

# **Henan Jinyuan Hydrogenated Chemicals Co., Ltd.**

## **Articles of Association**

**(Applicable after the issuance and listing of H Shares)**

**December 2023**

*(Note: Please note that the Articles of Association are written in Chinese and there is no official English version in respect thereof. This English version is for reference only. In case of any inconsistency between the English version and Chinese version, the Chinese version shall prevail.)*

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of Henan Jinyuan Hydrogenated Chemicals Co., Ltd. (hereinafter referred to as the “**Company**”), its shareholders and creditors and to regulate the organization and behavior of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “**Securities Law**”), Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”), the Accounting Law of the People’s Republic of China and other relevant provisions, and referred to the Guidelines for Articles of Association of Listed Companies (Revised in 2022).

**Article 2** The Company is a joint stock limited company entirely converted from Jiyuan Jinyuan Chemicals Co., Ltd. by means of promotion according to the Company Law and other relevant provisions. The Company was registered with the Jiyuan Administration for Market Regulation in Henan Province. The unified social credit code of the business license is 914190010572256304.

**Article 3** On 20 October 2023, the Company obtained the notification of completion of the filing procedures in connection with the overseas issuance and listing issued by the China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”), and listed on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) on 20 December 2023. The number of overseas listed shares that can be issued after the completion of filing with the CSRC does not exceed 274,746,000 shares (of which 35,836,000 shares are issued pursuant to the exercise of the over-allotment option) with a nominal value of RMB1 per share, all of which are ordinary shares.

**Article 4** The Company’s registered names:

Chinese name: 河南金源氢化化工股份有限公司

English name: Henan Jinyuan Hydrogenated Chemicals Co., Ltd.

A joint stock company shall have a Chinese name as its legal name.

**Article 5** The Company’s domicile is West First Ring Road South, Jiyuan, with the postal code of 459000.

**Article 6** The registered capital of the Company is RMB955,640,000 (if the over-allotment option is fully exercised at RMB991,476,000).

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

**Article 8** The legal representative of the Company is the general manager.

**Article 9** All assets of the Company shall be divided into equal shares. The shareholders of the Company shall be liable to the Company to the extent of the shares they subscribed. The Company shall be liable for its debts to the extent of all of its assets.

**Article 10** From the date upon which the Articles of Association come into effect, the Articles of Association constitute a legally binding document regulating the Company's organization and behavior, as well as the rights and obligations between the Company and each shareholder and between the shareholders, with binding effects on the Company, its shareholders, directors, supervisors and senior management.

According to the Articles of Association, shareholders may sue other shareholders, directors, supervisors, general manager and other senior management of the Company and the Company. The Company may sue shareholders, directors, supervisors, general manager and other senior management.

**Article 11** Other senior management referred to in the Articles of Association refers to the deputy general manager, secretary to the Board and the chief financial officer of the Company.

**Article 12** The Company shall, in accordance with the provisions of the Constitution of the Chinese Communist Party, establish the organizations of the Chinese Communist Party and carry out party activities. The Company shall provide necessary conditions for the activities of the party organizations.

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

**Article 13** The business objectives of the Company: to persist in becoming an enterprise full of sense of social responsibility, to adhere to the principle of harmonious development combining economic benefit and social benefit, to promote technological progress in the industry consistently and assume the social responsibility proactively.

**Article 14** The business scope of the Company following registration according to laws is: permitted projects: production of hazardous chemicals (for any projects that are subject to approval in accordance with laws must be approved by the relevant departments before the commencement of their operation activities, and the specific business projects shall be as prescribed in the approval documents or permits by the relevant departments); general projects: production of chemical products (excluding permitted chemical products); sales of chemical products (excluding permitted chemical products) (except for any projects that are subject to approval in accordance with the laws, its business activities shall be conducted with the business license on its own in accordance with the laws).

## **CHAPTER 3 SHARES**

### **Section 1 Issuance of Shares**

**Article 15** The shares of the Company shall be in registered form.

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares. Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting right" or "limited voting right".

The Company shall keep a complete register of shareholders. The register of shareholders shall include the following parts:

- (I) register of shareholders kept at the Company's domicile other than those specified in (II) and (III) below;
- (II) register of shareholders of the overseas listed foreign shares kept in the place of the stock exchange where such shares are listed;
- (III) register of shareholders kept in other places according to the decision of the Board as required for the listing of shares.

Any alteration or rectification to any part of the register of shareholders shall be made in accordance with the laws in the place where such part of the register of shareholders is maintained.

**Article 16** The Company shall issue shares under the open, fair and just principles, and same right is applied to each share of the same class. The terms and issue price of shares of the same class issued in one issuance shall be same and same price shall be paid by each institution or individual for each share subscribed.

The Company may issue shares of different classes upon approval. Shareholders holding shares of different classes are classified as shareholders of different classes. Different special rights may be attached to shares of different classes.

**Article 17** The shares issued by the Company shall be denominated in RMB.

**Article 18** The Company's overseas listed shares that are listed on the Hong Kong Stock Exchange shall be referred to as H shares. The par value of H shares are denominated in RMB, and subscribed for and traded in Hong Kong dollars. The Company's shares in issue but unlisted on both domestic and overseas stock exchanges shall be referred to as unlisted shares. Shareholders of unlisted shares of the Company can convert their unlisted shares into overseas listed shares, and list them on overseas stock exchanges for trading to the extent permitted by related laws, administrative regulations and departmental regulations after the overseas issuance and listing of shares of the Company. The listing and trading of the aforesaid shares on overseas stock exchanges shall also comply with the regulatory procedures, provisions and requirements of the domestic and overseas securities market. Where the aforesaid unlisted shares are converted into overseas listed shares, and listed for trading on overseas stock exchanges, the general meeting may not be convened for voting.

Among the shares issued by the Company, unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements for overseas listed shares shall be subject to the applicable provisions of the place where the shares of the Company are listed.

**Article 19** The number of ordinary shares issued by the Company upon its establishment by means of promotion was 335,000,000 shares, which were subscribed by two promoters. The name of promoters, the number of shares subscribed, the method of capital contribution and the time of capital contribution are as follows:

No.	Name of Promoter	Number of Shares Subscribed (Ten Thousand Shares)	Percentage of Shareholding	Method of Capital Contribution	Time of Capital Contribution
1.	Henan Jinma Energy Company Limited	33,165	99%	Shares converted from net assets	2023.07.04
2.	Shanghai Jinma Energy Sources Co., Ltd.	335	1%	Shares converted from net assets	2023.07.04
<b>Total</b>		<b>33,500</b>	<b>100%</b>	–	–

The audited net asset value of Jiyuan Jinyuan Chemicals Co., Ltd. as of 31 May 2023 was RMB354,386,604.01, and the assessed net asset value was RMB386,805,700. All the promoters of the Company converted the audited net asset value of Jiyuan Jinyuan Chemicals Co., Ltd. of RMB338,533,447.95 after deducting special reserves into the Company's total share capital (the registered capital) of RMB335 million at a ratio of 1:0.98956. Any excess of net assets which have been converted into shares over the registered capital, if any, shall be included in the Company's capital reserves. Each promoter subscribes for the Company's shares at the proportion of their respective net asset value in the registered capital of Jiyuan Jinyuan Chemicals Co., Ltd.

**Article 20** Upon the completion of the initial public offering of H shares (assuming the over-allotment option is not exercised), the shareholding structure of the Company on the listing date is: the total number of shares of the Company is 955,640,000 shares (all of which are ordinary shares, with a nominal value of RMB1 per share), of which: unlisted shares of 716,730,000 shares; overseas listed shares (H shares) of 238,910,000 shares; the registered capital of the Company on the listing date is RMB955,640,000. Upon the exercise of the over-allotment option, the shareholding structure of the Company is: the total number of shares of the Company is 991,476,000 shares (all of which are ordinary shares, with a nominal value of RMB1 per share), of which: unlisted shares of 716,730,000; overseas listed shares (H shares) of 274,746,000 shares; the registered capital of the Company on the listing date is RMB991,476,000.

**Article 21** The Company or subsidiaries of the Company (including the affiliated entities of the Company) shall not provide any assistance to any person acquiring or proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity, loans or other means.

## **Section 2 Increase, Reduction and Repurchase of Shares**

**Article 22** In accordance with the laws and regulations, the Company may increase the registered capital by the following ways upon respective approval by resolutions of the general meeting according to the operation and development needs of the Company:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) distribution of bonus shares to existing shareholders;
- (IV) conversion of capital reserve into share capital;
- (V) other means approved by the laws, administrative regulations and the CSRC.

**Article 23** The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the procedures set out in the Company Law, other relevant provisions and the Articles of Association.

**Article 24** The Company may not purchase its shares other than for one of the following purposes:

- (I) to reduce its registered capital;
- (II) to merge with another company that holds its shares;
- (III) to grant its shares for carrying out employee share ownership schemes or share incentive schemes;
- (IV) to purchase its shares from shareholders who request and are against the resolution regarding the merger or division with other companies at the general meeting;
- (V) the shares are used to convert convertible corporate bonds issued by the Company;
- (VI) necessary for the Company to maintain its company value and protect its shareholders' rights and interests.

**Article 25** The Company may repurchase its shares through open centralized trading or other ways recognized by laws, administrative regulations, the CSRC and the Hong Kong Stock Exchange.

