with relevant laws and administrative regulations, Director whose terms of office has not expired can be removed at the general meeting by an ordinary resolution (however, claims for compensation pursuant to any contract will not be affected). However, before the expiry of his term, a Director shall not be removed from office at a general meeting without good cause.

A Director is not required to hold any shares of the Company.

Article 112 The Board of Directors is the decision-making body of the Company, which formulates strategies, makes decisions and prevents risks, and shall be responsible for the general meeting and exercise the following powers:

- (1) responsible for convening general meeting and reporting its work to the general meeting;
- (2) to implement resolutions approved at the general meeting;
- (3) to formulate medium-and long-term development plans for the Company, and decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to formulate the Company's plans of profit distribution and loss recovery;
- (6) to formulate the plans of increasing or reducing the registered capital of the Company, issue of bonds or other securities and listing;
- (7) to work out plans of substantial acquisition, repurchase of the Company's shares or merger, division, dissolution or change of the form the Company;
- (8) to decide on the establishment of the Company's internal management structure, as well as the establishment and dissolution of subsidiaries and other branches;

- (9) to appoint or dismiss the Company's general managers and secretary to the Board; to appoint or dismiss deputy general managers, chief accountants, chief legal advisors and other senior management member of the Company according to the nomination of the general manager; to decide on the remuneration, appraisal, reward and punishment of the senior management of the Company; to decide the Company's remuneration management policy and performance appraisal policy;
- (10) to formulate major income distribution plans of the Company;
- (11) to formulate the Company's basic management system;
- (12) to determine the risk management system, the internal control system, the system for accountability for non-compliant operation and investment, and legal compliance management system of the Company, and to monitor and assess operation thereof; to direct, inspect and assess the Company's internal audit work, determine the person in charge of the Company's internal audit department, establish a mechanism under which the audit department is accountable to the Board of Directors, and approve the annual audit plan and important audit reports in accordance with the law; to determine the upper limit of the Company's gearing ratio;
- (13) to formulate proposals for the amendments to the Company's Articles of Association;
- (14) to propose to the general meeting for appointment or replacement of accountant firm as the Company's auditor;
- (15) within the scope authorized by the general meeting, to decide on the Company's external investment, acquisition and disposal of assets, charge of assets, external guarantee, entrusted financial management, connected transactions, external donation, etc.;
- (16) to manage the disclosure of the Company's information;
- (17) to establish a management system for the authorization to the senior management, to receive reports of the general manager of the Company on his/her work, to inspect the implementation of the resolutions and authorizations of the Board of Directors by the general manager and other senior management members, and to establish and perfect the accountability mechanism for the general manager and other senior management members;

- (18) to determine the matters related to the exercise of the Company's rights as a shareholder of its invested enterprises;
- (19) to make resolutions on matters which are beyond the scope of general meeting pursuant to relevant laws and regulations and the Articles of Associations;
- (20) other powers conferred by the general meeting, laws, regulations and the Articles of Association.

Except for the resolution of the Board of Directors in items (6), (7), (13) of this article which shall be passed by more than two-third of all the Directors, resolutions of the Board of Directors in respect of all other matters may be passed by a majority of Directors.

The Board of Director shall exercise the aforementioned power in accordance with the laws, regulations, Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the SEHK and other applicable provision in legislations, regulations and codes in Hong Kong.

The Company shall follow the Rules Governing the Listing of Securities on the SEHK, other applicable laws, rules and codes of Hong Kong provide more stringent requirements.

Article 113 The other powers and authorization of the Board of Directors includes:

- (1) to consider and approve transactions activities, which amount to notifiable transaction or above in accordance with Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the SEHK, as amended from time to time (out of the rules of two places, the more stringent one shall apply);

To consider and approve external guarantee other than that under Article 65 of the Articles of Association which provides that those shall be approved at the general meeting, which shall be approved by a majority of all the Directors and more than two-third of the Directors present at the Board meeting. Any other issues shall be approved by a majority of the Directors present at the meeting.

- (2) for relevant issues that are lower than the aforementioned conferred to the Board, to authorize general manager office to approve; for relevant issues that are beyond the limit of authority conferred to the Board and within the scope of the consideration and approval by the general meeting, the Board of Directors shall formulate a plan and propose to the general meeting for consideration and approval.
- (3) the Board shall follow applicable laws, rules and codes which provide more stringent requirements.

Article 114 All the Directors of the Company shall cautiously deal with and strictly control the credit risk incurred by external guarantee. When determining on external guarantee matters of the Company, the following principles shall be observed:

1. When offering external guarantee for others by the Company, the principles of equality, voluntariness, fairness, honesty and mutual benefits shall be followed;
2. Prior to deciding on provision of external guarantee or putting the relevant issue for consideration at the general meeting, the Company shall fully understand the credit information of the party to be guaranteed, and make a full analysis of the interests and risks to the Company to be brought by the guarantee;

3. The Company shall only provide guarantee for those with good credits and the ability to repay the debts, and it shall require the secured creditors to provide counter-guarantee to the Company, and the party who provide counter-guarantee shall have the actual ability to undertake such counter-guarantee;
4. It shall comply with the provision of law and shall not offer guarantee for those parties which are prohibited by law.

The procedures for approving external guarantee are:

1. Before deciding to offer external guarantee, the Company shall request the guarantor and counter-guarantor to provide the relevant information for the purpose of understanding their creditworthiness, and make a full analysis of the interests and risks of the Company to be brought by the guarantee;
2. Upon approval by the Board of Director or the general meeting, in principle, the legal representative of the Company shall be authorized for execution;
3. The Company shall lawfully enter into a guarantee agreement with the party to be guarantee and counter-guarantor, and such agreement shall be signed by legal representatives of the party to be guaranteed and counter-guarantor;
4. Upon approval by the Board of Director or the general meeting, the finance department designates shall designate a specific person to register the guarantee documents and relevant information and checked accounts;
5. The Company shall review the basic information and financial situations of the guaranteed party every six months, and report to the relevant leaders or departments of the Company, and proposes opinions and recommendation in respect of the existing problems.

Article 115 The Board of Directors shall not, without the prior approval of shareholders at a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the general meeting.

A “disposal of fixed assets” as referred to in this article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets by way of security.

Breach of the first paragraph of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

Article 116 The Board of Directors of the Company shall explain at the general meeting as to the qualified audit opinion issued by the certified public accountant to the financial report of the Company.

Article 117 The Chairman of the Board shall exercise the following powers:

- (1) to preside over the general meeting, and to convene and preside over the meetings of the Board of Directors;
- (2) to urge and check the implementation of Board resolutions;
- (3) to sign the securities issued by the Company;
- (4) to sign material contract and other material documents, or issue the power of attorney to appoint his/her representative to sign such documents;
- (5) to exercise other powers as a legal representative;
- (6) in the event of emergency of force majeure such as catastrophic natural disaster, to enforce special discretion on Company affairs in accordance with provision of laws and interest of the Company, reporting to the Board of Directors of the Company or the general meeting afterwards;
- (7) other functions and powers conferred by the Board of Directors.

Vice chairman of the Board shall assist the work of Chairman of the Board. Whereas the Chairman is unable or fail to perform his duties, the vice chairman shall perform the duties (when there are two or more vice chairmen in the Company, the vice chairman elected by a majority of Directors shall perform the duties); if the vice chairman unable or fail to perform his duties, one Director elected by a majority of Directors shall perform the duties.

Article 118 Board meeting shall be held at least 4 times a year and be convened by the Chairman of the Board. A notice shall be given to all Directors and supervisors 14 days before the date of the proposed meeting. A special Board meeting may be convened upon requisition by either shareholder holding 10% or more of voting shares, Chairman of the Board, one-third of Directors or the Board of supervisors or the general manager. The Chairman of the Board shall convene and hold the Board meeting within 10 days after receiving the requisition either shareholder holding 10% or more of voting shares, chairman of the Board, one-third of Directors or the Board of Supervisors or the general manager.

Article 119 In principle, the Board meeting shall be held at the registered address of the Company, however, it could be held at other place in or out of China upon approval by the Board.

Article 120 The cost and expenses for Directors attending the Board meeting shall be paid by the Company, which include the traveling expenses from the location of Directors to the meeting venue, the lodging expenses during meeting, the rent of meeting venue and the local transportation expenses and other expenses.

Article 121 The language used in Board meeting is Chinese. Translators may be present if necessary to provide Chinese and English interpretation.

Article 122 The manner and time limit of notice of regular and special Board meeting:

- (I) If the time and venue of regular Board meeting has been determined by the Board of Directors in advance, notice of meeting is not required.
- (II) Where the time and venue of regular Board meetings have not been specified in advance by the Board of Directors, the chairman of the Board shall give notice of the time and venue of Board meeting to all Directors and supervisors not less than 14 days but not more than 30 days before the date of proposed meeting; the Office of the Board of Directors shall give notice of the time and venue of special Board meeting to all Directors and supervisors 5 days before the date of proposed meeting, in case of emergency, it shall not be subject to the limitation of the time; the aforesaid notice of the Board meeting shall be given to all Directors and supervisors by means of telex, telegram, facsimile, e-mail, registered post or by hand.

- (III) The notice shall be in Chinese with English translation if necessary, including the duration of meeting, agenda, reasons and topics as well as the date of giving such notice. Any Director has the right of to waive to request for receiving the notice of Board meeting.
- (IV) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.
- (V) The regular Board meeting or special meeting may be held in the form of telephone conference or by means of similar communication facilities. So long as the Directors attending the meeting are able to hear the speech of other Directors clearly and communicate, all the Directors attending the meeting shall be deemed to have attended the meeting in person. If the meeting is held by such mean, the way of participation shall be clearly specified on the notice of meeting.
- (VI) The Board of Directors may accept Board meetings in the form of written communications over the resolutions to replace meetings on site. However, draft motions of the meeting must be delivered to all Directors by hand, mail, e-mail, telegraph or fax. After the Board of Directors has delivered the motion to all Directors and that the number of Directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary to the Board of Directors by means of methods referred to above, shall become a Board resolution and no convening of a Board meeting shall be required.

Article 123 Board meetings shall be held only if more than half of all the Directors are present.

Each Director shall have one vote. The Board of Directors' resolutions must be voted for by more than half of all the Directors.

In the case of an equality of votes, the chairman of the Board shall have the casting vote.

The poll at the Board meeting is made by open ballot.

