

**ARTICLES OF ASSOCIATION  
OF  
XINTE ENERGY CO., LTD.**

December 2025

## CONTENTS

<b>CHAPTER 1</b>	<b>GENERAL</b> .....	<b>4</b>
<b>CHAPTER 2</b>	<b>THE COMPANY’S OBJECTIVES AND SCOPE OF BUSINESS .</b>	<b>6</b>
<b>CHAPTER 3</b>	<b>SHARES</b> .....	<b>6</b>
Section 1	Issue of Shares .....	6
Section 2	Increase, Reduction and Repurchase of Shares .....	8
Section 3	Transfer of Shares .....	10
<b>CHAPTER 4</b>	<b>SHAREHOLDERS AND THE SHAREHOLDERS’ GENERAL MEETING</b> .....	<b>10</b>
Section 1	Shareholders .....	10
Section 2	General Provisions on the Shareholders’ General Meeting .....	14
Section 3	Convening of the Shareholders’ General Meeting .....	16
Section 4	Proposals and Notices of the Shareholders’ General Meeting .....	18
Section 5	Holding of the Shareholders’ General Meeting .....	19
Section 6	Voting and Resolutions of the Shareholders’ General Meeting .....	24
<b>CHAPTER 5</b>	<b>BOARD OF DIRECTORS</b> .....	<b>28</b>
Section 1	Directors .....	28
Section 2	Board of Directors .....	32

<b>CHAPTER 6</b>	<b>GENERAL MANAGER AND OTHER SENIOR MANAGEMENT .....</b>	<b>38</b>
<b>CHAPTER 7</b>	<b>FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT .....</b>	<b>41</b>
Section 1	Financial and Accounting system .....	41
Section 2	Internal Audit .....	44
Section 3	Engagement of Accounting Firms .....	44
<b>CHAPTER 8</b>	<b>NOTICES. ....</b>	<b>47</b>
<b>CHAPTER 9</b>	<b>MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION .....</b>	<b>49</b>
Section 1	Merger, Division, Capital Increase and Capital Reduction. ....	49
Section 2	Dissolution and Liquidation .....	51
<b>CHAPTER 10</b>	<b>AMENDMENTS TO THE ARTICLES OF ASSOCIATION .....</b>	<b>54</b>
<b>CHAPTER 11</b>	<b>SUPPLEMENTARY. ....</b>	<b>54</b>

# ARTICLES OF ASSOCIATION OF XINTE ENERGY CO., LTD.

## CHAPTER 1 GENERAL

**Article 1** These Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Listing Rules of Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and other relevant laws and regulations in order to protect the legal interest of Xinte Energy Co., Ltd. (the "**Company**"), its shareholders, employees and creditors and standardize the organization and activities of the Company.

**Article 2** The Company was incorporated as a joint stock limited company by means of sponsorship according to the Company Law and other laws and regulations.

**Article 3** The Company was registered with and has received the business license from the Administration for Industry and Commerce of Xinjiang Uygur Autonomous Region. The Unified Social Credit Number is 9165 0000 6702 3030 76.

**Article 4** Registered name of the Company: Xinte Energy Co., Ltd.

Full name in Chinese: 新特能源股份有限公司

Abbreviation in Chinese: 新特能源

Full name in English: Xinte Energy Co., Ltd.

Abbreviation in English: Xinte Energy

**Article 5** The address of the Company: No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi  
Postal Code: 831400

**Article 6** The Company's registered capital is RMB1,430,000,000.

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

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

If the general manager who serves as the legal representative resigns, he/she shall be deemed as resigning from the legal representative at the same time. In the event that the legal representative resigns, the Company shall determine a new legal representative within 30 days of the resignation.

**Article 9** The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.

Restrictions on the powers of the legal representative under the Articles of Association or by the shareholders' general meeting shall not be asserted against a bona fide counterparty.

If the legal representative causes damage to others while performing his/her duties, the Company shall bear civil liability. Upon assuming civil liability, the Company may recover compensation from the legal representative who is at fault in accordance with the law or the Articles of Association.

**Article 10** The shareholders shall be liable to the Company to the extent of the shares they have subscribed for, whereas the Company shall be liable for its debts with all of its property.