Where the Company repurchases its shares under the circumstances stipulated in (I) and (II) of paragraph 1 in Article 24 of the Articles of Association, an approval shall be obtained from the general meeting; where the Company repurchases its shares under the circumstances stipulated in (III), (V) and (VI) of Article 24 of the Articles of Association, a resolution of the Board shall be passed by a two-third majority of directors attending the meeting in accordance with the provisions of the Articles of Association or the authorization of the general meeting. After the Company has repurchased its shares according to Article 24 of the Article of Association, the shares so repurchased shall be canceled within ten days from the date of repurchase under the circumstances set out in (I); or shall be transferred or canceled within six months under the circumstances set out in (II) and (IV). After the repurchase under the circumstances set out in (III), (V) and (VI), the number of shares held by the Company shall not exceed 10% of its total issued shares, and shall be transferred or canceled within three years.

### **Section 3 Transfer of Shares**

**Article 26** The shares of the Company may be transferred in accordance with laws.

The H shares shall be transferred by a transfer document in writing in any usual or common form or any other form which the Board accepts (including the prescribed form or transfer form as required by the Hong Kong Stock Exchange from time to time). Such transfer documents may only be executed by hand or (if the transferor or the transferee is a company) affixed with the Company's seal. If the transferor or transferee is a recognized clearing house as defined by the laws of Hong Kong in effect from time to time or the proxy thereof, such transfer documents may be executed by hand or by machine imprinted signatures. All transfer documents shall be kept at the legal address of the Company or any other place specified by the Board from time to time.

**Article 27** The Company shall not accept its shares as the subject matter of a pledge.

**Article 28** Shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. Shares issued prior to the public issuance of shares shall not be transferred within one year from the date when the shares of the Company are listed and traded on the stock exchange concerned.

The directors, supervisors, and senior management of the Company shall declare, to the Company, information on their holdings of the shares of the Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed 25 percent of their total shares of the Company. The shares that they hold shall not be transferred within one year from the date when the shares of the Company are listed and traded. The aforesaid persons shall not transfer their shares of the Company within half a year from the date of their resignation.

## **CHAPTER 4 SHAREHOLDERS AND GENERAL MEETINGS**

### **Section 1 Shareholders**

**Article 29** The Company shall set up a register of members. The register of members shall be sufficient evidence to the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations according to the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Any shareholder who is registered in, or any person who requests to have his name entered in, the register of members may apply to the Company for issue of a replacement share certificate in respect of such shares (the “**Relevant Shares**”) if his share certificate (the “**Original Certificate**”) is lost. If a shareholder who has lost his share certificate of unlisted shares applies for a replacement share certificate, it shall be dealt with in accordance with the relevant provisions of the Company Law. If a shareholder who has lost his share certificate of H shares applies for a replacement share certificate, it shall be dealt with in accordance with the laws, rules of the stock exchange(s) or other relevant provisions of the place where the original H share register is kept.

**Article 30** The assignment and transfer of shares shall be registered in the register of members. The Company may, in accordance with the understanding and agreements between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain the register of members of overseas-listed shares outside Mainland China, and entrust an overseas agent to maintain such register. The original H share register of the Company shall be maintained in Hong Kong. If there is any inconsistency between the original and the duplicate of the H share register, the original version shall prevail. The H share register must be available for inspection by shareholders. However, the Company may be allowed to suspend the registration of shareholders in accordance with section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**Article 31** When the Company engages in the conducts like convening the general meetings, distribution of dividends, liquidation or any other matters that require the confirmation of the identity of shareholders, the Board of Directors or the convener of the general meeting shall determine the date of registration of shares. Shareholders registered in the register of members after the closing on the date of registration of shares shall be the shareholders enjoying the relevant rights.

**Article 32** Shareholders of the Company shall be entitled to the following rights:

- (I) to receive dividends and benefits distributed in other forms according to the number of shares they hold;
- (II) to legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the general meeting and exercise corresponding voting rights as well as right of speech;
- (III) to supervise Company’s operations and make suggestions or enquiries;
- (IV) to transfer, donate or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;
- (V) to read the Articles of Association, the list of shareholders, Company bond stubs, general meeting minutes, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;
- (VI) to participate in the distribution of the remaining properties of the Company in the event of its termination or liquidation in accordance with the proportion of the shares they hold;
- (VII) to require the Company to purchase their shareholdings in the event of their objection to resolutions of the general meetings concerning merger or division of the Company;
- (VIII) other rights prescribed in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

**Article 33** Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the preceding Article, they shall provide with the Company written documents evidencing the class and number of shares of the Company held by them. The Company shall verify the identity of the shareholders and provide information requested by such shareholders.

**Article 34** In the event that any resolution of the general meeting and resolution of the Board of Directors violates laws or administrative regulations, the shareholders shall have the right to request the People's Court to deem it as invalid.

In the event that the convening procedure or voting method of the general meeting or meeting of the Board of Directors violates any of the laws, administrative regulations or the Articles of Association, or any resolution violates the Articles of Association, the shareholders are entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted.

**Article 35** Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors and senior management in the course of performing their duties, shareholders individually or jointly holding more than 1% of shares of the Company for over 180 consecutive days shall have the rights to request in writing to the Board of Supervisors to initiate legal proceedings in the People's Court. Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by the Board of Supervisors in the course of performing their duties, shareholders shall have the rights to request in writing to the Board of Directors to initiate legal proceedings in the People's Court.

In the event that the Board of Supervisors or the Board of Directors refuses to file an action upon receipt of the shareholders' written request specified in preceding paragraph, or fails to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, shareholders specified in the preceding paragraph may, in their own name, directly file an action in the People's Court for the interests of the Company.

In the event of any other person infringes upon the legitimate interests of the Company and causes losses thereto, the shareholders specified in the first paragraph of this Article may file an action in the People's Court according to the provisions of the preceding two paragraphs.

**Article 36** In the event of a director or senior management violates the laws, administrative regulations or the Articles of Association, thereby damaging the interests of shareholders, shareholders may file an action in the People's Court.

**Article 37** Shareholders of the Company shall assume the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay for the shares pursuant to the quantity and the method of subscription;
- (III) not to withdraw capital contribution except for circumstances specified in laws and regulations;
- (IV) not to abuse shareholder' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the Company's creditors;
- (V) to perform other duties prescribed in laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for compensation in accordance with the laws.

Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.

**Article 38** Where any shareholder with more than 5% of the voting shares of the Company intends to pledge his shares, the shareholder shall submit a written report to the Company on the occurrence of such pledge.

**Article 39** The controlling shareholders and actual controllers of the Company shall not use their connected relationships to damage the interests of the Company. Those who violate the provisions and cause losses to the Company shall be liable for compensation.

The controlling shareholders and actual controllers of the Company shall have a fiduciary duty to the Company. Our controlling shareholders shall exercise their investors' rights in strict accordance with the laws and shall not damage the lawful interests of the Company or of public shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the use of Company's funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company and of public shareholders.

The controlling shareholders and actual controllers of the Company shall safeguard the independence of the Company and exercise their rights in accordance with the Company's decision-making procedures. Controlling shareholders and actual controllers shall not take advantage of the Company's controlling position to intervene in the Company's decision-making and operating activities directly or indirectly, to impair the lawful interests of the Company and the public shareholders, or to seek unlawful benefits in violation of the laws, administrative regulations and the Articles of Association.

## **Section 2 General Provisions for General Meetings**

**Article 40** The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to the laws:

- (I) to decide on the Company's business policies and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives and to decide on matters relating to the remuneration of directors and supervisors;
- (III) to consider and approve the reports of the Board of Directors;
- (IV) to consider and approve the reports of the Board of Supervisors;
- (V) to consider and approve the annual financial budgets and final accounts of the Company;
- (VI) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (VII) to resolve on the increase or reduction of the registered capital of the Company;

- (VIII) to resolve on the issue of corporate bonds;
- (IX) to resolve on the merger, division, dissolution, liquidation (including voluntary liquidation) or change of corporate form of the Company;
- (X) to amend the Articles of Association;
- (XI) to resolve on the appointment and dismissal of the accounting firm of the Company;
- (XII) to consider and approve the guarantee matters stipulated in the Article 41 of the Articles of Association;
- (XIII) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (XIV) to consider and approve the change in use of proceeds;
- (XV) to consider share incentive schemes and employee share ownership schemes;
- (XVI) to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association to be decided by the general meeting.

The functions and powers of the general meetings described above shall not be delegated to the Board of Directors or any other organizations or individuals through authorization. Matters, as required by laws, administrative regulations and rules as well as the Articles of Association, shall be resolved at the general meetings so as to protect the decision-making rights of shareholders of the Company on such matters. Under necessary, reasonable and lawful circumstances, the general meeting may authorize the Board of Directors to decide specific issues relating to matters to be resolved on at the general meeting which may not or need not be decided upon immediately at a general meeting.

An authorization to the Board of Directors by general meeting in relation to matters to be decided by ordinary resolutions shall be passed by shareholders (including their proxies) representing more than half of the voting rights present at the general meeting; an authorization to the Board of Directors in relation to matters to be decided by special resolutions shall be passed by shareholders (including their proxies) representing more than two-thirds of the voting rights present at the general meeting. The contents of the authorization shall be clear and specific.

**Article 41** The following external guarantees of the Company shall be considered and passed by the Board of Directors, and then submitted to be considered at the general meeting:

- (I) provision of a single guarantee, the amount of which exceeds 10% of the latest audited net assets of the Company;
- (II) provision of any external guarantee by the Company and its controlling subsidiaries, the total amount of which exceeds 50% of the latest audited net assets of the Company;

- (III) provision of any external guarantee by the Company, the total amount of which exceeds 30% of the latest audited total assets of the Company;
- (IV) provision of any external guarantee by the Company within one year, the total amount of which exceeds 30% of the latest audited total assets of the Company;
- (V) provision of guarantee to the entity with the liability-asset ratio exceeding 70%;
- (VI) provision of guarantees to the shareholders, actual controllers and their connected persons.