When the Directors has connected relationship with the enterprise involved in the resolution to be passed at the Board meeting, he/she shall not vote in respect of such resolution and shall not vote on behalf of other Directors. Such Board meeting shall be held in the attendance of more than half of the Directors without connected relationship. All resolutions to be passed at the general meeting shall be passed by a majority of the Directors without connected relationship. If number of the Directors without connected relationship attending the meeting is less than 3, such matter shall be resolved at the general meeting.

Article 124 Directors shall attend the Board meeting in person. Where a Director is unable to attend the meeting in person due to some reasons, he/she may authorize in writing another Director to attend the meeting on his/her behalf and the letter of proxy shall state the name of proxy, the matter, and scope of authorization as well as the term of validity with the signature or seal of the principal.

The Director attending the meeting for another Director shall exercise the rights of the latter Director within the scope of authorization. Any Director who is unable to attend a particular Board meeting and has not authorized a proxy to attend on his behalf shall be deemed as waiving the right to vote at that meeting.

If the Director is unable to attend the Board meeting in person for two consecutive times without appointing other Director to attend on his behalf, he shall be deemed as not performing his duties, the Board of Directors shall propose to the general meeting to remove such Director.

Article 125 All the matters resolved at the Board meeting shall be recorded in the minutes of meeting. Directors and the note-taker shall sign on the minutes of meeting. The minutes of meeting shall be kept as the Company's documents for not less than 10 years.

The minutes of Board meeting shall include following items: (I) the date, venue of the meeting and the name of convener of the meeting; (II) the name of Directors attended the meeting and the name of Directors (proxy) appointed by other Director to attend in the meeting; (III) the agenda; (IV) the main points of Director's opinion (including any doubts or dissenting opinion expressed by the Directors); (V) the way of voting and result for each resolution (the voting result shall include the number of votes for, against or abstained).

The Directors shall be responsible for the resolutions passed at the Board meeting. If the decision of Board of Directors violates the laws, administrative regulations or the Articles of Association as well as the resolutions at the general meeting, which causes serious loss to the Company, the Directors involved in making such resolution shall be liable for damages; however, if it is proved by clearly stating on the minutes of Board meeting that the Director has objected to such resolution, such Director may be exempt from the liability.

Upon the approval of the general meeting, the Company may purchase liability insurance for the Directors. The coverage of liability insurance is agreed by contract, except for the liabilities incurred by the violation of requirements of laws, regulations and the Articles of Association by the Directors.

Article 126 The Board of Directors may a member of the Board to be a general manager or the other senior management member other than the supervisors concurrently; however, the number of Directors holding the concurrent post of general manager or the other senior management member shall not exceed half of total number of Directors.

CHAPTER 12 INDEPENDENT DIRECTORS

Article 127 The Board of Directors shall consist of at least one-third and not less than three Independent Directors, and at least one of them shall be a professional accountant. The Independent Directors have the obligation of fiduciary and diligence to the Company and all shareholders. The Independent Directors must, in accordance with the requirements of related laws and regulations, rules and Articles of Association, carefully perform its duties and protect the overall interests of the Company, especially pay attention to the lawful rights and interests of small and medium shareholders not to be impaired. The Independent Directors shall perform its duties independently without being affected by the major shareholders and the actual controller of the Company or other interested Companies or individuals. The Independent Directors shall ensure they have enough time and effort to effectively perform his duties as Independent Directors.

The Company shall follow shall the Rules Governing the Listing of Securities on the SEHK, other applicable laws, rules and codes of Hong Kong provide more stringent requirements.

Article 128 The Independent Directors shall undertake other position except the Directors of the Company, he or she shall not have the relationship with the Company and its major shareholders which may impair its independent and objective judgment. If it appears that the Independent Directors fails to comply with the criteria of independence or other situation making the Independent Director not suitable in performing his duties, the Company must make up the number of Independent Directors as required if such case would cause the number of Independent Directors fails to meet the relevant requirements.

Article 129 The Independent Directors shall be independent, and the following persons are not allowed to be the Independent Director:

- (I) employees of the Company or its associated companies and their immediate family members, major social relationships (immediate family refers to the spouse, parents, and children, etc.; major social relationships refer to the brothers and sisters, parents-in-law, daughters-in-law and sons-in-law, brothers-in-law and sisters-in-law, etc.);
- (II) natural person shareholders and their immediate family member holding, directly or indirectly, 1% or more of issued share capital of the Company or the top ten largest shareholders;
- (III) corporate shareholder holding, directly or indirectly, 5% or more of the issued share capital of the Company or employees of the top five largest corporate shareholders and their immediate family members;

- (IV) persons falling in one of the above-mentioned in the preceding year;
- (V) persons that provide the financial, legal and consulting services to the Company or its affiliated companies;
- (VI) other persons as regulated by Articles of Association;
- (VII) other persons as identified by China Securities Regulatory Commission (CSRC).

Article 130 The Independent Directors shall have the following qualification corresponding to their exercise of their duties:

- (I) to have the qualification of acting as a Director of a Company according to the laws, administrative regulations and other relevant requirements;
- (II) to have the independence feature as above required;
- (III) to have the basic understanding of operation of the Company and be familiar with the relevant laws, administrative regulations and requirements and rules;
- (IV) to possess five or more years of experience in law, economics or other necessary duties as an Independent Director;
- (V) other conditions as required by the Articles of Association.

Article 131 The nomination, election and replacement of the Independent Directors shall be carried out lawfully and formally.

- (I) The Board of Directors, Board of Supervisors or shareholders holding 1% of more of issued share capital may nominate the candidates for Independent Directors and be elected at the general meeting.
- (II) The nominator of Independent Directors shall obtain the nominee's consent before the nomination. The nominator shall fully understand the occupation, education background, professional title and detailed work experiences as well as all the parttime position of the nominee, and express his/her opinion on the qualification and independence of the nominee as an Independent Director. The nominee shall make a public declaration that no relationship between himself/herself and the Company would impact on his/her independence.

Before the convening of the general meeting for electing the Independent Directors, the Board of Directors of the Company shall announce the abovementioned content as required.

- (III) Before the convening of the general meeting for electing the Independent Directors, the Company shall concurrently send the relevant information of the nominees as is stipulated in section (II) of this article to the stock exchange. Should there be any objections to the nominees from the Board of Directors of the Company, such written opinions of the Board shall also be sent.
- (IV) The terms of office for each Independent Director shall be the same as the other Directors of the Board. Upon the expiry of the term of office, the Independent Directors may be re-elected or reappointed; however, the period of reappointment shall not exceed six years.
- (V) If the Independent Directors fail to attend the Board meeting in person for three consecutive times, the Board of Directors may propose to the general meeting to remove such Independent Director.

Prior to the expiration of the term of office of an Independent Director, the Company may remove him/her from the office through procedures prescribed by the law. For any premature removal, the Company shall disclose the removal as a special matter.

- (VI) The Independent Director may resign before the expiry of his/her term of office. The Independent Director shall submit the written resignation letter to the Board of Directors state any matter which is relevant to his/her resignation or he/she consider that it would be necessary to draw the attention of the shareholder and creditor of the Company.

If the resignation of the Independent Directors makes the number of Independent Directors or the Board of Directors fall below than the statutory quorum or minimum quorum as required by the Articles of Association, such resignation of the Independent Director shall only come into force when the next Independent Director has been appointed to fill the vacancy.

Article 132 Apart from the powers conferred to by the Company Law and other relevant laws, regulations as a Director, the Company also confers to the Independent Director the following special powers:

- (I) Major connected transactions (means connected transactions between the Company and connected parties required to be disclosed according to the Rules Governing the Listing of Securities on the SEHK and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (including the amended version from time to time)) shall be approved by the Independent Directors before it is submitted to the Board meeting for discussion.

Before making decision, the Independent Directors may engage the intermediaries to issue the independent financial consultation report as the basis of decision.

- (II) To propose to the Board of Directors in appointing or removing the accounting firm;
- (III) To propose to the Board of Directors for convening the extraordinary general meeting;
- (IV) To propose the convening of a Board meeting;
- (V) To independently engage external audit firm and consultancy firm.

Upon unanimous consent by all Independent Directors, the Independent Directors may engage independently the external audit firm and consultancy firm to carry out the auditing and consultation of the specific matters of the Company and the related expenses shall be paid by the Company.

- (VI) To solicit the voting rights from the shareholders in public before the convening of general meeting.

The Independent Directors shall obtain the consent from a majority of all Independent Directors in exercising the above powers. If the abovementioned proposals are not adopted or the abovementioned powers cannot be properly exercised, the Company shall disclose the relevant situation.

The Independent Directors shall account for the majority of the members of the audit committee, the nomination committee, the remuneration and assessment committee, and serve as the convener.

Article 133 Apart from performing the above duties, the Independent Directors also shall provide independent opinions in respect of following matters on the Board meeting or general meeting including:

- (I) nomination, appointment and removal of the Directors;
- (II) employment or dismissal of the senior management member;
- (III) the remuneration of the Directors and senior management member of the Company;
- (IV) existing or new fund movement between shareholders, actual controller and their connected companies and the Company, of which the amount over RMB3,000,000 or over 5% of the net asset value of the latest audited accounts of the Company and whether Company has adopted any effective measures to collect the debt;
- (V) the matters that the Independent Director is of the view that may impair the interests of small and medium shareholders;
- (VI) connected transactions required the approval at the Board meeting or general meeting;
- (VII) other matters as stipulated in the Articles of Association.

The Independent Directors shall express his/her opinion on the above matters in one of the following ways: agree; reservation and its reasons; objection and its reasons; no comment and its obstruction (including abstain).

If such relevant matters belong to matters need to be disclosed, the Company shall announce the opinion of Independent Directors and if the Independent Directors have different opinions and fail to reach a consensus, the Board of Directors shall separately disclose the opinion of each Independent Director.

Article 134 The Company shall ensure the Independent Directors to have the equal access to information as the other Directors. Any matters that shall be resolved by the Board of Directors, the Company shall inform the Independent Directors in advance with the necessary materials within the statutory time limits. If the Independent Directors consider the material is insufficient, they may require additional material. When two or more Independent Directors consider the material is insufficient or the evidence is not clear, they may jointly request for adjourning the Board meeting in writing to the Board of Directors or postpone the consideration of such matter, and the Board of Directors shall adopt accordingly.

The Independent Directors shall attend Board meeting as scheduled, in order to understand the production and operation of the Company, actively investigate and obtain necessary information for making decision. The Independent Directors shall submit to the annual general meeting of the Company the annual report of all Independent Directors stating the performance of their duties.