**Article 11** The Company may invest in other companies with limited liability and joint stock limited companies, to which the Company shall be liable for the company it invested to the extent of the amount of capital contribution it has made.

**Article 12** These Articles of Association shall become effective as of the date on which the Overseas-listed Foreign-invested Shares (“**H share**”) are listed on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”); the original Articles of Association of the Company shall be invalidated automatically on the effective date of these Articles of Association.

From the date on which these Articles of Association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders. These Articles of Association are binding on the Company, shareholders, directors and senior management personnel. A shareholder may take legal action against the Company, other shareholders or directors, general manager and other senior management personnel of the Company and the Company may take legal action against shareholders, directors, general manager and other senior management personnel pursuant to these Articles of Association.

**Article 13** For the purpose of these Articles of Association, “other senior management personnel” refers to the deputy general manager, chief accountant, chief machinist, safety director, secretary to the Board and other persons approved at the Board meeting of the Company.

## **CHAPTER 2 THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS**

**Article 14** The operation objectives of the Company are: to adopt advanced and applicable polycrystalline silicon production technology, PV, wind power system integration technology; optimize the combination of capital, technology, management and marketing resource; improve our market competitiveness; and generate satisfactory economic and social benefits for our investors.

**Article 15** The Company's scope of business includes: general items: manufacturing of non-metallic mineral products; sales of non-metallic minerals and products; manufacturing of PV equipment and components; sales of PV equipment and components; manufacturing of electronic specialized materials; sales of electronic specialized materials; manufacturing of special ceramic products; sales of special ceramic products; manufacturing of synthetic materials (excluding hazardous chemicals); sales of synthetic materials; sales of metal matrix composite materials and ceramic matrix composite materials; sales of graphite and carbon products; processing and treatment of non-metallic waste and scrap; import and export of goods; import and export of technology; technology service, technology development, technology consultation, technology exchange, technology transfer, technology promotion; sales of machinery and equipment; sales of mechanical and electrical equipment; sales of metal materials; sales of building materials; house leasing; non- residential real estate leasing. (Except for items that need to be approved according to law, business activities can be carried out independently with business licenses according to law) approved items: installation, maintenance and testing of power transmission, supply and reception facilities; power generation business, power transmission business, power supply (distribution) business; production of hazardous chemicals; road freight transportation (excluding hazardous goods); international road freight transportation. (For items that require approval according to law, business activities can be carried out only upon approval by relevant authorities, and specific business items shall be subject to approval documents or licenses from relevant authorities).

## **CHAPTER 3 SHARES**

### **Section 1 Issue of Shares**

**Article 16** Shares of the Company are in the form of share certificates.

**Article 17** The issue of shares by the Company shall adhere to the principle of openness, equality and fairness. Shares of the same class shall have the same rights.

Shares issued at the same time in the same class shall be equal in price and shall be subject to the same conditions. Subscribers shall pay the same price per share for the shares they subscribe for.

**Article 18** Share certificates issued by the Company are denominated in RMB, and the nominal value for each share is RMB1.

**Article 19** For the shares issued by the Company, the domestic unlisted shares shall be collectively registered and deposited with the domestic securities registration and clearing institution, and the registration and settlement arrangements for H shares, etc., shall be subject to the regulations of the overseas listing venue.

**Article 20** Shares which the Company issues to Domestic Investors and other qualified investors for subscription in RMB are called Domestic Shares. Shares which the Company issues to Foreign Investors and other qualified investors for subscription in foreign currencies are called Foreign Shares. Foreign Shares which are listed overseas are called “Overseas-listed Foreign-invested Shares”.

**Article 21** When established, the sponsors, shares amount, contribution means, contribution date and capital structure are as follows:

No.	Name of Shareholders	Number of Shares Subscribed ('0000)	Contribution Means	Contribution Date	Percentage of Shareholding
1	TBEA Co., Ltd.	48,001.68	Capitalization of net assets	29 February 2012	84.51%
2	Xinjiang Tebian (Group) Co., Ltd.	5,753.84	Capitalization of net assets		10.13%
3	Xinjiang Honglian Venture Capital Co., Ltd.	2,561.68	Capitalization of net assets		4.51%
4	Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.	289.68	Capitalization of net assets		0.51%
5	Liu Bingcheng	193.12	Capitalization of net assets		0.34%
	<b>Total</b>	<b>56,800</b>			<b>100%</b>

**Article 22** The Company's total share capital is 1,430,000,000 Shares, including 1,053,829,244 domestic unlisted shares ("**Domestic Shares**"), representing 73.69% of the total share capital; and 376,170,756 H Shares, representing 26.31% of the total share capital.

