

**Working Rules for Independent Directors**

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**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to further regulate the conduct of CSSC Offshore & Marine Engineering (Group) Company Limited (hereinafter referred to as the “Company”), give full play to the role of independent directors in corporate governance, and promote independent directors to perform their duties responsibly, the Working Rules of Independent Directors (hereinafter referred to as the "Rules") are hereby formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People's Republic of China (hereinafter referred to as the “Securities Law”), the Administrative Measures for Independent Directors of Listed Companies the Guidelines for Self-Regulation of Companies Listed on the Shanghai Stock Exchange No. 1 – Regulation of Operation, and the respective listing rules of the stock exchanges where the Company's shares are listed, and other relevant laws in conjunction with the articles of Association of the Company.

**Article 2** The independent directors referred to in these Rules represent directors who do not have any position in the Company other than serving as a director and have no direct or indirect interest relationship with the Company and its substantial shareholders and actual controller, or other relationships that may affect their independent and objective judgments.

Independent directors shall perform their duties and responsibilities independently without influence from the Company and its substantial shareholders and actual controller or other entities or individuals.

**Article 3** Independent directors shall have the obligation of fidelity and diligence to the Company and all shareholders, and shall conscientiously perform their duties by playing a role of participation in decision-making, supervision and balancing, and professional consultation in the board of directors, safeguard the overall interests of the Company and protect the legal rights and interests of minority shareholders in accordance with laws, administrative regulations, the requirements of the China Securities Regulatory Commission (hereinafter referred to as “CSRC”), business rules of the stock exchange(s) where the Company's shares are listed and the provisions under the Articles of Association.

**Article 4** The proportion of independent directors of the Company shall not be less than one-third of the members of the board of directors and at least one of the independent directors shall be an accounting professional.

The Company shall set up an audit committee, a nomination committee, a renumeration and appraisal committee, and a strategy committee under the board of directors. The members of the audit committee shall be directors who do not hold office in the Company, of which more than half shall be independent directors, and the convener shall be an accounting professional serving as independent director. More than half of the members of the Nomination Committee and the Remuneration and Appraisal Committee shall be independent directors and conveners of the respective committees shall also be independent directors.

**Chapter 2 Qualification Requirements of Independent Directors**

**Article 5** To be eligible as an independent director, a person shall:

(1) possess the qualifications for a company’s directorships in accordance with laws, administrative regulations and other relevant requirements;

(2) possess the independence required by Article 6 of the Rules;

(3) possess basic knowledge on the operations of a listed company, and be familiar with relevant laws and regulations and rules;

(4) possess at least five years of working experience in legal, accounting or economics fields required for his/her performance of duties as an independent director;

(5) possess good personal ethics and there is no material breach of trust or other adverse records;

(6) other conditions stipulated by laws, administrative regulations, regulations of the CSRC, business rules of the stock exchange(s) where the Company’s shares are listed and the Articles of Association.

**Article 6** The independent directors must maintain their independence. The following persons shall not serve as independent directors:

(1) persons working for the Company or its subsidiaries, their spouses, parents, children, and major social relations;

(2) natural person shareholders directly or indirectly holding more than 1% of the issued shares of the Company or any of the ten largest shareholders of the Company and their spouses, parents and children;

(3) persons who work for a shareholder of the Company directly or indirectly holding more than 5% of its issued shares or any of the five largest shareholders of the Company and their spouses, parents and children;

(4) persons serving in the subsidiaries of the Company’s controlling shareholder and de facto controller and their spouses, parents and children;

(5) persons who have significant business dealings with the Company, its controlling shareholder, de facto controller or their respective subsidiaries, or serving in entities with which they have significant business dealings and their controlling shareholder or de facto controller;

(6) persons providing financial, legal, consultation and sponsoring services to the Company, its controlling shareholder, de facto controller or their respective subsidiaries, including but not limited to, all members of the project team of the intermediary institution providing such services, examining officers at all levels, persons signing the reports, partners, directors, senior management and key persons in charge;

(7) persons who fall into the categories set out in items (1) to (6) within the past twelve months;

(8) other persons who are not independent as stipulated by laws, administrative regulations, regulations of the CSRC, business rules of the stock exchange(s) where the Company’s shares are listed and the Articles of Association.