The materials supplied to Independent Directors by the Company shall be retained for at least 5 years by the Company and the Independent Directors themselves.

Article 135 The Company shall provide the Independent Directors with the necessary working conditions for performance of their duties. The secretary to the Board of Directors shall actively provide assistance to the Independent Directors for performance of their duties such as introducing the situation and providing materials etc. The independent opinions, proposal and written statements expressed by the Independent Directors shall be announced. The secretary to the Board shall promptly handle such announcement at the stock exchange.

When the Independent Directors exercise their powers, all related parties of the Company shall actively co-operate without refusing, obstructing or hiding, and not to interfere with the independent exercise of powers.

Article 136 The expenses of appointing of intermediaries by the Independent Directors and the other necessary expenses incurred in the exercise of their powers shall be paid by the Company.

The Company shall provide the Independent Directors with appropriate allowance. The standard of such allowance shall be formulated by the Board of Directors and to be passed at the general meeting. This shall be disclosed in the annual report of the Company.

Apart from the abovementioned allowance, the Independent Directors shall not obtain any additional or undisclosed interests from the Company, its major shareholders or interested institution and individuals.

The Company may establish necessary responsibility insurance system for Independent Directors to reduce their risks that may arise in the course of exercising their powers.

CHAPTER 13 SECRETARY TO THE BOARD OF DIRECTORS

Article 137 The Company shall have the secretary to the Board, who is a senior management member of the Company.

Article 138 The secretary to the Board shall be a natural person who has the necessary professional knowledge and experience, and shall be appointed by the Board of Directors. The main responsibilities of the secretary to the Board include:

- (I) being responsible for preparing the general meeting and Board meeting of the Company and keeping the files and the management of information of the shareholders and handling the disclosure of information, etc.;
- (II) to ensure that the Company has complete constituent documents and records;
- (III) to ensure that the Company prepares and delivers in accordance with law those reports and instruments required by competent authorities entitled thereto;
- (IV) to ensure that the Company's registers of members are properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents without delay.

Article 139 The secretary to the Board shall remind the Company on compliance with the relevant Chinese laws and the rules of stock exchanges where the shares of the Company are listed.

Article 140 A Director or other senior administrative officer of the Company may hold the office of Secretary to the Board concurrently. However, the accountant(s) of the certified public accountant firm appointed by the Company shall not act as Secretary to the Board.

Provided that where the office of Secretary to the Board is held concurrently by a Director and an act is required to be done by a Director and a Secretary to the Board separately, the person who holds the office of Director and Secretary to the Board may not perform the act in dual capacity.

CHAPTER 14 MANAGERS OF THE COMPANY

Article 141 The Company shall have one general manager and a number of deputy general managers to form the management, which shall be accountable to the Board of Directors, report to the Board of Directors and be subject to the supervision and management of the Board of Directors.

The Company shall implement a market-based system for selecting and hiring professional managers and introduce a system to manage members of management with tenure and contract. The management shall be appointed, supervised and managed by the Board of Directors, have a tenure of three years, have annual and tenure targets as determined by the Board of Directors, and strictly assess their performance and pay their remuneration as specified in the contract. Professional managers shall strictly be recruited according to principles of market-based selection and recruitment, be managed by contract, differentiated remuneration and market-oriented exit, and the Board of Directors shall negotiate with the professional managers to determine the level of remuneration reasonably, and the conditions of termination of the employment relationship.

The Company may have one chief accountant and one chief legal advisor to assist the general manager in his/her work, who shall be nominated by the general manager and appointed upon resolution by the Board of Directors.

The general manager, deputy general manager, chief accountant, secretary of the Board and chief legal advisor are the members of senior management of the Company. The persons who undertake administrative posts other than Directors of the controlling shareholder and actual controller of the Company shall not be appointed as the senior management member of the Company.

Article 142 The Company shall establish a general manager office, the attendees of its meeting comprise of management members which are managerial staffs. Such general manager office shall be accountable to the Board of Directors. The general manager of the Company shall be the convener and chairman of such meetings and perform the following duties:

- (I) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the Board of Directors and report to the Board of Directors;
- (II) to organize the implementation of the Company's annual business plan and investment plan;
- (III) to draw up the planning of internal management organs setup of the Company;
- (IV) to formulate plans for the establishment of the Company's basic management systems;
- (V) to formulate the Company's basic management systems;
- (VI) to propose the appointment or dismissal of the Company's deputy general manager, chief accountant and general legal counsel to the Board of Directors;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) other powers conferred by the Articles of Association and the Board of Directors.

Article 143 The management is the executive body of the Company, which is responsible for operations management, implementation and strong leadership. The management shall formulate the rules and regulations for the work of the general manager office meeting, to be executed upon approval by the Board of Directors. The general manager shall, through the general manager office meeting and other forms of meetings, exercise the authorization of the Board of Directors. The Board of Directors shall authorize the power of decision making to the general manager. Prior to any decision making, the general manager office shall generally listen to the views of the party secretary and the chairman of the Board of Directors, in case a consensus has not be reached, the proposal shall not be proposed in the meeting. On other important issues, the general manager office shall also value and listen to the views of the Party secretary and the chairman of the Board of Directors. The working rules of the general manager office meeting shall include the following:

- (I) the condition, procedure and attendees of the general manager meeting;
- (II) the respective job description and division of labour of general manager and other senior management members;
- (III) the application of Company's funds and assets; authority to sign the significant contracts and report to the Board of Directors and Board of supervisors;
- (IV) other matters that the Board of Directors deems necessary.

Article 144 The general manager may be present at meetings of the Board of Directors. The general manager has no voting rights at the Board meetings unless he is also a Director.

Article 145 The general manager, in performing his duties and exercising his powers, shall act honestly and diligently in accordance with laws, administrative regulations and the provisions of the Articles.

Article 146 The general manager and other senior management member may resign before the expiry of his/her terms of office and detailed procedure and methods in relation to resignation shall be referred to the employment contracts between such persons and the Company.

CHAPTER 15 BOARD OF SUPERVISORS

Article 147 The Company shall have a Board of Supervisors.

Article 148 The Board of Supervisors of the Company shall formulate the rules of procedure of the Board of supervisors to specify the manner and procedure of discussion and voting at the Board of supervisors to ensure the work efficiency and scientific decision-making of the Board of supervisors.

The rules of procedure of the Board of Supervisors shall be formulated by the Board of Supervisors and attached to this Articles of Association, which shall be approved at the general meeting. Such rules shall regulate the convening and voting procedure of the meeting of Board of Supervisors.

Article 149 The Board of Supervisors shall consist of 3 persons, including one chairman, and may include a vice-chairman/vice-chairmen. The term of the office of supervisors is three years, which can be re-elected and reappointed.

The chairman and vice-chairman/vice-chairmen of the supervisory committee shall be elected by more than half of all supervisors.

Where a supervisor has not been timely re-elected at the expiry of the term of office or a supervisor has resigned during the term of office as a result of which the number of the members in the supervisory committee falls below the quorum, the original supervisor shall perform his/her duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations and rules as well as the provisions of the Articles.

Article 150 The Board of Supervisors shall consist of 3 supervisors, in which one of them is the staff representative of the Company. The staff representative supervisors must be appointed and dismissed by the employees of the Company democratically. Other supervisors of the Company shall be appointed and dismissed at the general meeting.

Unless otherwise specified in applicable laws, regulations, stipulations, and normative documents as well as this Articles of Association, non-staff-representative supervisors shall be nominated by the preceding Board of supervisors or the shareholders holding 3% or more of the shares of the Company, individually or jointly.

The statement to the nominated supervisors candidate and the resume of candidate as well as the statement confirming the consent of the candidate to be nominated shall be sent to the Company ten business days before general meeting.

Article 151 Neither Directors, general manager and other senior management member of the Company may concurrently serve as a supervisor.

Article 152 The Board of Supervisors is accountable to the general meeting of shareholders and exercises the following powers in accordance with law:

- (I) to review the Company's financial position;
- (II) to supervise the actions of Directors, general managers and other senior management member, to propose the dismissal of the Directors, general manager and other senior management member who act in violation of the laws, administrative regulations, and this Articles of Association as well as the resolution of general meeting;
- (III) to demand the Directors, general manager and other senior managers to rectify their error if they have acted in a way to impair to the Company's interest;
- (IV) to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the general meeting of shareholders and to authorize, in the Company's name, publicly certified and practicing accountants to assist in the review on such information should any doubt arise in respect thereof;
- (V) to review and provide written comments to the regular report of the Company formulated by the Board of Directors;
- (VI) to propose the convening of extraordinary general meeting, and to convene and hold the general meeting in the event that the Board of Directors fails to convene and hold a general meeting according to the Company Law;
- (VII) to institute the legal proceedings in the name of Company against the Directors, general managers and other senior management members according to the related stipulation of Company Law and this Articles of Association;

(VIII) to investigate any unusual operation of the Company; and if necessary, to appoint professional bodies such as accounting firms and law firms to assist in the investigation and the relevant expenses shall be paid by the Company;

(IX) other powers stipulated in the laws, regulations and Articles of Association.

Article 153 The supervisors may be present at the Board meeting and make inquiries or suggestions to the agenda of the Board meeting. The Board of Supervisors may require the Directors, senior management members, internal and external auditors to be present at the meeting of the Board of Supervisors and answer the questions concerned.

The supervisors shall ensure the truth, accuracy and completeness of the information the Company disclosed, and sign written confirmations of the regular reports.

The supervisors shall not make use of their connection relationship to impair the interests of the Company. The supervisors shall be liable for compensation for the loss caused to the Company.

Article 154 Meeting of the Board of Supervisors shall be held at least once for every six months. Supervisor may propose to convene interim meeting of the Board of Supervisors. The Chairman of the Board of supervisors shall be responsible for convening and presiding the meeting. If he fails or refuses to perform the duties, the vice-chairman of the Board of Supervisors shall convene and preside the meeting; if the vice-chairman fails to or refuses to perform the duties, one supervisor that is elected by a majority of supervisors shall convene and preside the meeting.

For the convening of the meeting of Board of Supervisors, the convener shall give notice of the date, venue, duration of meeting as well as the objectives and agenda 10 days before but not more than 30 days before the proposed date of the meeting by fax, express mail or registered post.

Article 155 The supervisors shall attend the meeting of Board of Supervisors in person. If the supervisor is unable to attend the meeting for good cause, he may authorize other supervisors to attending in the meeting in writing; the scope of authority shall be specified in the power of attorney.