Shareholders of Domestic Shares of the Company who convert all or part of their unlisted domestic shares into shares listed and traded on overseas stock exchange(s) shall conform to relevant regulations promulgated by the securities regulatory authorities of the State Council, and authorize the Company to file with the securities regulatory authorities of the State Council on their behalf. They shall also comply with the regulatory procedures, provisions and requirements of the overseas securities market. The conversion of unlisted domestic shares into overseas-listed shares for trading is not subject to the holding of a general meeting. The overseas-listed shares converted from Domestic Shares shall be of the same class as the original overseas-listed shares.

**Article 23** The Company or the subsidiaries of the Company shall not provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the Company or its parent company, except for any implementation of employee stock ownership plans by the Company.

For the benefits of the Company, the Company may, upon a resolution by the shareholders' general meeting or the Board under the Articles of Association or the authorization of the shareholders' general meeting, provide financial aids for others to obtain the shares of the Company or its parent company, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital, and any resolution by the Board shall be adopted by more than two-thirds of all directors.

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

**Article 24** The Company may, based on its operating and development needs and in accordance with laws and regulations, increase its registered capital in the following ways, subject to resolutions adopted respectively by the shareholders' general meeting:

- (I) issuing shares to non-specific investors;
- (II) issuing shares to specific investors;
- (III) allotting bonus shares to existing shareholders;
- (IV) conversion of capital reserve into share capital;



(V) by other methods which are permitted by laws, administrative regulations and securities regulatory authority under the State Council.

**Article 25** The Company may reduce its registered capital. In doing so, it shall act according to the Company Law, other relevant regulations and these Articles of Association.

**Article 26** The Company shall not purchase its shares, except in one of the following circumstances:

(I) to reduce registered capital of the Company;

(II) to merge with other companies that hold shares in the Company;

(III) to use the shares for employee stock ownership plans or equity incentives;

(IV) to purchase the shares held by shareholders (upon their request) who vote against the resolution proposed in the shareholders' general meeting on the merger or division of the Company;

(V) to use the shares for conversion of corporate bonds issued by the Company that are convertible into shares;

(VI) when it is necessary for the Company to do so to safeguard its corporate value and shareholders' interests.

Where the Company purchases its shares under the circumstances set out in items (I) and (II) of the preceding paragraph, such purchase shall be subject to resolutions adopted by the shareholders' general meeting. Where the Company purchases its shares under the circumstances set out in items (III), (V) and (VI) of the preceding paragraph, such purchase shall be subject to resolutions of the Board meeting attended by more than two-thirds of the directors in accordance with the Articles of Association or the authorization of the shareholders' general meeting.

Where shares of the Company are purchased in accordance with item (I) of this Article, they shall be deregistered within 10 days from the date of purchase; where shares of the Company are repurchased in accordance with item (II) or (IV), they shall be transferred or deregistered within six months from the date of purchase, upon any purchase under items (III), (V) and (VI), such shares shall be transferred or deregistered within three years from the date of purchase, provided that shares of the Company held by itself in total shall not exceed 10% of the total number of issued shares of the Company.

The Company may purchase its shares through the method of open and centralized trade, or other methods authorized by laws, administrative regulations and the regulatory authority. If the Company acquires its shares under the circumstances provided in items (III), (V) and (VI) of the first paragraph of this Article, it shall be carried out by open and centralized trade.

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

**Article 27** Shares in the Company shall be transferred in accordance with law.

**Article 28** The Company does not accept the pledging of its share certificates.

**Article 29** Shares issued prior to the public offering of the Company shall not be transferred within one year from the date the shares of the Company being listed on the stock exchange(s).