“Major social relationships” mentioned in the preceding paragraph include brothers and sisters, spouses of brothers and sisters, parents of spouses, brothers and sisters of spouses, spouses of children, parents of spouses of children, etc.; “significant business transactions” refer to matters that need to be submitted to the shareholders’ general meeting for consideration in accordance with the Rules Governing the Listing of Securities or the Articles of Association, or other significant matters identified by the stock exchange.;“serving” refers to serving as directors, supervisors, senior management officers and holding other positions.

The affiliated enterprises of the controlling shareholder or de facto controller of the Company as mentioned in items (4) to (6) of the preceding paragraph shall not include any enterprise that is, together with the Company, under the common control of the same state-owned assets administrative authority and has no affiliation with the Company according to the relevant provisions.

The independence of an independent director may be questioned by the regulator if he/she:

 (1) holds more than 1% of the Company's issued shares;

 (2) has acquired any security interest in the Company by accepting gifts or other financial assistance from any core connected person of the Company or directly from the Company;

 (3) has been a director, partner, principal management personnel or employee of a professional adviser which had provided services to the Company, its parent company or any of their respective subsidiaries or connected persons as well as the controlling shareholder and their affiliates in the past two years;

 (4) has a material interest in the business of the Company, its parent company or any of their respective subsidiaries and connected persons of the Company, or has major business relationship with them in the past year;

 (5) the purpose of the director serving on the board is to protect the interests of any entity, the interest of which is not aligned with the interests of the shareholders as a whole;

 (6) had connected relation with any director, president of the Company or a shareholder holding more than 10% shares of the Company in the past two years;

 (7) serves as an executive or director (other than as an independent non-executive director) of the Company, its parent company or any of their respective subsidiaries or core connected persons of the Company;

 (8) is financially dependent on the Company, its holding company or any of their respective subsidiaries or core connected persons of the Company;

 (9) other situations as stipulated by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange").

Independent directors shall conduct self-examination of their independence on an annual basis and submit such self-examination results to the board of directors. The board of directors shall assess the independence of the incumbent independent directors on an annual basis and issue a special opinion in relation thereto, which shall be disclosed at the same time as the annual report.

**Article 7** A person who is nominated as a candidate for independent director in the capacity of an accounting professional shall have sufficient professional knowledge and experience in accounting and shall meet at least one of the following conditions:

(1) with qualification as a certified public accountant;

(2) holding a senior professional title, associate professor title or doctoral degree majored in accounting, auditing or financial management;

(3) holding a senior title in economic management with over 5 years of full-time working experience at a professional position in accounting, auditing or financial management.

**Article 8** An independent director candidate shall possess good personal ethics, and shall not in any circumstances be prevented from being nominated as a director as stipulated by Article 166 of the Articles of Association, and shall not have the following adverse records:

(1) having been subject to any administrative sanction by the CSRC or criminal penalties by the judicial authority in the last 36 months due to violation of securities and futures-related laws;

(2) having been filed for investigation by the CSRC or filed for investigation by the judicial authority due to suspected securities and futures-related violations and crimes, and no clear conclusion has been reached yet;

(3) having been censured publicly or criticized more than three times through circulation of notice by the stock exchange in the last 36 months;

(4) having bad records such as material breach of trust;

(5) having been removed from the position of independent director by the board at a general meeting within 12 months due to failure to attend in person for two consecutive board meetings and without appointing other independent directors to attend the meetings on his/her behalf;

(6) other circumstances as stipulated by the stock exchange in the place where the shares of the Company are listed.

**Article 9** Independent directors can, in principle, serve as independent directors for a maximum of 3 listed companies and shall ensure that they have sufficient time and energy to effectively fulfil their duties as independent directors.

**Chapter 3 Nomination, Election and Replacement of Independent Directors**

**Article 10** The board of directors, the supervisory committee of the Company or shareholders individually or jointly holding more than 1% of the issued shares of the Company may nominate candidates for independent directors to be elected at the general meetings.

Investor protection institutions established in accordance with the law may publicly request shareholders to appoint them to exercise the rights to nominate independent directors on their behalf.

The nominator(s) prescribed in paragraph 1 shall not nominate persons who are interested parties with him/her or other close members who are in other circumstances that may affect their independent duty performance as candidates for independent directors.