The supervisors attending the meeting on behalf of others shall exercise the rights of supervisor within the scope of authority. If the supervisor fails to attend the meeting and authorize a representative, it shall be deemed as waiving the voting right at such meeting.

Article 156 All the matters resolved at the meeting of the Board of Supervisors shall be recorded in the minutes of meeting. The supervisors attended the meeting shall sign on the minutes. The supervisors shall have the right to make illustration on the minutes in respect of the opinions expressed by him. The meeting minutes shall be kept for at least 10 years as the documents of the Company.

Article 157 The meeting of Board of Supervisors only could be held with the attendance of more than half of supervisors. Each supervisor has one voting right. When there is an equality of vote, the Supervisor Chairman or other convener shall have the casting vote.

Resolutions of the supervisory committee shall be passed by the affirmative vote of more than half of all of its members.

Article 158 All reasonable fees incurred in respect of the employment of professionals, such as lawyers, certified public accountants or practicing auditors, which are required by the supervisory committee in the exercise of its functions and powers, shall be borne by the Company.

Article 159 A supervisor shall perform his duties faithfully in accordance with the laws, administrative regulations and rules as well as the provisions of these Articles.

CHAPTER 16 PARTY COMMITTEE

Article 160 In accordance with the provisions of the Constitution of the Communist Party of China and with the approval of the higher Party organizations, the Committee of the Communist Party of China of Tianjin Capital Environmental Protection Group Company Limited (hereinafter referred to as the Company Party Committee or Party Committee) was established. At the same time, in accordance with relevant regulations, the Disciplinary Inspection Committee of the Company Party Committee (hereinafter referred to as the Company Disciplinary Committee or Disciplinary Committee) was established.

Article 161 The Company Party Committee is elected by the Party members' meeting or the Party members' representative meeting, and the term of office is generally five years. The expiration of the term of office shall be subject to a general election. The term of office of the Company Disciplinary Committee is the same as that of the Party Committee.

Article 162 The secretary, deputy secretary and members of the Company Party Committee and the Disciplinary Committee are set up in accordance with the approval of the higher Party organizations and are elected or appointed in accordance with the relevant provisions of the Constitution of the Communist Party of China.

Article 163 The Company shall insist on and improve the leadership system of mutual entry and cross appointment, and qualified members of the Party Committee may enter the Board of Directors and the management through legal procedures, and qualified Party members of the Board of Directors and the management can enter the Party Committee in accordance with relevant regulations and procedures.

Party secretary and chairman of the Board of Directors are generally served by one person, Party members of the general manager as deputy secretary of the party committee. The Party Committee can be equipped with full-time deputy secretary responsible for the Party building works. The full-time deputy secretary shall serve as a member of the Board of Directors, rather than serving at the managerial level. Members of the Party Committee on the Board of Directors and the managerial level shall fully express the views of the Party Committee when making decisions on the Board of Directors and the managerial level, embody the intentions of the Party Committee, and report the relevant situation to the Party Committee in a timely manner.

Article 164 The Party Committee of the Company shall play a leading role, supervising the Company's direction of development, monitoring the whole picture and ensuring implementation, discussing and making decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:

- (I) to enhance the political construction of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all the Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;
- (II) to thoroughly study and implement Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organization at a higher level in the Company;
- (III) to investigate and discuss the significant operation and management matters of the Company and support the Board of Directors and the management to exercise their rights and perform their duties in accordance with the laws;
- (IV) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company;
- (V) to undertake the main responsibility in improving the Party's conduct and upholding integrity, lead and support discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote the Party's self-governance fully and with rigor into the grassroots level;
- (VI) to strengthen the building of grassroot Party organizations and teams of Party members, unite and lead officials and employees to devote themselves into the reform and development of the Company;
- (VII) to lead the Company's ideological and political work, the spirit and civilization progress, the united front work and lead mass organizations such as the Labour Union, Communist Youth League and Women's Organization of the Company.

Article 165 The Company's major operation and management matters must be studied and discussed by the Party Committee before decisions are made by the Board of Directors in accordance with the terms of reference and prescribed procedures. For the Board of Directors to authorize the decision-making proposal, the party committee shall maintain strict control to prevent undue and excessive authorization. For the Board of Directors to authorize the chairman and general manager to make decisions, the party committee generally shall not carry out any prior examination and discussion, but shall play an effective role through appropriate means. The matters to be studied and discussed mainly include:

- (I) the implementation of the Party Central Committee's decisions and major measures to implement the national development strategy;
- (II) The Company's development strategies, medium and long-term development plans, and important reform programs;
- (III) the reorganization of the Company's assets, transfer of property rights, capital operations and large investments in principle and directional issues;
- (IV) the Company's organizational structure settings and adjustments, the development and modification of important rules and regulations;
- (V) major issues related to the Company's safety production, stability maintenance, employee rights and interests, social responsibility, etc.;
- (VI) other important matters that should be studied and discussed by the Party Committee.

The Party Committee shall formulate a list of matters to be studied and discussed in the light of the actual situation of the Company and clarify the rights and responsibilities of the Party Committee and other governance bodies such as the Board of Directors and the management.

Article 166 The Company Party Committee shall strictly examine and discuss major operation and management issues, focusing on whether the decisions are in line with the Party's theories and policies, whether they are in line with the decisions of the Party Central Committee and the implementation of national development strategies, whether they are in line with the requirements of the municipal committee and the municipal government, whether they adhere to the reform principles of the manufacturing industry and "Tianjin+", whether they are conducive to promoting the high-quality development of enterprises, enhancing their competitive strength and realizing the value of state-owned assets, and whether they are conducive to safeguarding the public interest and the legitimate rights and interests of employees.

Article 167 The Party Committee of the Company shall study and discuss major business management matters in advance and insist on consistency in decision making quality and efficiency, and generally go through the procedures of proposing motions, formulating proposed plans, studying and discussing by the Party Committee, communicating before the Board of Directors' meetings, and implementing the intention of the Party organization during the general meeting.

Article 168 In accordance with the principles of strengthening the work of the Party and lean and efficient coordination, the Company Party Committee has set up the Office of the Party Committee, the Publicity Department of the Party Committee, the Organization Department of the Party Committee and other working organizations, and the Organization Department of the Party Committee is responsible for the management of leaders and the construction of grass-roots Party organizations. A certain number of party affairs staff will be allocated, and same rank and treatment policy shall be strictly implemented, and two-way exchange between party affairs staff and other operation and management staff will be promoted.

Article 169 Through channels such as the inclusion of management fees and retention of party expenses, the Company's Party organization work funds are guaranteed and tilted to the front line of production and operation. The part included in the management fee is generally arranged in accordance with the ratio of 1% of the total staff salary of the Company in the previous year and included in the annual budget by the Company. The Company shall integrate the use of various resources to well arrange the Party organization activities.

CHAPTER 17 QUALIFICATION AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY

Article 170 A person shall be disqualified from being a Director, supervisor, general manager or other senior management members of the Company in any one of the following circumstances:

- (I) The individual has no capacity to undertake civil liabilities or restricted capacity to undertake civil liabilities;
- (II) A period of five years has not yet elapsed since the penalty on conviction of corruption, bribery, unauthorised taking of properties or disrupting social and economic order; or a period of five years has not yet elapsed since being deprived of political rights for commission of offences;
- (III) A period of three years has not yet elapsed since the completion of the liquidation of any Company or enterprise which was insolvent and where the person acted as a chairman, factory manager or manager of such Company or enterprise and was personally liable for such insolvency;
- (IV) A period of three years has not yet elapsed since revocation of the business license of a Company or enterprise due to illegal business operations where the person was the legal representative of such Company or enterprise and for which he was personally liable;
- (V) The person is personally liable for a substantial loan which was due for payment but remains unpaid;
- (VI) Being investigated initiated by the judicial authority by breaching the criminal law, which file have not been concluded;
- (VII) As prohibited for acting as the leader of enterprise by the laws and administrative regulations;
- (VIII) Being a non-natural person;
- (IX) A period of five years has not yet elapsed that after being adjudicated by relevant authorities that have violated the relevant securities laws and regulations and acts of fraud or dishonesty;

(X) A period where prohibited trading in the stock exchange by the CSRC which has not yet elapsed;

(XI) Other stipulations of laws, administrative regulations or departmental rules.

The Company's any election and appointment of Directors and supervisors or employment of senior management staff in breach of the aforesaid regulations will be void. If the abovementioned situation occurs during the terms of office of the Director, he or she shall be dismissed.

Article 171 Where the Director, general manager and other senior management member of the Company acts on behalf of the Company, the effectiveness of such act against any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

Article 172 Apart from the obligations provided in laws, administrative regulations and rules, or listing rules of the securities regulatory authorities where the Company's shares are listed, the Director, supervisor, general manager and other senior management member of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:

- (i) not operating business beyond the business scope specified in the business license;
- (ii) acting in good faith with a view to maximize the Company's interests;
- (iii) not depriving the Company of its properties by any means, including (but not limited to) favorable opportunities for the Company;
- (iv) not depriving shareholders of personal rights and interests, including (but not limited to) the rights of distribution and voting, except the restructuring of the Company submitted to and approved by the general meeting of shareholders according to these Articles.

Article 173 When exercising their rights or performing their obligations, the Director, supervisor, general manager and other senior management member of the Company shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under similar circumstances.

Article 174 When performing their duties, the Director, supervisor, general manager, deputy general manager and other senior management personnel of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:

- (1) acting in good faith with a view to maximize the Company's interests;
- (2) exercising rights within the scope of authority, without exceeding such scope;
- (3) personally exercising the discretionary power without manipulated by other persons; the discretionary power shall not be assigned to any other person, unless as approved by laws, administrative regulations and rules, or the informed general meeting of shareholders;
- (4) equally treating shareholders of the same class and fairly treating those of different class;
- (5) except as otherwise provided in these Articles or approved by the informed general meeting of shareholders, not to sign contracts, conduct transactions or make arrangements with the Company;
- (6) without approval of the informed general meeting of shareholders, not to utilize the Company's property by any means for their own interests;
- (7) not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company by any means, including (but not limited to) favorable opportunities for the Company;
- (8) not to accept commissions related to the Company's transactions;
- (9) observing these Articles, faithfully performing their responsibilities and protecting interests of the Company, and not to take advantage of their position and power to seek personal interests;
- (10) without approval of the informed general meeting of shareholders, not to take advantage of any duties to seek any business opportunities which shall have belonged to the Company for himself or others, operate himself or for other person in same business as that of the Company and to compete with the Company by any means;

- (11) not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's funds in the account opened in personal name or otherwise, or without approval of the informed general meeting of shareholders, lend the funds to other or use the Company's assets to provide guarantee for other persons in violation of the provisions of the Articles of Association;
- (12) without approval of the informed general meeting of shareholders, not to reveal the confidential information of the Company gained during their term of office; unless for the interest of the Company, not to take advantage of such information, however, in any one of the following circumstances; such information may be disclosed to the court or other governmental authorities:
 - (1) provided by laws;
 - (2) required for public interests;
 - (3) required by the Director, supervisor, general manager, deputy general manager and other senior management personnel for his/her own interests.