When considering the resolution of providing guarantees to shareholders, actual controllers and their connected persons at a general meeting, such shareholders or shareholders controlled by such actual controller and his or her connected persons shall not vote on such resolution. Such resolution shall be passed by more than half of the voting rights of other shareholders present at the general meeting.

If the directors, general manager and other personnel of the Company enter into external guarantee contracts without authorization in accordance with the approval procedures stipulated in the Articles of Association, the relevant personnel shall be held accountable, and if any damage or loss is caused to the Company, the relevant personnel shall also be liable for compensation.

**Article 42** The general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

**Article 43** The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (I) where the number of directors falls below the number prescribed in the Company Law or below two-thirds of the number prescribed in the Articles of Association;
- (II) where the Company's unfunded losses reach one-third of total share capital paid in;
- (III) where shareholders who individually or jointly hold more than 10% of the Company's shares request holding of such a meeting;
- (IV) where the Board of Directors deems it necessary;
- (V) where the Board of Supervisors proposes such a meeting;
- (VI) in any other circumstances prescribed by laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The number of shares held set out in item (III) above shall be calculated as of the date of the shareholder's written request.

**Article 44** The venue for convening a general meeting shall be the domicile of the Company or places as indicated in the notice of the general meeting.

The general meeting shall arrange a meeting venue and be convened through on-site meetings. The Company may also provide voting by internet means if necessary to facilitate shareholders attending the general meeting. Shareholders participating in general meetings in the aforesaid manners shall be deemed as present. After the issuance of the notice of the general meeting, the venue for an on-site meeting shall not be changed without any proper reasons. In case of any necessary change of the venue, the convener shall make an announcement stating the reasons at least two business days before the meeting date.

### **Section 3 Summoning of General Meetings**

**Article 45** General meetings shall be summoned by the Board of Directors. When the Board of Directors is unable or fails to perform its duty to convene the general meeting, the Board of Supervisors shall convene and preside over the meeting in accordance with the Articles of Association. In the case of failure to convene and preside over the general meeting by the Board of Supervisors, shareholders individually or jointly holding 10% or more of the shares of the Company more than 90 consecutive days shall have the right to convene and preside over the meeting in accordance with the Articles of Association on its own.

**Article 46** Independent directors shall have the right to propose to the Board of Directors to convene extraordinary general meetings. When an independent director proposes to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, and the Articles of Association, give written feedback on whether or not to convene the extraordinary general meeting within 10 days after receipt of the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board of Directors is passed. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall explain the reasons.

**Article 47** The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, and the Articles of Association, give written feedback on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board of Directors is passed. Any changes to the original proposal made in the notice shall be subject to the consent of the Board of Supervisors.

If the Board of Directors does not agree to convene the extraordinary general meeting or fails to give feedback within 10 days after receipt of the proposal, the Board of Directors shall be deemed to be unable or fail to perform the duty of convening the general meeting, and the Board of Supervisors may summon and preside over the meeting on its own.

**Article 48** Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations, and the Articles of Association, give written feedback on whether to convene the extraordinary general meeting or not within 10 days after receipt of the request.

If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board of Directors is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary general meeting or does not reply within 10 days upon receipt of the request, the shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting in writing.

If the Board of Supervisors agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days upon receipt of the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Supervisors fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Board of Supervisors will not convene and preside over the general meeting, and shareholders individually or jointly holding 10% or more of the Company's shares for more than 90 consecutive days may summon and preside over the meeting by themselves.

**Article 49** If the Board of Supervisors or shareholders decide(s) to convene a general meeting on its/their own, they shall notify the Board of Directors in writing and at the same time file a report with the stock exchange. Prior to the resolutions passed by the general meeting, the shareholding percentage of the convening shareholders shall be no less than 10%. The Board of Supervisors or the convening shareholders shall submit the relevant supporting materials to the stock exchange when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting.

**Article 50** For the general meetings convened by the Board of Supervisors or shareholders on its/their own, the Board of Directors and the secretary of the Board of Directors shall cooperate and provide necessary assistance. The Board of Directors shall provide the register of members. The register of members obtained by the convener shall not be used for any purpose other than convening a general meeting.

**Article 51** The necessary expenses for a general meeting convened by the Board of Supervisors or shareholders on its/their own shall be borne by the Company.

#### **Section 4 Proposals and Notices of General Meetings**

**Article 52** The contents of the proposal shall fall within the scope of the functions and powers of the general meetings, have specified subjects and specific resolutions, and comply with the laws, administrative regulations and the Articles of Association.

**Article 53** When the Company convenes a general meeting, the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding more than 3% of the Company's shares shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding more than 3% of the Company's shares may submit provisional proposals in writing to the convener 10 days before a general meeting is convened. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposal to announce the contents of the provisional proposals.

Except as provided in the preceding paragraph or as provided in the securities regulatory rules of the place where the Company's shares are listed, the convener shall not amend the proposals set out in the notice of the general meeting or add any new proposals after issuing the notice of the general meeting.

The general meeting shall not vote or make resolutions for any proposal not incorporated in the notice or not in compliance with Article 52 of the Articles of Association.

**Article 54** The convener of the general meeting shall notify the shareholders by an announcement 20 days prior to the convening of the annual general meeting, and shall notify the shareholders by an announcement 15 days prior to the convening of the extraordinary general meeting.

In determining the commencement date and the notice period, the Company shall not include the date convening the meeting.

**Article 55** The notice of the general meeting shall include the following contents:

- (I) the time, the venue and the duration of the meeting;
- (II) the matters and proposals submitted for consideration at the meeting;
- (III) a prominent written statement as follows: all ordinary shareholders (including preferred shareholders whose voting rights have been restored) have the right to attend the general meeting, and may appoint in written form a proxy (whether a shareholder of the Company or not), to attend and vote at the meeting;
- (IV) the record date of the shareholders who are entitled to attend the general meeting;
- (V) the names and phone number of the standing contact person for meeting affairs;
- (VI) the time and procedure for voting by internet or other means.

The notice of the general meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals. If the matter to be discussed needs the opinion of independent directors, the opinions and reasons of independent directors will be disclosed at the same time when the notice of general meeting or supplementary notice is issued.

**Article 56** If the matters involving the election of directors and supervisors are to be discussed at the general meeting, the notice of the general meeting shall fully disclose the detailed information of the candidates for directors and supervisors, which shall at least include the following:

- (I) personal particulars including educational background, working experience, part-time employment;
- (II) whether there is any related relationship with the Company or controlling shareholders and actual controller of the Company;
- (III) disclosure of the shareholdings in the Company;

- (IV) whether the candidates have been punished by the CSRC and other relevant authorities or reprimanded by a stock exchange.

Except for the directors and supervisors elected through the cumulative voting system, each candidate for director and supervisor should be individually proposed.

**Article 57** After the issuance of the notice for a general meeting, the general meeting shall not be postponed or canceled without any proper reasons, and the proposals specified in the notice shall not be withdrawn. In case of delay or cancelation, the convener shall give a notice to shareholders stating the reasons at least two business days before the original meeting date.

## **Section 5 Convening of General Meetings**

**Article 58** The Board of Directors and other conveners of the Company shall take all necessary measures to ensure that the general meeting is conducted in an orderly manner, and shall take steps to prevent any activities that interfere the general meetings, cause disturbances and infringe the legal interests of the shareholders, and report such activities to the relative authorities for investigation and punishment.

**Article 59** All shareholders in the register of members as at the date of record or their proxies shall have the right to attend the general meeting and exercise the voting rights and the right of speech according to relevant laws, regulations, and the Articles of Association.

Shareholders may either attend the general meeting in person, or appoint any person (whether a shareholder of the Company or not) as their proxies to attend and vote on their behalf at the meeting.

Any shareholder entitled to attend and vote at the shareholders' general meeting shall be entitled to appoint one or more other persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf, and such proxy may exercise the following rights according to the authorization of the shareholder:

- (I) have the same right as the shareholder to speak at the meeting;
- (II) have the right by himself/herself or in conjunction with others to make a resolution by voting; and
- (III) have the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

**Article 60** HKSCC as defined in the Listing Rules ("HKSCC") is entitled to appoint proxies or corporate representatives to attend general meetings and creditors' meetings of the Company, and such proxies or corporate representatives are entitled to rights equivalent to other shareholders, including right to speak and vote.

**Article 61** Individual shareholders attending the meeting in person shall present their identity cards or any other valid certificates or documents for identification. Proxies attending the meeting shall present their personal identity cards and the power of attorney from the shareholder.

For legal person shareholders, the legal representatives or the proxies appointed by such legal representatives shall be entitled to attend the meeting and shall be deemed to have attended the meeting in person. Legal representatives attending the meeting shall present their identity cards and valid documents that can prove their qualifications as the legal representatives. Proxies authorized to attend the meeting shall present their identity cards and the written power of attorney legally issued by the legal representative of the legal person shareholder (except for HKSCC or its proxy as defined in the Listing Rules).

If the shareholder is HKSCC or its proxy as defined in the Listing Rules, the shareholder may appoint one or more person(s) as he thinks fit as its representative(s) or proxy(ies) at the general meeting or any class general meetings. However, if more than two persons are appointed, the power of attorney or proxy statement shall specify the number and class of the shares relating to each such proxy. Such person so appointed may exercise the rights on behalf of HKSCC (or its proxy) (no shareholding voucher, notarized authorization and/or further evidence to the duly authorization is required) as if such person is an individual shareholder of the Company.

**Article 62** The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following contents:

- (I) the name of the proxy;
- (II) whether the proxy has the right to vote;
- (III) instructions to vote for, against or abstain from voting on each matter to be considered on the agenda of the general meeting, respectively;
- (IV) the issuance date and valid period of the proxy statement;
- (V) the signature (or seal) of the principal. If the principal is a legal person shareholder, the signature of the duly authorized person and the seal of the legal person entity shall be affixed.