**Article 11** The nominator(s) of independent directors shall obtain the consent of the nominee prior to any nomination. The nominator(s) shall acquire all the personal particulars of the nominee as to their profession, education, job position, detailed work experiences, all part time jobs, whether there is material discredit and other bad records, and comment on their compliance with the independence requirement and other conditions for the post of independent directors (including the views and perspectives, skills and experience that the nominee can bring to the board, and how he/she can promote the diversity of the board members). The nominee shall make announcement on his/her compliance with the independence requirement and other conditions for the post of independent director.

**Article 12** The Nomination Committee of the Company shall review the qualifications of the nominee for independent director and form a clear examining opinion.

Prior to the general meeting for independent directors’ election, the Company shall disclose such contents in accordance with the provisions of Article 11 of these Rules and the preceding paragraph, and submit the relevant information of all candidates for independent directors to the Shanghai Stock Exchange (hereinafter referred to as the "SSE"). Such submitted information shall be authentic, accurate and complete. Where the SSE raises objections to the terms of office and independence of an independent director candidate, the Company shall promptly disclose such objection, and shall not submit such independent director candidate to the shareholders' meeting for election.

When holding a shareholders’ general meeting for the election of independent directors, the board of directors of the Company shall clarify whether the candidates for independent directors have been objected by the SSE.

An independent director shall confirm to the Company, inter alia, his/her independence, and the Company shall confirm in the announcement appointing him as an independent director that the director candidate has confirmed his/her independence. Each year, the Company shall confirm in its annual report whether it still considers the independent directors to be independent.

### Article 13 Where a company elects two or more independent directors in a shareholders' meeting, the cumulative voting system shall be implemented. The voting of minority shareholders shall be counted and disclosed separately.

**Article 14** The term of office of the independent directors shall be the same as other directors of the Company for each session, and they may be re-appointed consecutively on expiration of their term, however, the maximum period of appointment shall not be more than 6 years.

**Article 15** An independent director may be removed by the Company in accordance with legal procedures prior to the expiry of his/her term of office. In the case of any early removal of an independent director, the Company shall make timely disclosure stating the specific reasons and grounds for removal. In case the independent director has an objection, the Company shall disclose in a timely manner.

If the independence of an independent director is materially jeopardized during his/her tenure, he/she should notify the Company and stock exchange on which the Company’s shares are listed in a timely manner and propose corresponding solutions, and if necessary, tender resignation. Where an independent director does not comply with item (1) or (2) of Article 5 of these Rules, he/she shall immediately cease to perform his/her duties and resign from his/her position. If such independent director failed to tender resignation, the board of directors shall remove him/her from office in accordance with the regulations immediately when it is aware of or is deemed to be aware of the occurrence of such fact.

If an independent director fails to attend two consecutive meetings of the board in person and had not delegated another independent director to attend the meeting on his/her behalf, the board shall, within thirty days from the date of such fact, propose to convene a shareholders’ meeting to remove such independent director from his/her position.

Where an independent director resigns or is removed from his/her position as a result of involving in the circumstances stipulated above, resulting in the proportion of independent directors to the board of directors or the special committees thereunder not complying with the provisions of laws and regulations or the Articles of Association and these Rules, or due to the absence of an accounting professional among the independent directors, the Company shall complete the by-election within 60 days from the occurrence date of the aforesaid fact.

**Article 16** Any independent director may resign from his/her post before the expiry of his/her term. A resigning independent director shall deliver his/her written notice of resignation to the board of directors, and shall make a statement on any conditions related to his/her resignation or conditions which he/she considers the shareholder and creditor of the Company shall be brought to attention. The Company shall disclose the reasons for and concerns about the resignation of an independent director.

If the proportion of independent directors of the board of the Company or the special committee(s) thereunder does not meet the requirements as provided in laws and regulations and the Articles of Association, or there is no accounting professional among the independent directors, the independent director who intends to resign shall continue to perform his/her duties until the date on which a new independent director is appointed. The Company shall complete the by-election within 60 days from the date on which the independent director tenders his/her resignation.

**Article 17** The Company may elect the independent director(s) from the information database of independent directors of listed companies of the China Association for Public Companies.