Article 175 Without permission by the Articles of Association or lawful authorization of the Board, no Director shall act in his own name on behalf of the Company or the Board of Directors. Where Director acts in his own name and a third party shall reasonably believe that such Director is acting on behalf of the Company or the Board of Directors, the Director shall first declare his position and identity.

Article 176 Directors, supervisors, general manager and other senior management members shall be liable for losses caused to the Company due to their violations of laws, administrative regulations, departmental rules or provisions of the Articles in performing their duties.

Article 177 Directors, supervisors, general manager and other senior management members shall not direct the following persons or organizations ("related parties") to conduct any acts that are prohibited for Directors, supervisors, general manager and senior management member shall not conduct:

- (1) spouse or minor children of the Directors, supervisors, general manager and other senior management members;
- (2) trustees of the Directors, supervisors, general manager and other senior management member or the persons specified in paragraph (1) above;

- (3) Partners of the Directors, supervisors, general manager and other senior management member specified in paragraphs (1) and (2) above;
- (4) companies in which the Director, supervisor, general manager and other senior management personnel of the Company, whether alone or jointly with those specified in paragraphs (1), (2) and (3) of this article or other Directors, supervisors, general manager and other senior management personnel of the Company, has de facto controlling interest;
- (5) the Directors, supervisors, general manager and other senior management member of the controlled Company specified in paragraph (4) above.

Article 178 The obligations of good faith of the Director, supervisor, general manager and other senior management member of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Company confidential shall remain valid after the expiration of their terms of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.

Article 179 The responsibilities borne by the Director, supervisor, general manager and other senior management member of the Company due to violation of a certain obligation may be discharged by the informed consent of shareholders at the general meeting, with the exception of the circumstances specified in Article 58.

Article 180 Where the Director, supervisor, general manager, deputy general manager and other senior management personnel of the Company has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts between the Company and its Directors, supervisors, general manager, deputy general manager and other senior management personnel) signed or planned by the Company, such person shall notify the Board of Directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the Board of Directors.

Unless the interested Directors, supervisors, general manager and other senior management member have informed the Board of Directors of the matter in accordance with the requirements specified in the preceding paragraph of this article, and the Board of Directors has approved it at a meeting where such persons are not incorporated into the quorum and nor do they participate in the voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of the violation of their obligations by related Directors, supervisors, general manager, deputy general manager and other senior management personnel.

When any Director or his associate has a certain interest in the matter being discussed at Board meeting, the Director shall avoid participating the meeting, and abstain from voting; in determining a quorum of Directors, the Director shall not be included.

When the related parties of the Director, supervisor, general manager and other senior management member of the Company have an interest with a certain contract, transaction or arrangement, it shall be deemed that the Director, supervisor, general manager and other senior management member have an interest as well.

Article 181 Before a contract, transaction or arrangement is first taken into consideration by the Company, if the interested Directors, supervisors, general manager and other senior management member of the Company have notified the Board of Directors in writing form, declaring that because of the reasons specified in the notification, they have an interest with the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article hereof, within the scope of the disclosure of the notification.

Article 182 The Company shall not pay taxes for its Directors, supervisors, general manager, deputy general manager and other senior management personnel by any means.

Article 183 The Company shall not, directly or indirectly, provide loans or loan guarantee for the Directors, supervisors, general manager and other senior management members of the Company and its holding Company, nor shall it provide the same to their related parties.

This article shall be inapplicable to the following circumstances:

- (i) the Company provides loans or loan guarantee for its subsidiaries;
- (ii) pursuant to the employment contracts approved by the general meeting of shareholders, the Company provides loans, loan guarantee or other funds for its Directors, supervisors, general manager and other senior management personnel, to enable them to make payment for the Company or for the expenses arising from the performance of their duties;

- (iii) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its Directors, supervisors, general manager, deputy general manager and other senior management personnel and their related parties in the ordinary course of its business on normal commercial terms.

Article 184 Where the Company provides loans in violation of the preceding article, the payee shall return the loans immediately, regardless of the loan conditions.

Article 185 Where the Company provides loans in violation of the Article 183(1), the payee shall return the loans immediately, regardless of the loan conditions:

- (1) when providing loans to the related parties of the Director, supervisor, general manager and other senior management member of the Company and its holding Company, the provider is not aware of the circumstances;
- (2) the collateral provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.

Article 186 The “guarantee” referred to in the preceding article shall include the activities whereby the guarantor bears the responsibility or provides property to ensure the obligation performance of the guarantee.

Article 187 Directors may resign before the expiry of his term. Such Director shall submit resignation in writing to the Board. The Board will disclose the case within 2 days.

If, as a result of the resignation, the total number of Directors falls below the quorum required, the original Director shall remain discharge their duties as Directors in accordance with the laws, administrative regulations, departmental rules and regulation before election of another Director.

Except the aforementioned circumstances, the resignation shall take effect when the resignation letter is submitted to the Board.

Article 188 In case when the Director, supervisor, general manager and other senior management members of the Company violate their obligations towards the Company, apart from the rights and remedial measures provided by laws and administrative regulations and rules, the Company shall have the right to take the following measures:

- (1) requiring relevant Directors, supervisors, general manager and other senior management member to compensate the Company for the losses resulted from their dereliction of duty;
- (2) cancelling any contract or transaction between the Company and relevant Directors, supervisors, general manager and other senior management member and that between the Company and a third party (if the third party have known or should have known that the Directors, supervisors, general manager and other senior management member had violated their obligation towards the Company);
- (3) requiring relevant Directors, supervisors, general manager and other senior management member to hand over the proceeds generated in violation of their obligations;
- (4) recovering related Directors, supervisors, general manager and other senior management member for the funds that originally shall be collected by the Company, including (but not limited to) commissions;
- (5) requiring relevant Directors, supervisors, general manager and other senior management member to return the interest generated by or possibly generated by the fund that originally shall be turned over to the Company.

Article 189 The Company shall enter into written contract its Directors and supervisors in respect of the remuneration matter, and obtain the prior approval of the general meeting.

- (1) compensation of Directors, supervisors or senior management personnel of the Company;
- (2) compensation of Directors, supervisors or senior management personnel of the Company's subsidiaries;
- (3) compensation of other services supporting the management of the Company and its subsidiaries;
- (4) compensatory amounts for the loss of office or retirement of a Director or supervisor.

Except for the aforesaid contracts, the Director and supervisor shall not file any lawsuit against the Company and claim the benefits they shall obtain for the foregoing matters.

Article 190 The compensation contracts between the Company and its Directors and supervisors shall provide that when the Company is acquired, with the prior approval of the general meeting of shareholders, Directors and supervisors of the Company shall have the right to obtain the compensatory or other amounts to which they are entitled due to losing their post or retirement. The acquisition referred to above shall mean any one of the following circumstances:

- (1) any person makes an offer of acquisition to all shareholders;
- (2) any person makes an offer of acquisition with the aim to make the offeror become the controlling shareholder of the Company. The term “controlling shareholder” is defined in article 61 hereof.

If relevant Directors and supervisors violate the provisions of this article, any fund received by them shall be owned by the persons who accept the foregoing offer and sell their shares and meanwhile the Directors and supervisors shall bear the expense incurred by allocation of the fund proportionally. The expenses shall not be subtracted from the fund.

CHAPTER 18 INFORMATION DISCLOSURE AND INVESTOR RELATIONS

Article 191 The Company and the relevant personnel responsible for information disclosure shall disclose its information impartially and timely in accordance with the applicable laws, regulations, departmental rules, regulations and normative documents and the relevant regulations and requirements of the stock exchange where the shares of the Company are listed; meanwhile, it shall ensure the information disclosed is true, accurate and complete.

Article 192 The Directors, supervisors and officers shall ensure that the Company timely and impartially disclose information, and that the information disclosed is true, accurate and complete and contains no fraud, misleading representation or major omission. Otherwise, it shall announce accordingly with reasons.

In addition to mandatory disclosure of information, the Company shall take the initiative and timely disclose the information may have a substantial impact on decision-making of shareholders and other stakeholders, and ensure that all shareholders have equal access to the information.

Article 193 The secretary to the Board is responsible for information disclosure, including external announcement of the Company's information, coordinating the Company's information disclosure affairs, organizing and developing information disclosure management system, urging the Company and the personnel responsible for information disclosure to comply with disclosure regulations, undertaking information disclosure confidentiality work, organizing training for Directors, supervisors and senior management members in accordance with laws, administrative regulations and relevant provisions, and assisting the aforesaid persons understand their respective duties in information disclosure. The Company shall provide facilities to secretary to the Board to perform its duties, and Directors, supervisors, chief financial officer, other senior management member and relevant staff shall support and cooperate with the secretary to the Board's work. Any organization or individual shall not interfere with the work of the secretary to the Board.

Article 194 The Company shall formulate and implement information disclosure management system. Information disclosure management system formulated shall be promptly reported to the stock exchange for filing and disclosure, upon being considered and approved by the Board of Directors.

Article 195 Prior to the disclosure of information, the Company, the personnel responsible for information disclosure and its Directors, supervisors, senior management member and other insiders shall control such information to be known within minimum extent, and no one shall disclose such insider information or conduct insider trading or cooperate with others in manipulating stock and derivatives trading price of the Company with such information.

Article 196 Information disclosure obligators including controlling shareholders and actual controller of the Company should cooperate with the information disclosure work of the Company, timely inform the Company of material matters including variation in control, change in interest and connected relationship between the Company and other entities and individuals and its changes, response to queries from the Company and to ensure that the information provided is true, accurate and complete.

Article 197 The Company shall establish investor relations management system pursuant to relevant provisions of CSRC, the stock exchange and this Articles, and implement such system upon the consideration and approval of Board of Directors and the general meeting. The secretary to the Board shall be in charge of investor relations management.

CHAPTER 19 FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Article 198 The Company shall establish the Company's financial and accounting systems in accordance with laws, administrative regulations and the financial accounting standards formulated by the competency financial department of the State Council.