**Article 63** The power of attorney shall specify whether the proxy could vote at his or her discretion if the shareholder does not provide specific instructions.

**Article 64** If the power of attorney for voting by proxy is signed by another person authorized by the principal, the power of attorney or other authorization documents authorized to be signed must be verified by a notary. The power of attorney or other authorization documents verified by the notary must be deposited together with the power of attorney at the domicile of the Company or other location designated at the notice convening the meeting.

A legal person shareholder shall attend the general meetings of the Company by its legal representatives or persons authorized by its board of directors or other decision-making authorities.

**Article 65** The Company shall be responsible for preparing the register of persons attending the meeting. The register of persons attending the meeting shall include, among others, the name of persons attending the meeting (or name of the relevant entity), identity card number, domicile, number of shares with voting rights they hold or represent, and name of the principal (or name of the relevant entity).

**Article 66** The convener shall verify the legitimacy of shareholders' qualifications according to the register of members and register the names of shareholders and the number of shares with voting rights they hold. The registration shall end before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares they hold.

**Article 67** When the general meetings are held, all directors, supervisors and secretary of the Board of Directors shall attend the general meetings, and the general manager and other senior management shall also attend the meetings on a non-voting basis. Such persons may attend the meeting through Internet meetings, video meetings, telephone meetings or other means with equivalent effect.

**Article 68** The general meetings shall be convened by the chairman of the Board of Directors. When the chairman of the Board of Directors is unable to perform or fails to perform his or her duties, the vice chairman of the Board of Directors shall chair the meeting; When the vice chairman of the Board of Directors is unable to perform or fails to perform his or her duties, a director nominated by more than half of the directors shall chair the meeting.

The general meetings convened by the Board of Supervisors shall be chaired by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors is unable to perform or does not perform his or her duties, a supervisor nominated by more than half of the supervisors shall chair the meeting.

The general meeting convened by shareholders should be chaired by a representative recommended by the convener.

Where the general meeting is unable to continue due to the chairman of the meeting violating the rules of procedure of the meeting during the meeting, the general meeting may elect a person to chair the meeting upon consent of shareholders with more than half voting rights and present at the meeting to continue the meeting.

**Article 69** The Company shall formulate the rules of procedure of the general meetings which shall set out the procedures of convening and voting at the general meetings in detail, including notices, registration, consideration and approval for proposals, voting, vote counting, announcement on voting results, formation of the resolutions, meeting minutes, signing and announcement and other matters, and the principles of authorization of the general meetings granted to the Board of Directors. The contents of authorization should be clear and specific. The rules of procedure of the general meeting shall be prepared by the Board of Directors, approved at the general meeting and attached as an appendix to the Articles of Association.

**Article 70** At the annual general meeting, the Board of Directors and the Board of Supervisors shall report their work done in the past year to the general meeting. Each independent director shall also deliver his or her work report.

**Article 71** The directors, supervisors and senior management shall make explanations and statement on the inquiries and suggestions from shareholders at the general meetings.

**Article 72** Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be subject to the meeting registration.

**Article 73** The secretary of the Board of Directors shall be responsible for the minutes of the general meetings. The minutes shall set forth the following contents:

- (I) time, place, agenda of the meeting, name of the convener;
- (II) name of the chairman of the meeting, directors, supervisors, the manager and other senior management present or in attendance at the meeting;
- (III) number of shareholders and proxies present at the meeting, the total number of voting shares and the proportion of the total number of voting shares to the total shares of the Company;
- (IV) the review process, highlights of the speeches and voting results for each proposal;
- (V) queries or suggestions of shareholders and the corresponding replies or explanations;
- (VI) the name of counting officers and scrutinizers;
- (VII) such other matters which shall be recorded in the minutes specified by the Articles of Association.

**Article 74** Conveners of the general meetings shall ensure that the contents of the minutes are true, accurate and complete. The directors, supervisors, secretary of the Board of Directors, convener or his or her representative and chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance record of shareholders attending the meeting, the power of attorney for proxies attending the meeting and the valid information of voting via other methods for a period of not less than 10 years.

**Article 75** The convener of the general meeting shall ensure that the general meeting is held continuously until the final resolutions are reached. In case the general meeting is adjourned or resolutions failed to be reached due to any special reasons like force majeure, measures shall be taken to resume the general meeting as soon as possible or to directly terminate the general meeting. Announcements and/or reports (if necessary) shall be made accordingly in a timely manner in accordance with relevant laws, regulations and/or the securities regulatory rules of the place where the Company's shares are listed.

## **Section 6 Voting and Resolution of General Meetings**

**Article 76** The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution made by the general meeting shall be adopted by a simple majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

A special resolution made by the general meeting shall be adopted by a two-thirds majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

**Article 77** The following matters shall be approved by the general meeting through ordinary resolutions:

- (I) work report of the Board of Directors and the Board of Supervisors;
- (II) plans of profit distribution and loss make-up schemes drafted by the Board of Directors;
- (III) appointment or dismissal of the members of the Board of Directors or the Board of Supervisors who are not employee representatives, and their remuneration and payment methods;
- (IV) annual budget and final account report of the Company;
- (V) annual report of the Company;
- (VI) appointment and dismissal of the accounting firm;
- (VII) other matters other than those approved by special resolution stipulated in the laws, administrative regulations or the Articles of Association.

**Article 78** The following matters shall be approved by special resolution at the general meeting:

- (I) the increase or decrease of the registered capital of the Company;
- (II) division, merger, dissolution and liquidation of the Company (including voluntary liquidation) or any changes in the form of the Company;
- (III) amendment to the Articles of Association;
- (IV) purchase or disposal of material assets or provision of guarantee by the Company within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (V) share incentive schemes;
- (VI) other matters required by laws, administrative regulations or the Articles of Association, as well as those determined by the general meeting through ordinary resolutions to have a significant impact on the Company and need to be passed by special resolution.

**Article 79** Shareholders (including proxies of shareholders) shall exercise the voting rights with respect to the number of voting shares represented by them, and each share shall have one vote. If a shareholder is HKSCC as defined in the Listing Rules, (i.e. a securities registration and clearing institution as defined in Article 90) or its proxy, it is not required to vote in favor of or against all of the votes.

The shares held by the Company do not have any voting rights, and such shares are not counted in the total number of voting shares upon attendance at a general meeting.

**Article 80** Where the Listing Rules provide that any shareholders shall abstain from voting or can only vote for yes (or no) on certain resolution, if the said shareholders violate the relevant regulations or limitations, the votes of the said shareholders (including proxies of shareholders) shall not be counted in the voting results.

**Article 81** When a connected transaction is considered at a general meeting, the shareholders who are connected persons shall not vote, and the voting shares represented by them shall not be counted in the total number of valid voting shares.

Voting on the connected transactions at the general meeting shall be passed by a simple majority of the votes held by the non-connected person shareholders (including proxies of shareholders) attending the general meeting. However, matters that need to be decided by a special resolution at the general meeting in accordance with the provisions of the Articles of Association shall be passed by a two-thirds majority of the votes held by the non-connected person shareholders (including proxies of shareholders) attending the general meeting.

If there are other provisions in the securities regulatory rules of the place where the Company's shares are listed and such provisions do not violate the current laws and regulations of the PRC, such provisions shall prevail.

**Article 82** Save that the Company is under exceptional situations such as crisis, the Company shall not enter into any contracts to authorize the management of all or a substantial part of the business to any person other than the directors, the general manager and other senior management of the Company unless approved by a special resolution of the shareholders' general meeting.

**Article 83** The list of candidates for directors and supervisors shall be proposed to the general meetings for voting in the form of motions.

Pursuant to the provisions of the Articles of Association or a resolution of the shareholders' general meeting, the cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting.

The cumulative voting system shall refer to that the quantity of the voting right of each share equals the number of candidates for directors or supervisors in the election of directors or supervisors in the general meetings, and shareholders may exercise their voting right collectively. The Board shall announce the resume and basic information of the candidates for directors and supervisors to the shareholders of the Company.

The procedures for the nomination, election and removal of directors and supervisors of the Company shall be stipulated in detail by the rules of procedure of the general meetings.

**Article 84** Except for the cumulative voting system, all resolutions proposed at the general meetings shall be voted one by one. In case there are different proposals for the same matter, the proposals shall be voted in the sequence of the submission time of such proposals. Except for special reasons such as force majeure that results in the interruption of the meeting or the failure to come to resolutions, the general meetings shall not put aside or refuse to vote on any proposals.

**Article 85** In reviewing proposals at the general meeting, no change shall be made to the proposals. Otherwise, such changes shall be deemed as a new proposal which shall not be voted in the current general meeting.

**Article 86** The same voting right shall only be exercised by one voting method, either through on-site voting or other voting methods. In case of repeated voting of the same voting right, the first voting result shall prevail.

**Article 87** Voting at the general meeting shall record the names of the voters.

**Article 88** Prior to voting, the general meeting shall elect two shareholder representatives to count the votes and scrutinize the voting. If the shareholder is interested in the matter to be discussed, the relevant shareholder and his proxy shall not participate in the vote counting and scrutinizing of the voting.

When the general meeting votes on the proposals, the shareholder representative and supervisor representative shall be jointly liable for the vote counting and scrutinizing of the voting. The voting results shall be announced on site and recorded in the minutes.

Shareholders of the Company or their proxies adopting online voting or other voting methods shall have the right to verify their voting results through relevant voting system.