**Chapter 4 Duties of Independent Directors** **and their Performance**

**Article 18** Independent directors shall fulfil the following duties:

(1) to participate in the decision-making of the board of directors and provide explicit opinions on the matters discussed;

(2) to perform supervision on matters stated in Articles 23, 28, 29 and 30 of these Rules which indicate potential material conflict of interest between the Company and its controlling shareholder, de facto controller, directors and senior management so as to ensure that the decisions of the board of directors align with the overall interests of the Company and to protect the legitimate interests of minority shareholders;

(3) to provide professional and objective advice on the Company’s operation and development, thereby facilitating improvement in the standard of the decisions of the board of directors;

(4) other duties as stipulated by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

**Article 19** Independent directors shall have the following specific authorities:

(1) to independently engage an intermediary to conduct audits, consultations or verifications on specific matters of the Company;

(2) to make proposals to the board of directors for holding extraordinary general meetings;

(3) to make proposals to the board of directors for holding board meetings;

(4) to openly collect voting rights from shareholders in accordance with the laws;

(5) to express independent opinions on matters that may prejudice the interests of the Company or minority shareholders;

(6) other authorities conferred by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

For performing the duties set out in items (1) to (3) of the preceding article, independent directors shall obtain the prior consent of more than half of all independent directors.

The Company shall make disclosures in due course when independent directors exercise the authority provided in paragraph (1) of this article. In the case of failure to perform the duties and authorities stated above, the Company shall disclose the details and reasons.

**Article 20** The independent opinions of independent directors on significant matters shall include at least the followings:

(1) basic information of the significant matter;

(2) the basis of the opinions provided, including the procedures performed, the documents reviewed, the details of onsite investigations and other information;

(3) the legal compliance of the significant matter;

(4) the impact on the interests of the listed company and minority shareholders, the potential risks and the effectiveness of measures the Company has adopted;

(5) the conclusive opinions provided. Where qualified opinion, adverse opinion or disclaimer of opinion is expressed on the significant matters, the relevant independent directors shall clearly state the reasons and obstacles for the disclaimer of opinion.

Independent directors shall sign for the independent opinions expressed and submit such opinions to the board of directors in due course, which shall be disclosed together with the relevant announcements of the Company.

### Article 21 Prior to the convening of a board meeting, an independent director may communicate with the secretary of the board of directors to make enquiries, request for supplementary materials, and offer opinions and suggestions on the matters to be considered. The board of directors and other relevant personnel shall seriously consider the questions, requests and opinions raised by the independent director and provide timely feedback on the modification of the motions concerned.

**Article 22** The independent director shall personally attend meetings of the board of directors and meetings of the special committees where he/she is also a member, and actively participate in the affairs of the meetings, making contributions with his/her skills, professional knowledge and different background and qualification.

If, for any reason an independent director is unable to attend the meeting in person, he/she shall review the materials of the meeting in advance, form a clear opinion and appoint in writing another independent director to attend on his/her behalf.

If it is found that the matters under consideration affect his/her independence, he/she shall explain to the Company and abstain from voting.

**Article 23** The following matters shall be submitted to the board of directors for consideration after being approved by a majority of all independent directors of the Company:

(1) related-party transactions that shall be disclosed;

(2) the proposal for change or waiver of commitments by the Company and related parties;

(3) decisions made and measures taken by the board of directors in response to an acquisition;

(4) other matters as specified by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

**Article 24** Independent directors who vote against or abstain from voting on resolutions of the board of directors shall give the specific reasons and basis thereon, and the compliance requirements of the laws and regulations of the matters to be considered by the board of directors, potential risks and the impact on the rights and interests of the listed company and the minority shareholders, etc. The dissenting opinions of the independent directors shall also be disclosed at the same time when the Company discloses the resolutions of the board of directors, and shall be stated in the resolutions of the board of directors and the minutes of the meeting.

**Article 25** Independent directors shall continue to pay attention to the implementation of the resolutions of the board of directors in relation to the matters mentioned in Articles 23, 28, 29 and 30 of these Rules and the matters considered by the special committee of the board of directors, and shall report to the board of directors in a timely manner and may require the Company to make written explanations if any violation of laws, administrative regulations, regulations of the CSRC, the business rules of the stock exchanges, and the Articles of Association, or violation of the resolutions of the general meeting and the board of directors is found. If disclosure is required, the Company shall disclose it in a timely manner.