Directors and the senior management of the Company shall report to the Company their shareholdings and changes therein and shall not transfer more than 25% of the total number of shares held by them in each year during their terms of office. The shares held by them shall not be transferred within one year from the date the shares of the Company being listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of the Company held by them within six months from the termination of their service. If the transfer restrictions in this paragraph involve H shares, the said transfer shall be subject to provisions of Hong Kong Listing Rules.

## **CHAPTER 4 SHAREHOLDERS AND THE SHAREHOLDERS' GENERAL MEETING**

### **Section 1 Shareholders**

**Article 30** The Company shall establish a register of shareholders in accordance with the evidence provided by the securities registration authority. The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company.

A shareholder shall enjoy rights and assume obligations according to the class of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

**Article 31** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates and carries out other activities which would require the confirmation of the shareholdings, the convener of the Board meetings or the shareholders' general meetings shall decide the record date. Upon the close of such date, the shareholders who remain on the register shall enjoy the relevant rights.

**Article 32** Holder of shares of the Company shall enjoy the following rights:

(I) to receive dividends and other forms of distributions of benefits in proportion to their shareholdings;

(II) to request, convene, preside over, attend or appoint a proxy to attend the shareholders' general meeting according to the law, and exercise the corresponding voting right;

(III) to supervise the operation of the Company, and to make proposals or enquiries in relation thereto;

(IV) to transfer, donate or pledge shares in accordance with laws and administrative regulations and the provisions of these Articles of Association;

(V) to inspect and duplicate the Articles of Association, register of shareholders, the minutes of shareholders' general meetings, resolutions of the Board meetings and the financial accounting reports. Eligible shareholders may inspect the Company's accounting books and vouchers;

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;

(VII) to acquire shares held by shareholders who vote against the resolution proposed in the shareholders' general meeting on the merger or division of the Company upon their request;

(VIII) other rights conferred by laws, administrative regulations, departmental rules and these Articles of Association.

**Article 33** When a shareholder requests to inspect or duplicate the relevant material of the Company, he/she shall comply with the provisions of the Company Law and other laws and administrative regulations.

**Article 34** If a resolution passed at a shareholders' general meeting or Board meeting of the Company violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to a people's court to render the same as invalid.

Where the procedures for convening or the means of voting at a shareholders' general meeting or Board meeting violate the laws, administrative regulations or these Articles of Association, or the contents of a resolution violate these Articles of Association, shareholders shall be entitled to submit a petition to a people's court to rescind such resolutions within 60 days from

the date on which such resolution is made. However, it does not apply if such procedures for shareholders' general meeting and the Board meetings or the method of voting at such meetings have only minor flaws that have no substantial impact on the resolution.

Any shareholder who fails to be notified to attend the shareholders' general meeting may, within 60 days as of the day when it knows or ought to know that the resolution of the shareholders' meeting is made, request the People's Court to revoke the resolution. If the right of revocation is not exercised within one year as of the date when the resolution is made, it shall be relinquished.

**Article 35** A resolution of the shareholders' general meeting or of the Board shall be deemed invalid under any of the following circumstances:

(1) the resolution was made without convening a shareholders' general meeting or a Board meeting;

(2) no voting on the resolution was made at the shareholders' general meeting or the Board meeting;

(3) the number of attendees or the voting rights held did not meet the requirements stipulated by the Company Law or the Articles of Association;

(4) the number of voters or votes in favor of the resolution did not meet the requirements stipulated by the Company Law or the Articles of Association.

**Article 36** Shareholders individually or jointly holding 1% or more of the Company's shares for 180 consecutive days or more shall have the right to request the audit committee in writing to bring a legal action in the People's Court against any director or senior management other than the members of the audit committee for loss of Company resulting from their violation of any laws, administrative regulations or provisions of these Articles of Association in the course of performing their duties; the abovementioned shareholders may request the board of directors in writing to bring a legal action against the members of the audit committee for the loss of the Company resulting from their violation of any laws, administrative regulations or provisions of these Articles of Association in the course of performing the duties.

The shareholders described in the preceding paragraph may bring legal action in the People's Court directly in their own names in the interest of the Company in the event that the audit committee or the board of directors refuses to initiate legal proceedings after receiving the

aforesaid written request of shareholders, or fails to initiate such legal proceedings within 30 days on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interest.