**Article 89** The end time of on-site general meeting shall not be earlier than that by online or other means. The chairperson of the meeting should announce the voting status and result of each proposal and announce whether the proposal is passed according to the voting result. Prior to the official announcement of the voting results, the relevant parties involving in the on-site voting and other voting methods including the companies, counting officers, scrutinizers, major shareholders shall be obliged to keep the voting status confidential.

**Article 90** Shareholders attending the general meeting shall take one of the following stances for each proposal submitted for voting: for, against or abstain. The securities registration and clearing institutions shall work as the nominal shareholder under the inter-connected mechanism for trading on stock markets in the Mainland and Hong Kong, except as declared according to the intention of the actual shareholder.

The blank votes, votes with mistakes, votes with illegible words and votes not submitted shall all be deemed as that the voters have given up the voting rights, and the voting results of such shares shall be counted as “abstain”.

**Article 91** If the chairman of the meeting has any doubt about the result of the resolution submitted for voting, he or she may conduct a counting of the votes. If the chairman of the meeting does not conduct a counting of votes and the shareholders or proxies at the meeting with any objections to the results announced by the chairman of the meeting shall have the right to request for a counting of votes immediately after the announcement of the voting results, and the chairman of the meeting shall conduct the counting of votes immediately.

**Article 92** The voting results for resolutions at the general meeting shall be announced to shareholders in a timely manner. The resolutions shall indicate the number of shareholders and proxies that attended the meeting, the total number of voting shares and its proportion to the total voting shares of the Company, voting method, voting results for each proposal and detailed information of each resolution passed.

**Article 93** If any proposal is not passed or the current general meeting amends the resolution of the last general meeting, special reminder shall be given in the announcement of the resolutions of the general meeting.

**Article 94** If a proposal for the election of directors or supervisors is passed at the general meeting, the term of office of the newly appointed directors and supervisors shall commence from the date of the resolution in the general meeting.

Where any proposal for cash dividends, share allocation or conversion from the capital reserves to share capital is passed at the general meeting, the Company shall carry out the specific plans within two months after the end of the general meetings.

## **Section 7 Changes in Special Rights of Class Shares**

**Article 95** If the Company intends to change the special rights attached to a certain class of shares, it must be approved by way of a special resolution by the shareholders of that class at a class general meeting.

Class general meeting shall be convened and held in the same procedures as possible as for a general meeting. The provisions in the Company's Articles of Association regarding the procedures for convening and holding a general meeting shall apply to class meeting. Notice of a class meeting shall only be served on the class shareholders entitled to vote at that class meeting. The minimum quorum for attendance at a class general meeting shall be at least one-third of the shareholders of that class.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 96** The directors of the Company shall be natural persons. None of the following persons shall serve as our director:

- (I) A person who has no civil capacity or has limited civil capacity;
- (II) A person who has been sentenced to a term of imprisonment for any of the following crimes and five years have not elapsed since the date on which execution of the sentence was completed: embezzlement, bribery, conversion of property, misappropriation of property, or sabotaging the socialist economic order; or has been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed;
- (III) A person who has served as a director, the factory chief, or the manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the bankruptcy and liquidation of the company or enterprise are completed;
- (IV) A person who has served as the legal representative of a company or enterprise whose business license was revoked or which is ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation occurs;
- (V) A person who has a relatively large sum of debt, which was not paid at maturity;
- (VI) A person who has been banned from entering the securities market by the CSRC and whose term has not expired;
- (VII) Other contents stipulated by laws, administrative regulations, departmental rules, and other securities regulatory rules of the place where the company's shares are listed.

The election or appointment of the directors shall be invalid if such election or appointment is against this Article. If any director falls into the situations provided in this Article during their term of office, he or she would be dismissed by the Company.

**Article 97** The directors shall be elected or replaced by the general meeting and may be removed by the general meeting through an ordinary resolution before the expiration of their term of office (the compensation claims by the directors according to any contract shall not be affected for the reason of such removal). The directors serve three-year terms and can be re-elected and reappointed at the end of the term.

The term of office of a director shall be calculated from the date of duty assumption until the expiration of the term of office of the current session of the Board. In the event re-election is not held in time upon the expiry of the term of office of directors, the original directors shall fulfill duties of directors according to laws, administrative regulations, departmental rules, securities regulatory rules of the place where the company's shares are listed and the Articles of Association before the newly appointed or elected directors assumes the office.

Directors may be held concurrently by senior management, provided that the total number of directors concurrently holding the positions of senior management of the Company and directors held by employee representatives shall not exceed half of the total number of directors of the Company. There is no employee representative director on the Board.

**Article 98** Directors shall abide by laws, administrative regulations, departmental rules and the Articles of Association, and have the following diligent obligations to the Company:

- (I) Directors shall not take advantage of their powers to receive any bribes or other illegal income, and shall not embezzle any property of the Company;
- (II) Directors shall not misappropriate any funds of the Company;
- (III) Directors shall not deposit any assets or funds of the Company in any accounts opened in their own names or in the name of any other persons;
- (IV) Without the consent of the general meeting or the Board, directors shall not lend any funds of the Company to other persons or provide guarantee for any other persons with the assets of the Company in violation of the Articles of Association;
- (V) Directors shall not enter into any contracts or transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting;
- (VI) Without the consent of the general meeting, directors shall not take advantage of their powers to pursue any business opportunities that should belong to the Company for themselves or other persons and shall not operate the same type of business with the Company on their own or for others;
- (VII) Directors shall not pocket commissions from the transactions with the Company;
- (VIII) Directors shall not disclose any confidential information of the Company without authorization;
- (IX) Directors shall not utilize its related party relationship to compromise the interests of the Company;
- (X) Directors shall bear other obligations of loyalty specified by laws, administrative regulations, departmental rules and the Articles of Association.

Any income derived by a director from violating the provisions of this Article shall belong to the Company. The director shall also be liable for the compensation of the losses suffered by the Company thereto.

**Article 99** Directors shall abide by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and have the following diligent obligations to the Company:

- (I) Shall prudently, earnestly and diligently exercise the powers the Company granted to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and state economic policies, and that the commercial activities do not go beyond the scope of the business activities stipulated in the business license;
- (II) Shall treat all shareholders fairly;
- (III) Shall maintain a timely awareness of the operation and management of the Company;
- (IV) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;
- (V) Shall provide accurate information and materials to the Board of Supervisors and shall not obstruct the Board of Supervisors or individual supervisors from performing its or their duties;
- (VI) Other obligations of diligence stipulated in laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

**Article 100** Any director who fails to attend two consecutive meetings of the Board in person and fails to appoint any other directors to attend on his behalf shall be deemed to be unable to perform his or her duties. The Board shall propose to the general meeting to remove such director.

**Article 101** A director may resign before the expiration of his or her term of office. The director shall submit a written resignation report to the Board. The Board shall disclose the relevant information within two days.

Where the number of directors of the Board falls below the quorum due to the resignation of any director, the original directors shall perform their duties according to laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Associations before the newly-elected director assumes the office.

Except for the circumstances specified in the preceding paragraph, the resignation of the director shall become effective when the resignation report is delivered to the Board.

**Article 102** Upon the effectiveness of a director's resignation or the expiration of his or her term of office, the director shall complete all handover procedures with the Board, and his/her duty of loyalty to the Company and its shareholders shall not ipso facto be discharged at the end of his term of office, but shall remain in force for a reasonable period of time as stipulated in the Articles of Association. His or her obligations to keep the trade secrets of the Company confidential shall remain valid after the expiration of his or her term of office until the relevant secrets become publicly available information. The duration period of other duty of loyalty of a director to the Company shall be determined in accordance with the principle of fairness, depending on the length of time between the termination and the act concerned and the circumstances and the conditions under which his relationship with the Company was terminated, but the minimum period shall not be less than 2 years.

**Article 103** Unless otherwise specified in the Articles of Association or duly authorized by the Board, no director shall act on behalf of the Company or the Board in his personal capacity. When a director acts in his or her personal capacity, and a third party may reasonably believe that such director is acting on behalf of the Company or the Board, the director shall declare his or her stance and capacity in advance.

**Article 104** If the Company suffers any losses due to a director's violation of laws, administrative regulations, departmental rules or the Articles of Association in fulfilling their duties, the director shall be liable for compensation.

**Article 105** The Company shall have independent directors. The independent directors shall be independent from the Company and the Company's major shareholders, and shall comply with the relevant provisions of the laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed.

## **Section 2 Board of Directors**

**Article 106** The Company shall have a Board of Directors (hereinafter referred to as the "Board"), which shall report to the general meeting.

The Board shall set up audit committee and strategy and development committee, remuneration and appraisal committee and nomination committee as needed. These special committees shall report to the Board, perform duties according to the Articles of Association and authorization of the Board, and submit proposals to the Board for consideration and decision. Special committees shall be formed by directors, among which the independent directors of the audit committee, the nomination committee and the remuneration and appraisal committee shall constitute a majority and act as the convener. The convener of the audit committee shall be an accounting professional. The Board shall formulate work principles for special committees and regulate the operation of special committees.

**Article 107** The Board shall consist of eight directors and the number of independent directors should not be less than one-third of the Board, i.e. three. At least one independent director should have appropriate professional qualifications that meet regulatory requirements or have appropriate accounting or related financial management expertise. The Board of Directors has one chairman and one vice chairman. The chairman and vice chairman of the Board of Directors shall be elected by more than half of all directors.