If the Company fails to give an explanation or make timely disclosure in accordance with the provisions mentioned above, the independent director may report such failure to the CSRC and the stock exchange.

**Article 26** The Company shall regularly or non-regularly convene meeting to be attended by all independent directors (hereinafter referred to as the “Special Meeting of Independent Directors”). Matters listed in items (1) to (3) in paragraph 1 of Article 19 and Article 23 of the Rules shall be considered at the Special Meeting of Independent Directors. The Special Meeting of Independent Directors may consider and discuss other matters of the Company as required.

The Special Meeting of Independent Directors shall be convened and chaired by an independent director jointly elected by more than half of the independent directors; in the event that the convenor is not performing his/her duties or is unable to perform his/her duties, two or more independent directors may convene their own meeting and elect a representative to chair the meeting.

The chairman shall hold meeting with the independent directors without the presence of other directors at least once a year.

The Company shall provide convenience and support for the convening of the Special Meeting of Independent Directors.

**Article 27** Independent directors shall perform their duties at the special committees under the board of directors of the Company in accordance with laws, administrative regulations, regulations of the CSRC, the business rules of the stock exchanges, and the Articles of Association. Independent directors shall attend the meetings of special committees in person. If, for any reason, they are unable to attend the meetings in person, the independent directors shall review the materials of the meetings of the special committee in advance, form a clear opinion and appoint in writing other independent directors to attend on their behalf. When it comes to the attention of an independent director when performing his/her duties of a significant matter of the listed company which falls within the scope of the special committee’s responsibilities, he/she may submit such matter to the special committee for discussion and consideration in a timely manner in accordance with the procedures.

**Article 28** The Audit Committee under the board of directors of the Company is responsible for auditing and disclosing the financial information of the Company, supervising and evaluating the internal and external auditing work and internal control, and the following matters shall be submitted to the board of directors for deliberation after obtaining the consent by a majority of all members of the Audit Committee:

(1) disclosure of the financial information in the financial accounting reports and regular reports, as well as internal control evaluation reports;

(2) appointment or removal of the accounting firm undertaking audit of the Company;

(3) appointment or removal of the person-in-charge of finance of the Company;

(4) change of accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;

 (5) other matters specified by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

The Audit Committee shall hold at least one meeting each quarter, and an extraordinary meeting may be held when it is proposed by two or more members, or when it is deemed necessary by the convenor. Meeting of the Audit Committee shall be held only if more than two-thirds of the members are present.

**Article 29** The Nomination Committee of the board of directors of the Company is responsible for formulating criteria and procedures for the selection of directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, and making recommendations to the board of directors on the following matters:

(1) nomination or appointment or dismissal of directors;

(2) appointment or dismissal of senior management;

(3) other matters as stipulated by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for non-adoption in the resolution of the board of directors and disclose the same.

**Article 30**  The Remuneration and Appraisal Committee under the board of directors of the Company is responsible for formulating the evaluation criteria for directors and senior management and conducting the evaluation, formulating and reviewing the remuneration policies and plans for directors and senior management, and making recommendations to the board of directors on the following matters:

(1) remuneration of directors and senior management;

(2) the formulation or modification of the share incentive scheme, employee share ownership plan, as well as the fulfillment of the conditions for the grant of entitlement to incentive participants, matters relating to share schemes as described in Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the exercise of such entitlement;

(3) arrangement for share ownership plan for the directors and senior management in a proposed spin-off of subsidiary;

(4) other matters as stipulated by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption in the resolution of the board of directors and disclose the same.

**Article 31** Independent opinions issued by the independent directors on significant matters shall at least include the following:

(1) the basic information of the significant matter;

(2) the basis of the opinions provided, including the procedures performed, the documents reviewed, the details of onsite investigations and other information;

(3) the legal compliance of the significant matter;

(4) the impact on the interests of the listed company and minority shareholders, the potential risks and the effectiveness of measures the Company has adopted;

(5) conclusive opinions expressed. To express a qualified opinion, adverse opinion or disclaimer of opinion on a significant matter, relevant independent directors shall clearly explain the reasons therefor and obstacles for the disclaimer of opinion.