Shareholders as referred to in the first paragraph of this article may also initiate legal proceedings in the People's Court under the provisions set out in the preceding two paragraphs if any third parties infringe on the lawful interests of the Company which caused damage to the Company.

**Article 37** Shareholders may initiate legal proceedings against any director or senior management for violation of any laws, administrative regulations or the provisions of these Articles of Association which has damaged the interests of shareholders.

**Article 38** Shareholders of the Company shall perform the following obligations:

- (I) to abide by laws, administrative regulations and these Articles of Association;
- (II) to pay share capital according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw the shares unless required by the laws and regulations;
- (IV) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;
- (V) other obligations imposed by laws, administrative regulations and these Articles of Association.

**Article 39** Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the law. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly liable for the debts owed by the Company.

## **Section 2 General Provisions on the Shareholders' General Meeting**

**Article 40** The shareholders' general meeting of the Company shall be composed of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers:

(I) to appoint and replace directors who are not employee representative and to decide on matters relating to the remuneration of directors;

(II) to consider and approve the report of the board of directors;

(III) to consider and approve the plans for profit distribution and making up of losses of the Company;

(IV) to adopt resolutions relating to increase or reduction in the registered capital of the Company;

(V) to adopt resolutions on matters such as merger, division, dissolution, liquidation or change of nature of the Company;

(VI) to adopt resolutions on the issue of corporate debentures;

(VII) to amend these Articles of Association;

(VIII) to adopt resolutions on the appointment, dismissal of the accounting firm of the Company;

(IX) to consider and approve the provisions of guarantee which are required in these Articles of Association;

(X) to consider and approve the purchase and sale of major assets or the provision of guarantees the amount of which exceeds 30% of the total assets of the Company within one year as shown in the latest audited financial statements of the Company;

(XI) to consider and approve the change of the use of proceeds from fund raising;

(XII) to consider and approve the equity incentive scheme and the employee stock ownership plan;

(XIII) to consider and approve on other matters which, according to laws, administrative regulations, regulations of the authorities, listing rules of the stock exchange in which the shares of the company are listed or these Articles of Association, need to be approved by shareholders in shareholders' general meetings.

**Article 41** Shareholders' general meetings can be divided into regular shareholders' general meetings (i.e. annual general meeting ("AGM")) and extraordinary general meeting ("EGM"). AGM shall be held within six months after the end of the last accounting year, and the meeting shall be held on yearly basis.

**Article 42** The Company shall convene an EGM within two months after the occurrence of any one of the following events:

(I) when the number of directors is less than the quorum prescribed by the Company Law or less than two-thirds of the quorum required by the Articles of Association;

(II) when the unrecovered loss of the Company is higher than one-third of the total paid-up capital;

(III) when shareholders individually or collectively holding 10% or more of the shares of the Company make a written request;

(IV) when the Board consider it necessary;

(V) when the audit committee proposes to convene an extraordinary meeting; proposes to convene the same;

(VI) Other circumstances stipulated by laws, administrative regulations and regulations of authorities or these Articles of Association.

**Article 43** The place for holding the Company's shareholders' general meeting shall be the registered office of the Company or other place as determined by the Board.

The shareholders' general meeting shall be held in the form of on-site meeting. The Company will also provide internet services or other methods such as communication means to help the shareholders to participate in the shareholders' general meeting. Shareholders shall be deemed to have attended the shareholders' general meeting by way of the aforesaid methods.

**Article 44** The Company shall engage lawyers to attend the shareholders' general meeting and issue a legal opinion on the following issues:

(I) whether the procedures relating to the convening and the holding of such meeting comply with laws, administrative regulations and these Articles of Association;

(II) the legality and validity of the qualifications of the attendees and the convenor of the meeting;

(III) the legality and validity of the voting procedures and voting results;

(IV) legal opinions issued on other related matters as requested by the Company.

### **Section 3 Convening of the Shareholders' General Meeting**

**Article 45** The shareholders' general meeting shall be convened by the board of directors.

**Article 46** The independent non-executive director has the right to propose the Board to convene extraordinary general meeting and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations and these Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. If the Board does not agree to convene such extraordinary general meeting, reasons shall be explained.