**Article 108** The Board of Directors shall exercises the following powers:

- (I) to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- (II) to implement the resolutions passed in shareholders' general meetings;
- (III) to decide on the Company's business plans and investment proposals;
- (IV) to formulate the Company's proposed annual financial budget and final accounts;
- (V) to formulate the Company's profit distribution proposals and loss recovery proposals;

- (VI) to formulate proposals for the increase or reduction of the Company's registered capital, issuance of bonds or other securities and listing;
- (VII) to formulate plans for major acquisitions, purchase of shares of the Company, merger, division, dissolution or changes in the form of the Company;
- (VIII) to determine the matters within the scope authorized by the general meeting, such as the Company's external investment, purchase or sales of assets, asset pledge, external guarantee, entrusting wealth management, connected transactions and external donation;
- (IX) to decide on the setup of the internal management organization of the Company;
- (X) to appoint or dismiss the general manager of the Company and secretary to the Board; and based on the nomination of the general manager, to appoint or dismiss the deputy general manager, the chief financial officer and other senior management of the Company, and to determine their remuneration, rewards and punishments;
- (XI) to formulate the basic management systems of the Company and determine the Company's risk management system (including risk assessment, financial control, internal auditing and legal risk control) and monitor the implementation thereof;
- (XII) to formulate plans for any amendments to the Articles of Association;
- (XIII) to manage the disclosure of information of the Company;
- (XIV) to propose at the general meeting the appointment or replacement of the accounting firm that performs audit for the Company;
- (XV) to receive the work report of the general manager of the Company and examine on the work of the general manager;
- (XVI) to approve the Company's appointment or replacement of directors and shareholder representative supervisors of the Company's wholly-owned subsidiaries, and to appoint, replace or recommend shareholder representatives, directors (candidates) and shareholder representative supervisors (candidates) of the Company's controlling subsidiaries or equity participation companies;
- (XVII) to decide on other major affairs and administrative matters of the Company and to sign other important agreements except for those matters otherwise required to be resolved by the general meeting under the Company Law and the Articles of Association;
- (XVIII) to repurchase the Company's shares due to the circumstances stipulated in items (III), (V) or (VI) of Article 24 of the Articles of Association;
- (XIX) any other power granted by laws, administrative regulations, departmental rules or the Articles of Association.

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

**Article 109** The Board of the Company shall make explanations to the general meeting for non-standard audit opinions issued by certified public accountants in the financial statements of the Company.

**Article 110** The Board shall formulate rules of procedure for the Board to ensure that the implementation of resolutions of the general meetings, improve work efficiency and ensure that the decision-making process is conducted in a scientific manner. The rules of procedure of the Board shall set out the procedures of convening and voting at the Board meetings and be drafted by the Board and approved by the general meeting, which shall be taken as an appendix to the Articles of Association.

**Article 111** The Board shall determine the authority of the matters such as the external investment, purchase or sales of assets, asset pledge, external guarantee, entrusting wealth management, connected transactions and external donation, and establish strict review and decision-making procedures. The Board shall organize relevant experts and professionals to assess major investment projects and submitted to the general meeting for approval.

In respect of the above matters, the decision-making authority of the Board is as follows:

- (I) Approval of other external guarantee matters other than those stipulated in Article 41 of the Articles of Association;
- (II) Approval of the transactions and decisions required to be announced by the securities regulatory rules of the place where the Company's shares are listed;
- (III) Other circumstances authorized by the general meeting.

If the matters within the scope of authority of the Board mentioned in the preceding paragraph shall be submitted to the general meeting for consideration and approval in accordance with laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the Company's shares are listed, they shall be implemented in accordance with the foregoing provisions.

**Article 112** The chairman of the Board shall exercise the following powers:

- (I) to chair the general meetings, and to convene and chair the Board meetings;
- (II) to supervise and check the implementation of the Board resolutions;
- (III) to exercise other powers granted by the Board.

**Article 113** The vice chairman shall assist the work of the chairman of the Board. In the event that the chairman of the Board is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

**Article 114** The meetings shall be held at least four times a year by the Board and convened by the chairman of the Board. Notice in writing of not less than 10 days prior to the convening of meeting shall be given to all directors. With the unanimous consent of all directors of the Company, the notice time limit for convening a regular board meeting may be shortened or waived.

**Article 115** An extraordinary meeting may be convened by the Board in any of the following circumstances:

- (I) when proposed by shareholders representing more than one-tenth of the voting rights;

- (II) when proposed by more than one-third of the directors;
- (III) when proposed by the Board of Supervisors;
- (IV) when the chairman of the Board considers necessary;
- (V) when proposed by more than half of the independent directors;
- (VI) an extraordinary meeting may be proposed to the Board under other circumstances stipulated by the Articles of Association.

The chairman shall convene and preside over such meeting within 10 days after receiving such proposal.

**Article 116** The notification for an extraordinary meeting shall be served by hand, by facsimile, by e-mail or other means, and the time limit for the notification shall be 5 days before the meeting.

Where an extraordinary meeting of the Board is required to be convened as soon as possible for emergency, the notice of the meeting may be given by telephone or other verbal means at any time. However, it shall be ensured that all directors and supervisors have received the notice of the meeting, and the convener shall make an explanation of the way of notice and the time limit of the meeting on the meeting and record it in the meeting minutes.

**Article 117** The notice of the meeting of the Board should include the following:

- (I) time and place of the meeting;
- (II) duration of the meeting;
- (III) reasons and issues of discussion;
- (IV) date on which the notice is given.

**Article 118** The meeting of the Board may only proceed if more than half of all directors are present at the meeting. Resolutions made by the Board shall be passed by votes of more than half of all directors.

The voting in for the Board resolutions shall adopt one vote per person.

**Article 119** A director with connected relationship with the companies involved with any matters in the resolution of the Board shall neither exercise the voting right for the resolution, nor exercise the voting right on behalf of any other directors. Such meeting of the Board shall only proceed if more than half of directors with no connected relationship present at the meeting. The resolutions of the Board shall be passed by votes of more than half of directors with no connected relationship. In case there is less than three directors with no connected relationship present in the meeting, the matter shall be submitted to the general meeting for review and approval.

**Article 120** The voting at the meetings of the Board shall be conducted by open ballot in writing or otherwise.

Subject to the thorough expression of opinions by all directors, the extraordinary meeting of the Board may be convened and pass resolutions by video conference, telephone conference, fax or e-mail, and all directors present at the meeting shall sign on such resolutions.

**Article 121** A director shall attend the meeting of the Board in person. Where a director is unable to attend the meeting of the Board for any reasons, he may appoint another director to attend on his behalf by a written power of attorney. The power of attorney shall specify the name of the proxy, the matters for entrustment, the scope of authorization and validity period, and shall be signed or sealed by the principal. A director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of the authorization. A director who does not attend a meeting of the Board in person or by proxy shall be deemed to have abstained from voting at such meeting.

**Article 122** The Board shall keep the minutes of the decisions on the matters discussed at the meeting, and all directors present at the meeting shall sign on the minutes.

The minutes of the meetings of the Board shall be kept as company files for a period of not less than 10 years.

**Article 123** The minutes of the meeting of the Board should include the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) the name of the directors present at the meeting, and the name of directors (proxies) present at the meeting appointed by other directors;
- (III) the meeting agenda;
- (IV) summaries of the speeches of directors;
- (V) the voting methods and results for each resolution (the voting result shall indicate the number of votes for, against or abstention).

## **CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT**

**Article 124** The Company shall have one general manager, who shall be appointed or dismissed by the Board.

The Company shall have several deputy general managers, who are responsible for assisting the general manager and appointed or removed by the Board.

The general manager, deputy general managers, chief financial officer and secretary of the Board are senior management personnel of the Company.

**Article 125** The circumstances specified in the Article 96 of the Articles of Association under which a director may not serve as a director shall also apply to the senior management.

The provisions concerning the duties of loyalty specified in the Article 98 and due diligence specified in the items (IV) to (VI) of Article 99 of the Articles of Association shall also apply to the senior management.

**Article 126** A personnel serving in the administrative capacity other than serving as the director and the supervisor in any controlling shareholder of the Company shall not serve as senior management of the Company.

The senior management of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

**Article 127** The term of office of the general manager is three years and may be renewed upon reappointment.

**Article 128** The general manager of the Company is responsible to the Board and exercises the following powers:

- (I) to be in charge of the production operation and management work of the Company, to organize the implementation of the resolutions of the Board and to report his or her work to the Board;
- (II) to organise the implementation of the Company's annual operating plans and investment programs;
- (III) to draft the plan for the Company's internal management structure;
- (IV) to formulate the Company's basic management systems;
- (V) to formulate the specific rules of the Company;
- (VI) to make recommendations to the Board on the appointment or removal of any deputy manager or the finance manager;
- (VII) to appoint or remove officers other than those to be appointed or removed by the Board;
- (VIII) any other powers granted by the Articles of Association or the Board.

The general manager shall attend meetings of the Board.

**Article 129** The general manager shall formulate the work system of the general manager, which shall be implemented after the approval of the Board.

**Article 130** The work system of the general manager includes the following:

- (I) the conditions and procedures for convening the general manager meeting as well as attendees thereof;
- (II) the specific responsibilities and their divisions of job duties of the general manager and other senior management;

- (III) the use of the Company's funds and assets, the authorization of signing major contracts, and the reporting system to the Board and the Board of Supervisors;
- (IV) other matters that the Board considers necessary.

**Article 131** The general manager may resign before the expiration of his or her term of office. The specific procedures and methods for the resignation of the general manager shall be determined according to the regulations of the employment or labor contract between the general manager and the Company.

**Article 132** The Company shall have one secretary of the Board, who shall be appointed by the Board to take charge of the preparation of the general meetings and meetings of the Board, the safekeeping of documents and management of the information of the shareholders, and matters like disclosure of information.

The secretary of the Board shall comply with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**Article 133** The senior management shall faithfully perform their duties and act in the best interests of the Company and all shareholders. A senior management who contravenes laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association in the performance of his or her duties resulting in any loss to the Company and shareholders of public shares shall be liable for compensation according to the laws.