Independent directors shall sign for the independent opinions expressed and submit such opinions to the board of directors in due course, which shall be disclosed together with the relevant announcements of the Company.

### Article 32 The independent directors should spend not less than 15 days a year working on-site in the Company.

In addition to attending general meetings, meetings of the board of directors and its special committees, and the Special Meetings of Independent Directors in accordance with the requirements, the independent directors may perform their duties by various means, such as obtaining information on the Company’s operations on a regular basis, receiving reports from the management, communicating with the person in charge of internal audit and intermediaries such as the accounting firm undertaking the Company’s audit work, conducting on-site inspections, and communicating with the minority shareholders.

**Article 33** The independent directors shall submit a report on their work to the annual

general meeting of the Company, and the annual report on work of the independent directors shall be disclosed at the latest when the Company issues notice of the annual general meeting. The work report shall include the following contents:

(1) the manner and number of attendance at board meetings and the votes cast thereon and the number of attendance at general meetings;

(2) participation in the work of the special committees of the board of directors and the Special Meetings of Independent Directors;

(3) deliberations on the matters listed in the Articles 23, 28, 29 and 30 of these Rules and the matters examined by the special committees of the board of directors and the exercise of the special powers of the independent directors listed in paragraph 1 of Article 19 of these Rules;

(4) the significant matters, manners and results of communication with internal audit and the accounting firm undertaking the Company’s audit work in respect of the Company’s financial and business conditions;

(5) communication with the minority shareholders;

(6) the time spent on working on-site in the listed company and work content;

(7) other circumstances of performance of duties.

**Article 34** Independent directors shall continuously enhance their knowledge of securities laws and regulations and rules and continuously improve their ability to fulfil their duties.

**Article 35** In case of any conflict between shareholders or between directors of the Company with a significant impact on the operation and management of the Company, the independent directors shall actively perform their duties to safeguard the interests of the Company as a whole.

**Article 36** In case of any of the following circumstances, the independent director shall make timely report to the stock exchange:

(1) He/she has been removed from office on grounds he/she deems to be unjustified;

(2) An independent director resigns due to the fact that the Company prevents him/her from exercising his/her functions and powers according to law;

(3) Where the materials for the board meeting are incomplete or arguments are inadequate, and written request from two or more independent directors to postpone the board meeting or the consideration of relevant matters is not accepted;

(4) On receipt of report on suspected breach of laws or regulations by the Company or any of its directors, supervisors or senior executives, the board of directors fails to take effective measures in handling the case ;

(5) Other circumstances that seriously impede the performance by the independent directors of their duties.

**Article 37** Minutes of meetings of the board of directors of the Company and its special committees and the Special Meetings of Independent Directors shall be prepared in accordance with the stipulated requirements with opinions of the independent directors clearly set out in the minutes. The independent directors shall sign to confirm the minutes of meetings.

Independent directors shall prepare work records to record in detail the performance of their duties. Information obtained by the independent directors in the course of performing their duties, minutes of relevant meetings, records of communications with staff of the Company and the intermediaries, etc. shall form an integral part of the work records.

With respect to the important contents of the work records, independent directors may request the secretary of the board of directors and other relevant personnel to sign to confirm the same, and the Company and the relevant personnel shall cooperate with such request.

Work records of the independent directors and information provided by the Company to independent directors should be kept for at least 10 years.

**Article 38** The Company shall improve the communication mechanism between independent directors and minority shareholders, and the independent directors may verify the issues raised by investors with the listed company in a timely manner.

**Chapter 5 Protection of Independent Directors on their Performance of Duties**

**Article 39** The Company shall provide such working conditions and personnel support for the independent directors as needed to perform their duties. The secretary of the board of directors of the Company shall actively provide assistance to the independent directors in performing their duties, and the office of the board of directors shall also be the office of the independent directors, and shall be responsible for handling specific matters assigned by the independent directors.

The secretary of the board of directors of the Company shall ensure the unimpeded access to information between the independent directors and other directors, senior management and other relevant personnel, and ensure that the independent directors have access to adequate resources and necessary professional advice when performing their duties.

**Article 40** The Company shall ensure that the independent directors have equal right to information as the other directors. To warrant that the independent directors can effectively perform their responsibilities , the Company shall regularly inform the independent directors of the Company’s operations, provide information, organise or cooperate with the independent directors to carry out site visits and other work.