**Article 47** The audit committee has the right to propose the Board to convene extraordinary general meeting and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations, and these Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. Should there be alterations to the original requests in the notice, consent has to be obtained from the audit committee.



If the Board does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, the Board will be considered as unable or refused to fulfill the obligation to convene shareholders' general meetings and the audit committee may convene and preside over the meeting on its own initiative.

**Article 48** A shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the Company shall have the right to propose the Board to convene extraordinary general meetings and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations, and these Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. Should there be alterations to the original requests in the notice, consent has to be obtained from the relevant shareholders.

If the Board does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the Company shall have the right to propose the audit committee to convene an extraordinary general meeting by way of written request(s).

If the audit committee agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the relevant shareholders.

If the audit committee does not issue notice of the shareholders' general meeting within the specified period, it will be considered as not going to convene and preside over the shareholders' general meeting, and shareholders individually or jointly holding 10% or more of the shares of the Company for 90 or more consecutive days shall have the right to convene and preside over the meeting on their own initiative.

**Article 49** The audit committee or shareholders shall notify the Board in writing if they decide to convene the shareholders' general meeting on their own initiative.

The shareholder(s) convening the shareholders' general meeting must hold no less than 10% of shares in the Company before the resolution of such meeting is announced.

**Article 50** With regard to the shareholders' general meeting convened by the audit committee or shareholders on their own initiative, the Board and the secretary to the Board shall provide assistance.

**Article 51** With regard to the shareholders' general meeting convened by the audit committee or shareholders on their own initiative, the necessary expenses incurred in relation to the meeting shall be assumed by the Company.

#### **Section 4 Proposals and Notices of the Shareholders' General Meeting**

**Article 52** The content of such proposals shall be within the scope of the terms of reference of a shareholders' general meeting, and contains specific subjects and concrete matters for approval, and in accordance with the requirements of laws, administrative regulations and relevant requirements in these Articles of Association. A proposal to a shareholders' general meeting must be submitted or delivered in writing to the Board.

**Article 53** When the Company holds a shareholders' general meeting, the Board, the audit committee and shareholders who individually or jointly hold 1% or more of the shares of the Company are entitled to put forward a proposal to the Company.

Shareholders individually or jointly holding 1% or more of the shares of the Company can put forward a temporary proposal ten days before the shareholders' general meeting is held and submit the proposal to the convener of the meeting. The convener shall issue a supplemental notice within two days upon receiving such proposals and notify shareholders of the temporary proposals, and submit the same to the shareholders' general meeting for consideration. Unless the provisional proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the shareholders' general meeting.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not change the proposals in the notice of the shareholders' general meeting or add new proposals after sending the notice of the shareholders' general meeting.

The shareholders' general meeting shall not vote or resolve on proposals not contained in the notice of the shareholders' general meeting or not in compliance with these Articles of Association.

**Article 54** When the Company convenes an annual shareholders' general meeting, a notice shall be given 21 days before the date of the meeting; when the Company convenes an extraordinary general meeting, a notice shall be given 15 days before the date of the meeting. The notice shall notify all the shareholders by means of public announcement.

When calculating the starting date of the aforesaid periods, the date of such announcement and the date of the meeting shall be excluded.

**Article 55** Extraordinary general meeting shall not decide matters that are not set out in the notice.

**Article 56** The notice of a shareholders' general meeting shall satisfy the following requirements:

(I) It shall be made in written form;

(II) It shall specify the time, location and time limit of the meeting;

(III) It shall set out the items and proposals to be reviewed at the meeting;

(IV) It shall specify with clear note: all shareholders are entitled to participate in the shareholders' general meeting and authorize proxy in written form to attend the meeting and vote. Proxy of the shareholder does not have to be a shareholder of the Company;

(V) It shall set out the record date of shareholders entitled to attend the shareholders' general meeting;

(VI) It shall set out the time and place of the delivery of power of attorney;

(VII) It shall set out the names and telephone numbers of the contact persons in connection with the shareholders' general meeting.

**Article 57** After issuing a notice of shareholders' general meeting, the shareholders' general meeting shall not be delayed or canceled without justified reasons, and proposals listed in the notice shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least two working days before the original convening date.