## **CHAPTER 7 BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 134** The circumstances regarding the disqualification for the position of the director specified in the Article 96 of the Articles of Association shall also apply to supervisors.

No director, general manager and other senior management of the Company shall serve as a supervisor of the Company.

**Article 135** Supervisors shall comply with laws, administrative regulations and the Articles of Association and bear the obligations of loyalty and due diligence to the Company. Supervisors shall not take advantage of their powers to receive any bribes or other illegal income and shall not embezzle any property of the Company.

**Article 136** The term of office of a supervisor shall be three years. Upon the expiration of the term of office, the supervisor may serve another term of office if re-elected.

**Article 137** Where a new supervisor has not yet been elected upon the expiration of the term of office, or the number of supervisors in the Board of Supervisors falls below the quorum due to the resignation of a supervisor during his or her term of office, the original supervisor shall continue to perform his or her duties according to the laws, administrative regulations and the Articles of Associations before the newly-elected supervisor assumes the office.

**Article 138** Supervisors shall ensure the authenticity, accuracy and completeness of information disclosed by the Company.

**Article 139** Supervisors shall attend the meetings of the Board and make inquiries or suggestions for the matters to be decided by the Board.

**Article 140** No supervisor shall take advantage of his or her connected relationships to damage the interests of the Company and shall be liable for compensation where any loss is incurred as a result of any such violation to the Company.

**Article 141** Where the Company incurs loss as a result of violation of the laws, administrative regulations, departmental rules or the Articles of Association by the supervisors in performing their duties of the Company, the supervisors of the Company shall be liable for compensation.

## **Section 2 Board of Supervisors**

**Article 142** The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of three supervisors. The proportion of employee representatives in the Board of Supervisors shall be no less than one third (1/3) of the supervisors appointed. The employee representative in the Board of Supervisors shall be elected at the employee representative congress, employee congress or in any other democratic form.

The Board of Supervisors shall consist a chairman, who shall be elected by more than half of all supervisors of the Company.

The chairman of the Board of Supervisors shall convene and chair the meetings of the Board of Supervisors. In case the chairman is incapable of performing his or her duties or does not perform such duties, more than half of all supervisors of the Company shall elect a supervisor to convene and chair the meeting of the Board of Supervisors.

**Article 143** The Board of Supervisors shall exercise the following powers:

- (I) to review the regular report of the Company prepared by the Board and to provide comments in writing;
- (II) to inspect the financial position of the Company;
- (III) to supervise the performance of the directors and senior management and to advise the dismissal of any directors and senior management who violate the laws, administrative regulations, the Articles of Association or resolutions of the general meetings;
- (IV) to demand rectifications of the directors and senior management where their conducts are detrimental to the interests of the Company;
- (V) to propose to convene an extraordinary general meeting and to convene and chair the general meetings if the Board fails to do so as required by the Company Law;
- (VI) to submit proposals at a general meeting;
- (VII) to institute proceedings against directors and senior management according to the Company Law;

(VIII) to investigate if there is any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company;

(IX) to exercise other powers granted by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 144** Meetings of the Board of Supervisors shall be held at least once every six months. Supervisors may propose to convene extraordinary meeting of the Board of Supervisors.

The resolutions of the Board of Supervisors shall be passed by more than half of the supervisors.

**Article 145** The Board of Supervisors shall formulate rules of procedure of the Board of Supervisors to define the discussion method and voting procedure to ensure the work efficiency and that the decision-making process is conducted in a scientific manner. The rules of procedure of the Board of Supervisors shall set out the procedures of convening and voting procedure. The rules of procedure of the Board of Supervisors shall be prepared by the Board of Supervisors, approved at the general meeting and attached as an appendix to the Articles of Association.

**Article 146** The Board of Supervisors shall keep the minutes of the decisions on the matters discussed at the meeting, and all supervisors present at the meeting shall sign on the minutes.

Supervisors shall have the right to make certain explanatory statements to their speeches at the meeting in the minutes of the meeting. The minutes of meeting of the Board of Supervisors shall be kept for at least 10 years as document of the Company.

**Article 147** The notice of the meeting of the Board of Supervisors shall include the following:

- (I) the date, venue and duration of the meeting;
- (II) reasons and matters for discussion;
- (III) the date on which the notice is given.

## **CHAPTER 8 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial and Accounting System**

**Article 148** The Company shall establish its financial and accounting system according to the laws, administrative regulations and the requirements of the relevant governmental authorities.

**Article 149** The accounting year of the Company is from January 1 to December 31 of each calendar year.

**Article 150** The Company shall not keep accounts other than those required by laws. The assets of the Company shall not be kept under the name of any individuals.

**Article 151** In distribution of the profit after tax of the year, 10% of the profit shall be contributed to the statutory reserves of the Company. When the aggregate statutory reserves of the Company has reached more than 50% of the registered capital, the Company may cease to make further contribution.

Where the statutory reserves of the Company is not sufficient to recover the losses for the previous year, the profit of the current year shall first be used to recover the losses before contributing to the statutory reserves as stipulated above.

The Company may also appropriate funds to the discretionary surplus reserves from the profit after tax upon the appropriation of funds to the statutory reserves, subject to the resolution of the general meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and making allocations to the reserves.

If the general meeting distributes profits to shareholders before the Company recovers losses and makes allocations to the statutory reserves in violation of the above provisions, the shareholders shall return the profits distributed in violation of the provisions to the Company.

The shares of the Company held by the Company are not entitled to any profit distribution.

**Article 152** The reserves of the Company may be used to recover losses, expand the production and operation of the Company, or be converted to increase the registered capital of the Company. However, the capital reserves shall not be used to recover the losses of the Company.

The remaining statutory reserves after the conversion into capital shall be no less than 25% of the registered capital of the Company before the conversion.

**Article 153** After the general meeting of the Company has passed a resolution on the profit distribution plan, the Board of the Company shall complete the distribution of dividends (or shares) within two months after the general meeting.

**Article 154** The Company shall implement the following profit distribution policies:

- (I) The principle of profit distribution: The Company attaches great importance to reasonable investment returns to investors, while taking into account the overall interests of all shareholders as well as the long-term interests and sustainable development of the Company. The profit distribution shall be based on the profit available for distribution to shareholders in the consolidated financial statements of the Company. The profit distribution policy shall maintain continuity and stability, and adhere to the principles of profit distribution in accordance with the legal order and the same shares with the same rights and the same benefits.

- (II) Form of profit distribution: The Company distributes dividends in cash or in combination of cash and stocks, among which, the distribution of dividends in cash is preferred. Cash dividends shall be used for profit distribution if the conditions for cash dividends are available. If dividends are adopted for profit distribution, there should be real and reasonable factors such as the growth of the Company and the dilution of net assets per share. The profit distribution of the Company shall not exceed the scope of the cumulative profit available for distribution to shareholders, and shall not impair the Company's ability to continue as a going concern.
- (III) Interval of profit distribution: In principle, the Company will pay cash dividends once a year if the conditions for dividend distribution are met. The Board of the Company may propose the Company to pay interim dividends based on the current profit scale, cash flow status, development stage and capital demand.

## **Section 2 Internal Audit**

**Article 155** The Company shall adopt an internal audit system, establish an internal audit institution and designate full-time auditors to supervise the internal audits of incomes and expenses as well as the business activities of the Company.

**Article 156** The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the Board. The person in charge of audits shall be accountable to and report to the Board.

## **Section 3 Appointment of Accounting Firm**

**Article 157** The Company shall appoint an accounting firm that meets the requirements of Securities Law to conduct the audit of accounting statements, verification of net assets and other relevant consulting services for a period of one year, which may be renewed.

**Article 158** The appointment of an accounting firm by the Company shall be determined by an ordinary resolution of the general meeting. The Board shall not appoint an accounting firm before the decision is made by the general meeting.

**Article 159** The Company shall ensure that it will provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm appointed without any objection, omission or falsehood.

**Article 160** The audit fees of the accounting firm shall be determined by an ordinary resolution of the general meeting.

**Article 161** In the event of termination of the appointment or non-renewal of the appointment of the accounting firm, the Company shall notify the accounting firm 15 days in advance. In the voting for the dismissal of the accounting firm at the general meeting, the Company shall allow the accounting firm to make its representation. The dismissal of the accounting firm shall be decided by an ordinary resolution of the general meeting.

In case of resignation of the accounting firm, the accounting firm shall explain to the general meeting whether the Company has any improper circumstances.

## CHAPTER 9 NOTICE AND ANNOUNCEMENT

### Section 1 Notice

**Article 162** Notices of the Company shall be delivered in the following forms:

- (I) personal delivery;
- (II) mails;
- (III) e-mails, facsimile or other electronic means;
- (IV) an announcement;
- (V) publication on the website of the Company and the designated websites of Hong Kong Stock Exchange, subject to laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed;
- (VI) any other form stipulated in the laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

**Article 163** Where the notice of the Company is served by way of announcement in compliance with the securities regulatory rules of the place where the shares of the Company are listed, all relevant persons shall be deemed to have received the notice upon the publication of the announcement.

**Article 164** The notices of convening the general meetings shall be served by an announcement or other method that complies with the securities regulatory rules of the place where the shares of the Company are listed.

**Article 165** The notices of convening the meetings of the Board shall be served by personal delivery, mail, e-mails, fax or any other written method.

**Article 166** The notices of convening the meetings of the Board of Supervisors shall be served by personal delivery, mail, e-mails, facsimile or any other written method.