The Company may organise independent directors to participate in the research and discussion sessions before the board considers major and complicated matters, so that the opinions of the independent directors can be clearly heard, and timely feedback given to the independent directors on accepting their opinions.

### Article 41 The Company shall give notice of board meeting to independent directors in a timely manner, provide relevant meeting materials no later than the notice period of board meeting stipulated by laws, administrative regulations, regulations of the CSRC or the Articles of Association, and provide effective communication channels for the independent directors; for the meetings convened by the special committees of the board, the Company shall in principal provide related materials and information no later than 3 days prior to convening the special committee meeting. The Company shall keep the above-mentioned meeting materials for at least 10 years.

If two or more independent directors consider that the meeting materials are incomplete, arguments are inadequate or not timely provided, they may submit written proposal to the board to postpone the meeting or the consideration of such matter, and the board shall adopt such proposal.

In principle, meetings of the board of directors and the special committees thereunder shall be convened on-site. When necessary, such meetings may also be convened through video, telephone or other means according to the relevant procedures and on the premise that all attending directors can fully communicate with each other and express their opinions.

**Article 42** In the exercise of powers by the independent directors, the directors, senior management and other relevant personnel of the Company shall cooperate with them, and shall not reject, hinder or conceal relevant information, or interfere with their exercise of powers independently.

If an independent director encounters obstruction in the exercise of his/her duties and powers in accordance with the laws, he/she may explain the situation to the board, request cooperation from the directors, senior management and other relevant personnel, and record the specific circumstances of the obstruction and the resolution of the situation in his/her work records; if the obstruction cannot be eliminated, he/she may report to the CSRC and the stock exchange.

Where the performance of duties by an independent director involves information that should be disclosed, the Company shall process the disclosure in a timely manner; where the Company does not disclose such information, the independent director may directly apply for disclosure, or report to the CSRC and the stock exchange.

**Article 43** The Company shall bear any necessary expenses incurred by the independent directors in engaging professional institutions and performing other duties and responsibilities.

**Article 44** The Company shall pay the independent directors allowances appropriate to their duties and responsibilities. The standards of the said allowances shall be proposed by the board of directors and approved by the general meeting and shall be disclosed in the annual report of the Company.

Apart from the above-mentioned allowances, the independent directors shall not acquire other interests from the Company and its substantial shareholders, de facto controller or interested institutions and officers.

**Article 45** The Company may establish a liability insurance system for independent directors to reduce the risks that may be caused by independent directors in their daily performance of their duties.

**Chapter 6 Confidentiality Management of Independent Directors**

**Article 46** The security and confidentiality work of the independent directors of the Company shall follow the principles of "strictly abiding by the national secrecy laws and regulations, obeying the confidentiality provisions of the Company, adhering to the priority of confidential information security, and properly handling the relationship between security and confidentiality and information disclosure of listed companies according to law".

**Article 47** The independent directors of the Company shall sign a confidentiality agreement with the Company or issue a confidentiality undertaking, and undertake to strictly abide by the relevant security and confidentiality management provisions of the Company during the term of their employment and within a reasonable period after termination of office.

**Article 48**  Where, in the course of performing their duties, an independent director causes the disclosure of State secrets due to intent or negligence, the party concerned and the leaders of the Company at all levels shall be seriously investigated for their responsibilities, and if the case constitutes a crime, criminal responsibility shall be investigated according to law.

**CHAPTER 7 SUPPLEMENTARY PROVISIONS**

**Article 49** Any matters not covered by these Rules shall be implemented in accordance with the relevant provisions of the relevant laws and regulations of the People’s Republic of China, the Articles of Association and the respective listing rules of the stock exchanges on which the shares of the Company are listed.

**Article 50** Should these Rules be in conflict with the relevant laws and regulations of the People’s Republic of China, they shall be implemented in accordance with the relevant laws and regulations of the People’s Republic of China.

**Article 51** The board of directors shall be responsible for the interpretation and amendment to these Rules after they come into effect upon the consideration and approval by the board of directors.

***Note:*** *The English version is for reference only. Should there be any inconsistency or discrepancy between the English and the Chinese versions, the latter shall prevail.*