## **Section 5 Holding of the Shareholders' General Meeting**

**Article 58** The Board or any other convener shall take necessary measures to ensure the proper order of the shareholders' general meeting. The Board or any other convener shall take measures to stop any act disturbing the shareholders' general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 59** All shareholders or their proxies whose names are set out in the register of members on the record date are entitled to attend the shareholders' general meeting and exercise their voting rights according to relative laws, regulations and these Articles of Association.

Shareholders may either attend the shareholders' general meetings in person or appoint their proxies to attend and vote instead of them.

**Article 60** An individual shareholder who attends the shareholders' general meeting in person shall produce his identification documents or other valid document or certificate which can prove his identity; Where a proxy is appointed to attend the meeting, the proxy shall produce his own identification documents and the proxy form.

Corporate shareholder should attend the meeting by its legal representatives or the proxy appointed by the legal representative. Legal representative who attends the meeting should produce his own identity card, valid certificates evidencing his capacity as a legal representative. While appointing proxy to attend the meeting, the proxy should produce his identity card and a written authorisation instrument produced by its legal representative of the shareholder representative.

If the shareholder is a recognized clearing house (or agent thereof) as defined in the relevant ordinance as enacted from time to time of Hong Kong, the said shareholder may authorize one or more persons as he deems appropriate to act on his behalf at any shareholders' general meetings; however, one or more persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons, The power of attorney shall be signed by an authorised person of the recognised clearing house. The person(s) so authorised can represent the recognised clearing house (or its agent) to attend the meeting and exercise its right as if the persons are individual shareholders of the Company, and shall not be required to produce evidence of shareholding, the notarised power of attorney and/or further evidence to prove that he/she/they has/have been duly authorised.

**Article 61** A shareholder shall appoint the proxy in written form. The proxy letter issued by a shareholder to entrust a proxy to attend shareholders' general meeting shall contain the following:

(I) the name or title of the shareholder, the quantity of shares held in the Company, the name of the proxy;

(II) specific instructions from the shareholders, including instructions to vote for, against or abstain from voting on each and every issue included in the agenda of the shareholders' general meeting;

(III) date and effective period of the proxy letter;

(IV) consignor's signature (or chop). If the consignor is the legal person Shareholder, the document shall be stamped with the corporate seal.

**Article 62** The power of attorney shall be placed at the domicile of the Company or other place specified in the notice of the meeting at least 24 hours before the relevant meeting of the voting for the power of attorney starts or 24 hours before the set time of voting. If the power of attorney is sign by other personnel authorized by consignor, the power of attorney or other authorization documents should be certified by a notary. The certificate of authorization or other authorization documents certified by a notary, together with the power of attorney appointing the proxy shall be placed at the domicile of the Company or other location specified in the notice of the meeting. Where the relevant stock exchange(s) where shares of the Company are listed or regulatory authorities provide otherwise, such provisions shall prevail.

**Article 63** The format of power of attorney appointing the proxy sent to shareholders by directors of the Company shall enable shareholders to freely instruct the authorized agent to vote for, against or abstain from voting, and separate instructions being given in respect of each matter to be voted at the meeting. If there is no instruction from the shareholders, the power of attorney shall specify that shareholder's proxy can vote according to his own will.

**Article 64** If the consigner has deceased, has been incapacitated, has withdrew the signed authorization or relevant shares has been transferred before the start of the voting in the meeting, as long as the Company has not received the written notice in respect of such matters before the beginning of the meeting, the vote made by the shareholder's proxy according to the power of attorney is still valid.

**Article 65** The meeting attendance lists shall be prepared by the Company. The register of names is to be set out, participants' (or entities) names, identity card numbers, shares held or represented carrying voting rights, the appointer's (or entities) names, etc.

**Article 66** The convener and the legal advisers retained by the Company shall verify the legal eligibility of the shareholders based on the register of shareholders provided by the foreign agency and shall register the name of the shareholders together with the numbers of shares with voting rights in their possession. Before the chairman of the meeting declares the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights in their possession, registration for the meeting shall be ended.

**Article 67** In convening a shareholders' general meeting, all directors and the secretary to the Board of the Company shall attend the meeting in person while the general manager and other senior management shall attend the meeting as non-voting participants.