Article 199 At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by laws.

Article 200 The Board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and rules as well as directives promulgated by local governments and competent authorities require the Company to prepare.

Article 201 The Company shall make the financial report available at the Company for examination by its shareholders twenty (20) days prior to the convening of the annual general meeting of shareholders. Every shareholder of the Company shall have the right to obtain the financial report mentioned in the chapter.

The Company shall send copy of the aforementioned reports to each shareholder of overseas-listed foreign-invested shares by way of announcement or other forms (if required) specified in this Articles at least 21 days prior to the convening of the annual general meeting.

Article 202 The Company shall prepare its financial statement not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the listing place overseas. In case when there are major discrepancies between the financial statements prepared in accordance with the two accounting standards, they shall be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the relevant accounting year, the Company shall adopt the lower of the after-tax profit in the aforesaid two financial statements.

Article 203 The Company shall prepare its interim results or financial information to be published or disclosed not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the listing place overseas at the same time.

Article 204 The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within sixty (60) days after the end of the first six (6) months of an accounting year, and to publish its annual financial report within one hundred and twenty (120) days after the end of an accounting year.

In addition, the Company shall prepare and disclose annual reports, interim reports and quarterly reports pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

Article 205 The Company shall not have any account book other than its statutory ones. The Company's assets shall not be deposited in individual account.

Article 206 Capital reserve includes:

- (I) the premium over par value of issued shares;
- (II) other income included into capital reserve as required by the financial department of the State Council.

Article 207

I. Basic principles for profit distribution of the Company:

- (1) The Company shall take full account of the return to investors. The Company shall, after making up for the losses of previous years and contributing to the statutory reserve and discretionary reserve, distribute dividend to the shareholders per annum in proportion to distributable profit realized for the year concerned attributable to the parent company, which shall be determined by resolutions at the general meetings.
- (2) The Company's profit distribution policy shall maintain continuously and stably, for the long term interest of the Company, in the interest of all shareholders as a whole, and for sustainable development of the Company.
- (3) The Company shall give priority to dividend distribution in cash.

II. Dividend distribution policies of the Company:

- (1) Dividend shall be distributed in the following manner: the Company may distribute profits in cash, in shares or in a combination of both cash and shares or otherwise permitted by laws and regulations. If the conditions of cash dividends are met, priority shall be given to dividend in cash over dividend in shares.
- (2) Interval of profit distribution: Provided that the Company makes a profit and the distributable profit is a positive figure for the year, the Company shall distribute profit once a year. To the extent that the scale of profit and the capital position are appropriate for the relevant period, the Company may distribute interim dividend in cash.

(3) Conditions of cash dividend distribution of the Company:

1. the Company's profit and aggregate undistributed profit realized for the year are positive with sufficient cash flow, and cash dividend distribution has no impact on the Company's sustained operations;
2. the accounting firm issues a standard unqualified audit report on the Company's financial report for that year;
3. the Company has no events such as material investment plan or significant cash expenditure, excluding investments projects using proceeds raised.

Material investment plans or significant cash expenditures refer to the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with an accumulated expenditures amounting to or exceeding 30% of the latest audited net assets of the Company.

(4) Proportion of cash dividends:

Subject to the satisfaction of the above conditions, the profit to be distributed in cash per annum will not be less than 20% of the distributable profit realized for that year attributable to the parent company, and the Company's aggregated profit distributable by way of cash for three consecutive years will not be less than 30% of the distributable profit attributable to the parent company realized within such three years. The specific dividend proportion of each year shall be determined by the Board according to the profit for the relevant year and utilization plan for future capital.

The Board shall take into full account of various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, to distinguish the following situations and put forward differentiated cash dividend policy in accordance with the procedures as required by this Articles of Association:

1. If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made;

2. If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made;
3. If the Company is at the growing stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made;

If it is difficult to distinguish the stage of development of the Company and the Company has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

- (5) Conditions for distributing dividends in shares by the Company: where the Company's business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to all the shareholders of the Company as a whole, provided that the above conditions for cash dividend distribution are fully satisfied, the Company may propose dividend distribution in shares. Distributing profit by way of dividend in shares shall include true and reasonable factors such as growth of the Company and dilution of net assets per share.
- (6) Profit distribution of the Company shall not exceed the cumulative distributable profit or damage the Company's sustainable operation ability.
- (7) In case any shareholder misappropriates the funds of the Company unlawfully, the Company will deduct cash dividends to be distributed to such shareholder for making up the amount misappropriated.

III. Decision making procedures and mechanism of the Company's profit distribution:

(1) Formulation of profit distribution policy

The Company shall scientifically formulate the profit distribution policy of the Company after comprehensively taking into account factors such as the actual conditions of the Company's operating development, the needs and requests of the Shareholders, social capital costs and external financing environment etc.

The profit distribution policy of the Company shall be considered and approved by more than two-thirds of voting shares held by the shareholders (including their proxies) present at the general meeting. The Board, the Supervisory Committee and shareholders individually or jointly holding 3% or more of the Company's shares, have the right to propose resolution(s) in respect of profit distribution policy to the Company.

The Board shall specifically study and discuss matters relating to the returns for shareholders, set out a specific and clear plan on the returns for shareholders and explain the reasons for the formulation of the plan in details. Opinions of shareholders (especially minority shareholders) and the independent Directors and Supervisors shall be fully heard and considered during the meeting of the Directors, the meeting the supervisors of the Company and the general meeting in respect of the study, discussion and decision-making process of the profit distribution policy of the Company.

The Board, independent Directors and shareholders complying with certain conditions can collect the voting rights at general meeting from the shareholders of the Company.

(2) Formulation of specific proposal of profit distribution

The Company's profit distribution plan for each year shall be proposed by the Company's management after taking into account factors such as the requirements in the Company's Articles of Association, production and operation position, cash flows and future business development plan, and shall be submitted to the Board and the supervisory committee of the Company for consideration. If the supervisory committee has no objection to the profit distribution plan, the Board shall thoroughly discuss its rationality, taking into account the opinions from the independent Directors, and form a special proposal as well as an independent view expressed by independent Directors on profit distribution proposal for the consideration and approval by the shareholders at the general meeting.

The Board shall fully consider the capital needs of normal production and operation of the Company, arrangement of investment, actual profit status, cash flows and scale of share capital of the Company and the sustainability of development when formulating the specific proposal of cash dividend, and carefully study and discuss the timing, conditions and minimum proportion of cash dividend of the Company, conditions for adjustment and requirements for decision-making procedures. Independent Directors shall express specific views.

Independent Directors can collect views from minority shareholders to propose profit distribution proposal and directly propose to the Board for consideration.

Prior to consideration of the specific proposal of cash dividend at the general meeting, the Company shall actively communicate and exchange ideas with shareholders (especially minority shareholders) through various channels (including but not limited to telephone, facsimile, e-mail and interactive platforms), fully listen to the opinions and requests from medium and small shareholders and reply in a timely manner the questions from minority shareholders. When considering the profit distribution plan, the Company shall make internet voting accessible to the shareholders.

(3) Profit not distributed

If the Company makes a profit for the year, but the Board does not propose the profit distribution proposal by the way of cash, the Company shall explain the reason and the usage and plan of utilization for the capital which is not utilized as cash dividends and reserved in the Company, and independent Directors shall express independent views thereupon and timely disclose; it shall propose to the general meeting for consideration after consideration and approval by the Board. Meanwhile, the Company shall make internet voting for medium and small shareholders to vote at the general meeting.

IV. Adjustment to profit distribution policy:

The Company shall strictly implement the profit distribution policy stipulated in this Articles of Association and the specific proposal of profit distribution considered and approved at the general meeting.

In case of war, natural disasters and other force majeure, or changes to the Company's external operational environment resulting in a material impact on its production and operation, or relatively significant changes to the Company's operational position, or new policies on profit distribution published by competent authorities, in which cases the profit distribution policy stipulated by this Articles of Association, in particular the cash dividend policy, is required to be adjusted, the Company may adjust its profit distribution policy. The Board shall thoroughly discuss the rationality of the adjustment to the profit distribution policy, and form a special proposal after an independent view is expressed by the independent Directors and submit the same for the consideration by the shareholders at the general meeting. The proposal shall be considered and approved by more than two-thirds of voting rights held by the shareholders (including their proxies) present at the general meeting.

The supervisory committee shall issue its review opinions on the adjustment to the profit distribution policy.

The adjusted profit distribution policy shall not contravene with the relevant requirements of the CSRC and the stock exchange on which shares of the Company are listed.

When the general meeting considers the adjustment to the profit distribution policy, the Company shall make internet voting accessible to the shareholders or collect voting rights of the shareholders.

V. Disclosures in regular reports:

The Company shall disclose in details the formulation and implementation of cash dividend policy in its annual reports, and specifically explain whether it is in compliance with the provisions of this Articles of Association or requirements of the resolutions of the general meeting, whether the criteria and proportion of dividend distribution is specific and clear, whether the relevant decision-making procedures and mechanism are complete, whether independent Directors duly perform their duties and play their due roles, whether medium and small shareholders have opportunities to fully express their opinions and requests and whether the legitimate interests and interests of medium and small shareholders are fully protected.

Where the Company adjusts or changes its cash dividend distribution policy, it shall explain in details as to whether the conditions and procedures of such adjustments or changes are in compliance with regulations and transparent.

If the Company is unable to determine the profit distribution proposal for the year according to the established cash dividend policy or the minimum cash dividend proportion under extraordinary circumstances, the Board shall explain in details the reason for not proposing cash profit distribution according to this Articles of Association, and the usage and plan of utilization for the capital which is not utilized as cash dividends and reserved in the Company, and independent Directors shall express independent views thereupon and timely disclose.

VI. Supervision on profit distribution by the supervisory committee:

The supervisory committee shall supervise the Board and the management in respect of the formulation and implementation of the profit distribution policy and the status of returns for shareholders and the relevant decision-making procedures.

The supervisory committee shall give specific opinions and monitor the prompt rectification of the Board in the event of any of the following circumstances:

- (1) the cash dividend policy and the plan on returns for shareholders are not strictly implemented;
- (2) the relevant decision-making procedures in respect of the cash dividend distribution are not strictly implemented;
- (3) the disclosure and implementation of the cash dividend policy are not true, accurate or complete.

Article 208 The Company shall appoint receiving agent for shareholders of overseas-listed foreign-invested shares. The agent shall receive dividends from overseas-listed foreign-invested shares and other payables on behalf of the relevant shareholders.