**Article 167** For notices of the Company served by personal delivery, the recipient shall sign (or seal) on the delivery receipt and the date of signature affixed by the recipient shall be deemed as the date of service. For notices delivered via mail, the fifth business day commencing from the date on which the notice is submitted to the post office for delivery shall be deemed as the date of service. For notices delivered via e-mails, the time when the mail first enters the server system where the e-mail address of the notified party is located shall be deemed as the date of service. For notices served by facsimile, the date of the fax report printed by the fax machine of the Company indicating that the fax was successful shall be deemed as the date of service. For notices served by announcement, the first date of publishing the announcement shall be deemed as the date of service.

**Article 168** Where a meeting notice is not sent to a person who is entitled to receive such notice due to accidental omission or such person does not receive any meeting notice, the meeting and resolutions passed at the meeting shall not be void and null due to such reasons.

## **Section 2 Announcement**

**Article 169** The Company designates the media and/or websites approved by the stock exchange of the place where the Company's shares are listed as the media to publish the Company's announcements and other information that needs to be disclosed.

### **CHAPTER 10 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

#### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 170** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

A merger by absorption shall refer to that a company absorbs another company, and the company being absorbed shall be dissolved. A merger by establishment of a new company shall refer to that a new company is established as a result of a merger of two or more companies, and the companies being merged shall be dissolved.

**Article 171** In a merger of companies, all parties to the merger shall sign a merger agreement and prepare their respective balance sheets and checklists of assets. The companies shall notify the creditors within 10 days upon the passing of the resolution about merger and publish an announcement in a provincial or higher-level newspaper within 30 days. The creditors may require the Company to pay off the debts or provide corresponding guarantees within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

**Article 172** Once the companies are merged, the creditors' rights and debts of the merged companies shall be assumed by the surviving company or the newly formed company after the merger.

**Article 173** Where a company is divided, its assets shall be divided accordingly.

Where the company is divided, a balance sheet and a checklist of assets shall be prepared. The Company shall notify the creditors within 10 days upon the passing of the resolution about division and publish an announcement in a provincial or higher-level newspaper within 30 days.

**Article 174** The divided companies shall bear joint and several liabilities for debts of the pre-division company, unless otherwise stipulated in the written agreement between the Company and the creditors in relation to the repayment of debts prior to the division.

**Article 175** A company which intends to reduce its registered capital shall prepare a balance sheet and a checklist of assets.

The Company shall notify the creditors within 10 days upon the passing of the resolution about the reduction in the registered capital and publish an announcement in a provincial or higher-level newspaper within 30 days. The creditors shall be entitled to require the Company to pay off the debts or to provide corresponding guarantees within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum level required by laws.

**Article 176** In case of merger or division, the Company shall register changes in particulars of the companies as a result of the merger or division with the company registration authority in accordance with laws. In case of dissolution, the Company shall register the cancellation of a company according to laws. In case of incorporation of a new company, the Company shall register the incorporation of a company in accordance with laws.

In case of any increase or reduction in the registered capital, the Company shall register the changes with the company registration authority in accordance with laws.

## **Section 2 Dissolution and Liquidation**

**Article 177** The Company shall be dissolved for any of the following reasons:

- (I) the expiration of the business period or other reasons for dissolution specified in the Articles of Association;
- (II) the general meeting adopts a resolution to dissolve the Company;
- (III) dissolution is required due to the merger or division of the Company;
- (IV) the Company's business license is revoked, or it is ordered to close down or wind up in accordance with laws;
- (V) where the Company gets into serious trouble in operation and management and its continuation may cause substantial losses to the interests of shareholders, and no solution can be found through any other channel, shareholders holding more than 10% of the voting rights of the Company may request the People's Court to dissolve the Company.

**Article 178** In case of the situations in the paragraph (I) of Article 177 of the Articles of Association, the Company may continue the operation by amending the Articles of Association.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by more than two-thirds of the voting shares held by the shareholders attending the general meeting.

**Article 179** If the Company is dissolved under the requirements in paragraphs (I), (II), (IV) and (V) of Article 177 of the Articles of Association, the Company shall establish a liquidation group within 15 days from the date of the cause of dissolution occurred to carry out the liquidation. The liquidation group shall consist of persons determined by directors or by the general meeting. If the Company fails to establish a liquidation group within the specified time, the creditors may apply to the People's Court for appointment of relevant persons to establish a liquidation group to carry out the liquidation.

**Article 180** The liquidation group shall perform the following duties during the liquidation:

- (I) to liquidate the assets of the company and prepare a balance sheet and a checklist of assets;
- (II) to notify the creditors by notice or announcement;

- (III) to deal with the outstanding affairs of the Company in connection with liquidation;
- (IV) to settle outstanding taxes and taxes arising in the course of liquidation;
- (V) to settle all creditors' rights and debts;
- (VI) to dispose of the residual assets of the Company after the settlement of debts;
- (VII) to represent the Company in any civil proceedings.

**Article 181** The liquidation group shall notify the creditors within 10 days from the date of the establishment and publish an announcement in a provincial or higher-level newspaper within 60 days of its establishment. The creditors shall report their claims to the liquidation group within 30 days after receiving the notice, or within 45 days from the date of the announcement if they do not receive the notice.

Creditors declaring their creditors' rights shall state the relevant information relating to the creditors' rights and provide supporting materials. The liquidation group shall register the creditors' rights.

The liquidation group shall not repay any debts of the Company during the period for declaration of creditors' rights.

**Article 182** After liquidating the Company's assets and preparing the balance sheet and checklist of assets, the liquidation group shall prepare a liquidation plan and submit the plan to the general meeting or the People's Court for confirmation.

The remaining assets of the Company after payment of liquidation expenses, wages, social insurance contribution, statutory compensation, taxes and debts of the Company shall be distributed to shareholders according to the proportions of their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any operation activities not relating to liquidation. The Company shall not distribute the residual assets to shareholders before the repayment according to the provisions in the preceding paragraph.

**Article 183** After checking the assets of the Company and preparing the balance sheet and checklist of assets, if the liquidation group discovers that the Company does not have sufficient assets to settle its debts, the liquidation group shall file a bankruptcy application to the People's Court in accordance with laws.

After the Company is declared bankrupt by the ruling of the People's Court, the liquidation group shall hand over the liquidating matters to the People's Court.

**Article 184** Upon the completion of the liquidation, the liquidation group shall prepare a liquidation report, report it to the general meeting or the People's Court for confirmation and submit it to the company registration authority to apply for deregistration of the Company and announce the termination of the Company.

**Article 185** Members of the liquidation group shall be faithful in their duties and shall fulfill their obligations of liquidation according to laws.

Members of the liquidation group shall not take advantage of its powers to receive any bribes or other illegal income and shall not embezzle any property of the Company.

Members of the liquidation group shall be liable for compensation for losses incurred to the Company or creditors of the Company due to their intentional acts or gross negligence.

**Article 186** Where the Company is declared bankrupt according to laws, the Company shall implement bankruptcy liquidation according to laws relating to bankruptcy of enterprises.

## **CHAPTER 11 AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**Article 187** In any of the following circumstances, the Company shall amend the Articles of Association:

- (I) if upon amendments to the Company Law or laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the shares of the Company are listed, any terms contained in the Articles of Association become inconsistent with the provisions of laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the shares of the Company are listed;
- (II) a change in the Company causes inconsistency with those contained in the Articles of Association;
- (III) a resolution being passed by the general meeting to amend the Articles of Association.

**Article 188** When the examination and approval of the competent authority is required for the amendments to the Articles of Association passed by the general meetings, such amendments shall be submitted to the competent authority for approval. When an amendment to the Articles of Association involves registration, the Company shall also complete the registration of the amendment according to laws.

**Article 189** The Board shall amend the Articles of Association according to the resolution of the general meeting on the amendment of the Articles of Association and the examination and approval opinions of the competent authority.

**Article 190** When the amendment to the Articles of Association contains information required to be disclosed by laws and regulations, the Company shall issue an announcement accordingly.

## **CHAPTER 12 SUPPLEMENTARY ARTICLES**

**Article 191** Definitions

- (I) The term “controlling shareholder” has the meaning stipulated in the Listing Rules.
- (II) The term “actual controller” refers to a person who, although not a shareholder of the Company, can actually control the Company’s actions through investment relationships, agreements or other arrangements.
- (III) The term “connected relationship” refers to the relationship between the Company’s controlling shareholders, actual controllers, directors, supervisors, senior management and the enterprises directly or indirectly controlled by them, and other relationships that may result in the transfer of the Company’s interests. However, the state-controlled enterprises are not only related to each other because they are controlled by the state.

(IV) The term “connected persons” has the meaning stipulated in the Listing Rules.

(V) The term “connected transaction” has the meaning stipulated in the Listing Rules.

**Article 192** The Articles of Association are written in Chinese. In case of any inconsistency among the Articles of Association in any other languages or of different versions, the latest Chinese version of the Articles of Association approved by and registered with the company’s registration authority shall prevail.

**Article 193** The terms “above”, “within”, “following” and “not exceed” as stated in the Articles of Association shall all include the given figure, and the terms “less than”, “beyond”, “lower”, “more than”, “over” and “exceed” shall all exclude the given figures.

**Article 194** The Board shall be responsible for the interpretation of the Articles of Association. Appendixes to the Articles of Association include the rules of procedure of the general meeting, the rules of procedure of the Board and the rules of procedure of the Board of Supervisors.

**Article 195** The Articles of Association have been considered and approved by the general meeting of the Company and shall become effective and enforceable on the date of listing of the Company’s shares on the main board of the Hong Kong Stock Exchange. Amendments to the Articles of Association shall be approved by a special resolution of the general meeting. If there is any conflict between the Articles of Association and the current laws and administrative regulations, the provisions of the current laws and administrative regulations shall prevail.

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