The receiving agent appointed by the Company shall comply with the laws or the listing place or relevant requirements of stock exchange where the Company's shares are listed.

The receiving agent appointed by the Company for shareholders of shares listed in Hong Kong shall be a trust Company registered under the Trustee Ordinance of the law of Hong Kong.

Regarding exercising the right to terminate sending dividend warrant by post, if such dividend has not been withdrawn for twice in a row, such right can be exercised. However, the right can be exercised if such dividend warrant is returned undelivered on first occasion and fails to be sent to the recipient.

The right to sell the shares of the untraceable shareholders shall not be exercisable, unless (i) dividends in respect of the underlying shares have been declared for at least three times in 12 years, and such dividends remain unclaimed during the period; and (ii) Upon the expiry of 12 years and the Company has made an announcement in a newspaper (as defined in the Rules Governing the Listing of Securities on the SEHK) of its intention of selling the shares, and has notified the Hong Kong Stock Exchange of the same.

The right to expropriate unclaimed dividends shall be exercised after the expiration of the specified period.

Article 209 When it distributes after-tax profit of the year, the Company shall allocate 10% of its after-tax profit to the statutory reserve. Where the accumulated statutory reserve of the Company has reached 50% of the Company's registered capital, no allocation is needed.

If the Company's statutory reserve is insufficient to cover losses in previous years, the profits of the year shall be used to make up the losses before allocating the statutory reserve in accordance with the preceding paragraph.

After withdrawal of statutory reserve from the after-tax profit, other discretionary reserve may be allocated out of the after-tax profits with the resolution approved by general meeting.

After making up for losses and allocation of reserves, the remaining after-tax profit shall be distributed in proportion according to shares held by shareholders.

If the general meeting fails to comply with the aforesaid requirements and distribute profit to shareholders before making up the loss and allocating the statutory reserve by the Company, shareholders must return the profits distribute.

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

Article 210 The Company's statutory reserve is used to make up the Company's losses, expand the Company's business or increase the Company's capital. However, the capital reserve will not be used to offset losses.

When statutory reserve is converted into capital, the remaining of such statutory reserve shall not be less than 25% of the registered capital prior to the conversion.

Article 211 When general meeting approves the proposal of increasing share capital with cash dividend, share granting or capital reserve conversion, the Company will execute such plans within 2 months after the general meeting.

After the general meeting passed a resolution on profit distribution, Board of Directors shall complete distribution of profits within 2 months after the general meeting.

Article 212 Dividend distribution or other distributions shall be calculated and announced in RMB. Distribution of cash dividends for domestic share and other cash distribution shall be paid in RMB. Distribution of cash dividends and other distributions for overseas shares shall be paid in U.S. dollars; however distribution of cash dividends and other distributions from share traded in Hong Kong Stock Exchange shall be paid in Hong Kong dollar.

When the Company pays dividends or make other distributions other than RMB, the exchange rate shall be the average of middle rates announced by the People's Bank of China for two working days in one week prior to declaring dividend or other distribution.

Article 213 The internal audit department of the Company shall be accountable to the Board of Directors in accordance with the relevant regulations of the State and the city, and shall implement internal audit work, audit and supervise the operation and management activities of the Company, its invested enterprises and branches, and seek to strengthen the audit supervision of its shareholding enterprises, foreign enterprises and overseas enterprises, so as to prevent the management mode of “investment without supervision”, “equity participation without supervision” and “no control and supervision”.

The internal audit department of the Company shall be under the guidance and supervision of the audit committee of the Board of Directors.

Article 214 The Company should establish a work mechanism to prevent legal risks and implement corporate legal advisor system to set up an office of general legal counsel in accordance with relevant state and local regulations.

The corporate legal advisor is responsible for handling legal affairs in relation to the operation and management of the Company, participating in material operational decision-making of the Company and to ensure the legality in decision-making.

For material issues such as division, merger, bankruptcy, dissolution and increase or decrease of registered capital which require reporting to relevant authorities for approval from the Company according to relevant requirements, the corporate legal advisor shall issue their legal opinions to analyze relevant legal risks and specify the legal obligations.

CHAPTER 20 APPOINTMENT OF ACCOUNTING FIRM

Article 215 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial statements, annual financial report audit, net asset appraisals and other related consultation services, and to review the Company's other financial statements.

The Company's first accounting firm may be appointed by inaugural meeting prior to the first annual general meeting, and the accounting firm so appointed shall hold office until the conclusion of the first general meeting.

If the inaugural meeting fails to exercise the aforesaid functions and powers, those functions and powers shall be exercised by the Board.

Article 216 The term of appointment of the accounting firm shall commence from the conclusion of the current annual general meeting and end at the conclusion of the next annual general meeting. The aforesaid appointment lasts for one(1) year and may be renewed.

Article 217 The accounting firm appointed by the Company shall have the following rights and powers;

- (1) To review the Company's books of accounts, records or vouchers, and has the right to require the Directors, managers or other senior management personnel of the Company to provide related information and descriptions;
- (2) To require the Company to adopt all reasonable measures to obtain any information and descriptions from its subsidiaries that are required by the accounting firm to perform its duties;
- (3) To attend general meetings, and to have equal access to notification of shareholder's meetings or any information related to the meetings as available to all other shareholders, and speak at any general meeting on matters involving its appointment as the Company's accounting firm.

Article 218 The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any objection, omission or falsehood.

Article 219 Should there be a vacancy for the post of accounting firm, the Board may appoint an accounting firm to fill the vacancy before a shareholders' general meeting. Any other accounting firm which is still in service may continue to act as the accounting firm during the period the vacancy remains unfilled.

Article 220 Regardless of the terms of the contract entered into by the accounting firm and the Company, Shareholders Meeting may dismiss the accounting firm by ordinary resolution before expiration of its term. The accounting firm may claim against the Company for the demission if it is entitled to such a right, without prejudice to any other rights.

Article 221 The remuneration or the method of determining the remuneration of an accounting firm shall be determined by the shareholders' general meeting. In the case of an accounting firm appointed by the Board, the remuneration of such accounting firm shall be determined by the Board.

Article 222 The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting and reported to the securities regulatory authority of the State Council for filing.

If the general meeting of shareholders plans, by passing resolutions, to recruit a non-incumbent accounting firm to fill up any vacancy of the post of accounting firm, or renew the engagement of an accounting firm appointed by the Board of Directors to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (i) The relevant proposal on engagement or dismissal shall be sent to the accounting firm proposed to be engaged or proposing to leave the post or the firm which has left the post in the relevant accounting year before the issuance of the notice of general meeting of shareholders. Leaving herein shall include leaving by dismissal, resignation and retirement.
- (ii) If the accounting firm which is about to leave the post makes a written statement, and requires the Company to inform the shareholders of its statement, unless the time of receiving such written statement is too late, the Company shall adopt the following measures:
 - (1) state in the notice of meeting issued for making resolutions that the accounting firm which is about to leave the post has made a statement;
 - (2) send a duplicate copy of such statement to shareholders who are entitled to receive notices of general meetings.
- (iii) If the Company fails to send the statement of the relevant accounting firm according to the above provisions of item (ii), the accounting firm may ask the statement be read at the general meeting of shareholders and make further appeal.

(iv) An accounting firm about to leave the post shall have the right to attend the following meetings:

- (1) general meeting of shareholders at which its tenure shall expire;
- (2) general meeting of shareholders at which the vacancy due to its dismissal is to be filled up;
- (3) general meeting of shareholders convened due to its resignation from its post;

The accounting firm about to leave the post shall have the right to receive all notices of the aforesaid meetings or other information in relation to the meetings and give speeches at the aforesaid meetings with regard to matters involving its duties as the previous accounting firm appointed by the Company.

Article 223 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. Such accounting firm shall have the right to make representations at the general meeting of shareholders. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's domicile a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

1. a statement to the effect that there are no circumstances relating to its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company;
or
2. a statement of any such circumstances.

The Company shall send a copy of the aforesaid written notice to the relevant authorities within 14 days upon receipt. If the notice contains the aforesaid two statements, the Company shall keep a copy of the statements at the Company for inspection of shareholders. The Company shall also send copy of the foregoing statements to each shareholder of shares listed overseas in pre-paid mail to the address recorded in the register.

If the accounting firm's resignation notice contains any statement about the circumstances, the accounting firm may request the Board to convene extraordinary general meeting to listen to its explanation on relevant matters about its resignation.

CHAPTER 21 LABOUR MANAGEMENT AND LABOUR UNION

Article 224 The Company shall comply with national laws and administrative regulations on labour protection and safe production, implement relevant national policies, and protect the legitimate rights and interests of workers. In accordance with national laws, administrative regulations and policies on labour and personnel affairs, and based on the demand for production and operation, the Company shall formulate its systems regarding labour management, personnel affairs and wages.

The Company shall continue to improve its market-oriented employment and remuneration structure, implement open recruitment of employees, competition for management promotion, performance appraisal for all staff, position adjustment and exit mechanism for incompetent employees, establish a market competitive market-rate remuneration structure for key and core talents, and flexibly carry out various forms of medium- and long-term incentives.

Article 225 The employees of the Company may, according to the Labour Union Law of the PRC, organize a labour union, which shall carry out union activities and safeguard the lawful rights and interests of the employees. The Company shall provide necessary conditions for its labour union to carry out activities. The labour union shall, on behalf of the employees, conclude the collective contract with the Company with respect to the remuneration, working hours, welfare, insurance, work safety and sanitation and other matters.

Article 226 To make a decision on restructuring or any important issue related to business operation, or to formulate any important regulation, the Company shall solicit the opinions of its labour union, and shall solicit the opinions and proposals of the employees through the meeting of the representatives of the employees or in any other way.

CHAPTER 22 MERGER AND DIVISION

Article 227 For a merger or division of the Company, the Board shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted according to procedures specified in these Articles. Shareholders who oppose to the Company's merger or division plans shall have the right to ask the Company or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The content of the resolution on the merger or division of the Company shall be made into special document, which shall be available for shareholders' inspection.

With regard to holders of overseas-listed foreign-invested shares, the aforesaid documents shall also be delivered by post.

Article 228 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new Company.

In the case of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution which is passed and shall publish a public notice in newspaper at least three times within 30 days of the date of the Company's merger resolution.

The creditors may require the Company to clear the debts or provide debt guarantee within 30 days from the date of receiving the notice, or within 45 days from the first announcement in case of no notice is received.

After the merger, the claims and debts of the parties shall be assumed by the surviving Company or the newly established Company.

Article 229 In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's division resolution which is passed and shall publish a public notice in newspaper at least three times within 30 days of the date of the Company's merger resolution.

Debts of the Company prior to the division shall be assumed by the companies which exist after the division in accordance with the agreements which have been reached. However, except for otherwise agreed in writing between the Company and creditor before the division in respect of the debt repayment.

Article 230 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 the incorporation of the Company shall be carried out according to laws.

CHAPTER 23 DISSOLUTION AND LIQUIDATION

Article 231 The Company shall be dissolved when:

- (1) a resolution regarding the dissolution is passed by the general meeting of shareholders;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts as they fall due;
- (4) its business license is revoked and it is ordered to shut down or revoked;
- (5) the Company encounters serious operation difficulties and shareholders will suffer significant losses shall it remain operating, which cannot be solved by other means, all shareholders holding 10% or more of the voting rights may request the court to dissolve the Company.

Article 232 When the Company is dissolved under the circumstance described in items (1), (4) and (5) of the preceding article, a liquidation committee shall be formed within 15 days upon the occurrence of causes for dissolution, and the composition of the committee shall be determined by an ordinary resolution in general meeting. If the Company fails to set up a liquidation committee to start liquidation process within the prescribed time limit, any creditors may apply to the people's court for designation of a liquidation committee for the liquidation.

When the Company is dissolved according under the circumstance described in item (3) of the preceding article, the people's court shall, according to relevant legal provisions, organize the shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

Article 233 If the Board of Directors decides to liquidate the Company (except for the liquidation due to declaration of bankruptcy), it shall declare in notice of the general meeting convened for the liquidation that the Board has done a comprehensive investigation of the Company and consider that the Company can pay its debts in full within 12 months after the liquidation.

Upon the resolution regarding the liquidation is passed at the general meeting, the function and power of the Board of Directors shall immediately terminate.

The liquidation committee shall follow the directions of the general meeting of shareholders to report on its income and expenditures, the Company's business and the progress of liquidation at least once a year to the general meeting of shareholders and make a final report to the general meeting of shareholders at the end of liquidation.

Article 234 The liquidation committee shall inform the creditors of the Company within 10 days following its establishment, and shall make a public notice in a newspaper at least three times within 60 days.

Creditors shall declare their claims to the liquidation committee within thirty (30) days from the date on which the notice is received or forty five (45) days from the date of the announcement if the notice is not received. The declaration shall state the matters relevant to the claims and provide evidence. 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 235 The liquidation committee shall exercise the following functions and powers during the period of liquidation:

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

Article 236 After the liquidation committee has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting of shareholders or the people's court for confirmation.

The Company's assets shall be used to pay off its debts in the following order:

- (i) liquidation expenses;
- (ii) wages due to the employees of the Company, social insurance payments and statutory compensation;
- (iii) payment of outstanding tax;
- (iv) payment of debts of the Company.

Any residual assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding clauses of this article shall be distributed by its shareholders according to the class of shares and 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.

Article 237 In case of liquidation for dissolution, if the liquidation committee, having sorted out the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court immediately for a declaration of bankruptcy of the Company according to laws.

Upon the declaration of bankruptcy of the Company by the people's court, the liquidation committee shall prepare and hand over the liquidation matters to the people's court.

Article 238 Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial accounts for the period of liquidation and, after the same have been certified by a Chinese certified public accountant, submit them to a general meeting of shareholders or the people's court for confirmation.

The liquidation committee shall, within 30 days from the confirmation of the shareholders' general meeting or the people's court, submit the aforesaid documents to the Company registration authority for cancellation of the Company's registration and announce the termination of the Company.

Article 239 Members of a liquidation committee shall be faithful in performing their duties and their liquidation obligations according to law.

Members of a liquidation committee may not abuse their authority to accept bribes or other illegal income and may not appropriate Company property.

If members of a liquidation committee will fully or acted grossly negligent to cause loss to the Company or its creditors, they shall be liable for compensation.

CHAPTER 24 PROCEDURES FOR REVISION OF THE ARTICLES

Article 240 The Company may make amendments to the Articles in accordance with the requirements of the laws, regulations and administrative provisions.

Article 241 The resolution to amend the Articles at the general meeting shall be subject to the approval of the competent authority, reported to the competent authority for approval; Amendment of the Company's Articles involving changes in the particulars of registration of the Company shall be made through a change in registration in accordance with laws.

Article 242 Board of Directors shall amend the Articles in accordance with the resolution of passed at the general meetings and the approval opinions of the competent authority.

Article 243 Where the amendments to the Articles belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the requirements.

CHAPTER 25 CORRESPONDENCES

Article 244 Subject to the applicable laws and regulations of the listing place and the rules of concerned stock exchange of the listing place of its shares as well as the Articles, the Company may send, post, mail, publish or provide its correspondences by electronic means (including but not limited to e-mail or CD-ROM, or by websites of the Company and the stock exchange of the listing place of its shares).

CHAPTER 26 DISPUTE RESOLUTION

Article 245 The Company shall comply with the following dispute resolution rules:

- (1) If any dispute or claim concerning the Company's business on the basis of the rights and obligations provided in these Articles, the Company Law and other relevant laws or administrative regulations and rules arises between a shareholder of overseas-listed foreign-invested shares and the Company, between a shareholder of overseas-listed foreign-invested shares and a Director, supervisor, manager or other senior management personnel of the Company or between a shareholder of overseas-listed foreign-invested shares and a shareholder of domestic shares, the parties concerned shall submit the dispute or claim for arbitration.

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

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

- (2) An arbitration applicant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules, or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant submits the dispute or claim for arbitration, the arbitration shall be carried out in the arbitration institution selected by the applicant.

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

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

CHAPTER 27 SUPPLEMENTARY PROVISIONS

Article 246 The Articles is written in both Chinese and English, and the Chinese version shall prevail in case of any discrepancy between the two versions.

Article 247 The Board of Directors may develop By-laws in accordance with provisions of the Articles. The By-laws shall not conflict with the provisions of the Articles.

Article 248 The words “above”, “within”, “below” and “exceeding” as used in this Articles shall include the given figure; the words “less than”, “lower than”, “more than” as used in this Articles shall not include the given figure.

Article 249 The following terms and expressions in this Articles shall have the following meanings, unless the context requires otherwise:

“Articles”/“Articles of Association”	the articles of association of the Company
“the Company”	Tianjin Capital Environmental Protection Group Company Limited
“Subsidiary”	includes wholly owned subsidiaries, holding subsidiary
“the Board”	the Board of Directors of the Company
“Chairman of the Board”	Chairman of the Board of Directors
“Directors”	the Directors of the Company
“Board of Supervisors”	the Board of Supervisors of the Company
“Supervisor Chairman”	Chairman of the Board of Supervisors
“Supervisor”	Supervisor of the Company
“Promoter”	Tianjin Bohai Chemical Industry Group Corporation
“Corporate bonds”	refers to the valuable paper issued by the Company in accordance with Chinese laws, rules and regulations, and the capital and interest shall be paid within agreed period, including bonds convertible into shares of the Company

“RMB”	China’s legal currency
“Secretary to the Board”	Secretary to the Board of Directors appointed by the Board of Directors for the Company
“China”/“PRC”	the People’s Republic of China
“Chinese law”	China’s constitution or any Chinese laws and regulations (as appropriate) in force
“Company Law”	Company Law of the People’s Republic of China adopted at the 5th Session of the Standing Committee of the 8th National People’s Congress on December 29, 1993 and implemented as of July 1, 1994; first amendment adopted at the 13th Session of the Standing Committee of the 9th National People’s Congress on December 25, 1999; second amendment adopted at the 11th Session of the Standing Committee of the 10th National People’s Congress on August 28, 2004; third amendment adopted at the 18th Session of the Standing Committee of the 10th National People’s Congress and promulgated on October 27, 2005; fourth amendment adopted at the 6th Session of the Standing Committee of the 12th National People’s Congress on December 28, 2013; fifth amendment adopted at the 6th Session of the Standing Committee of the 13th National People’s Congress and promulgated on October 26, 2018.

“Securities Law”	Securities Law of the People’s Republic of China, adopted at the 6th Meeting of the Standing Committee of the Ninth National People’s Congress of the People’s Republic of China on December 29, 1998, and implemented as of July 1, 1999; first amendment adopted at the 11th Session of the Standing Committee of the 10th National People’s Congress on August 28, 2004; first amendment adopted at the 18th Session of the Standing Committee of the 10th National People’s Congress on October 27, 2005; second amendment adopted at the 3rd Session of the Standing Committee of the 12th National People’s Congress on June 29, 2013; third amendment adopted at the 10th Session of the Standing Committee of the 12th National People’s Congress on August 31, 2014; second amendment adopted at the 15th Session of the Standing Committee of the 13th National People’s Congress on December 28, 2019.
“Hong Kong register of members”	the Register of Members kept in Hong Kong pursuant to the Articles
“SEHK”	The Stock Exchange of Hong Kong Limited
“Arbitration agency”	China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre
“special resolution”	the resolution to be adopted by votes of two-thirds of the shareholders present
“ordinary resolution”	the resolution to be adopted by more than half of votes of the shareholders present
“actual controller”	the person who is not a shareholder of the Company, however it can actually control the acts of the Company by investment relations, agreements or other arrangements

“connected relationship”	the relationship between controlling shareholder, actual controller, Directors, supervisors, officers and the enterprises under their direct or indirect control, or other relationship that may lead to the transfer of the Company’s interests. However, there is no connected relationship between state-controlled enterprises just because they are under the common control of the state.
“force majeure”	All the events that are unable to be foreseen, or able to be foreseen however unable to be overcome, the events include earthquake, typhoon, flood, fire, war, international or domestic transportation interruption, acts of government or public agencies (including major legal changes or policy changes), epidemics, civil commotion, strikes, and other events generally recognized as the force majeure.
“corporate communications”	any documents issued or to be issued by the Company for the Company’s security holders, including but not limited to (a) Report of the Board, the Company’s annual accounts together with copy of the auditor report and (if applicable) summary financial statements; (b) the interim report and (if applicable) summary interim report; (c) notice of meeting; (d) listing document; (e) circulars; and (f) proxy forms (with the meaning attributed by the Listing Rules of the place where Company’s shares are listed).

Article 250 The accounting firm referred to in the Articles has the meaning of an “auditor”.

Article 251 The Articles shall be subject to the interpretation of the Board of Directors.