**Article 68** Shareholders' general meeting shall be presided over by the chairman of the Board. Should the chairman is unable or fails to perform his duties, the meeting shall be presided over by a director elected by half or more members of the Board. If directors elected by half or more members of the Board fail to convene and preside over the general meeting, the general meeting shall be chaired by a shareholder co-elected by the shareholders attending the meeting. If the shareholder cannot chair the meeting due to any reason, the shareholder (or his proxy) present at the meeting who holds the highest number of voting rights shall chair the meeting.

The shareholders' general meeting convened by the audit committee shall be presided over by the convener of the audit committee. If the convener of the audit committee cannot perform or fails to perform its duties, a member of the audit committee shall be jointly elected by half or more of the members of the audit committee to chair the meeting.

Shareholder(s) may convene the meeting themselves and the convener or a representative nominated by him/her shall preside over the meeting.

When the shareholders' general meeting is held and the chairman of the meeting violates the rules of the procedures of the shareholders' general meeting which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman of the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.

**Article 69** The Company shall formulate rules of procedure for the shareholders' general meetings defining the convening and voting procedures of the shareholders' general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof, and the principle and contents of authorization of the Board on the shareholders' general meetings. The rules of procedures for the shareholders' general meeting are appendix to the Articles of Association and shall be formulated by the Board and approved on the shareholders' general meetings.

**Article 70** The Board shall report its work in the preceding year at the annual shareholders' general meeting.

**Article 71** Directors and the senior management should respond and explain to the enquiries and advices of shareholders at the shareholders' general meeting.

**Article 72** Chairman of the meeting should announce the number of shareholders and proxies present at the venue of the meeting and the total shares held by them with voting rights, and the number of shareholders and proxies present at the venue of meeting and the shares held by them with voting rights shall be the number recorded by the meeting.

**Article 73** The shareholders' general meetings shall have minutes, which shall be recorded by the secretary of the Board. The minutes of the meeting shall specify:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, general manager and other senior management attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;
- (IV) the process of discussion in respect of each proposal, highlights of speeches and the voting result;
- (V) details of inquiries or suggestions of the shareholders, and the corresponding response or explanations;
- (VI) the names of the lawyer, counting officer and monitoring officer;
- (VII) other contents that shall be recorded in the minutes in accordance with these Articles of Association.

**Article 74** The convener shall ensure the meeting minutes are true, accurate and complete. The attending directors, secretary to the Board, convener or representative thereof, and chairman of the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept for at least ten years together with the book of signatures of the shareholders present, the power of attorney of the attending proxies, votes and other valid information.

**Article 75** The convener shall ensure the shareholders' general meeting is held continuously until final resolutions are arrived at. If the shareholders' general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, immediate action shall be taken to resume the shareholders' general meeting as soon as possible or directly terminate the shareholders' general meeting.

## **Section 6 Voting and Resolutions of the Shareholders' General Meeting**

**Article 76** Resolutions of shareholders' general meeting can be divided into ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' general meeting can only be approved with half or more of the votes of shareholders (including their proxies) who participate in the meeting.

A special resolution of a shareholders' general meeting can only be approved with two-thirds or more of the votes of shareholders (including their proxies) who participate in the meeting.

**Article 77** The following issues shall be approved by ordinary resolutions at a shareholders' general meeting:

- (I) work reports of the Board;
- (II) profit distribution plan and plan for making up losses prepared by the Board;
- (III) appointment and removal of the members of the Board, their remunerations and the method of payment thereof;
- (IV) others issues apart from those should be approved by special resolutions in accordance with the requirements of laws, administrative regulations, listing rules of the stock exchange in which the shares of the company are listed or provisions of these Articles of Association.

**Article 78** The following issues shall be approved by special resolution at a shareholders' general meeting:

- (I) increasing or reducing share capital of the Company;
- (II) division, merger, dissolution and liquidation of the Company;
- (III) amendment of these Articles of Association;



(IV) the equity incentive scheme;

(V) purchase or disposal of material assets or provision of guarantee to other parties by the Company within a year exceeding 30% of the Company's latest audited total assets;

(VI) other important issues prescribed in laws, administrative regulations or these Articles of Association and considered by the shareholders' general meeting by means of ordinary resolution to be significantly influential to the Company and shall be approved by means of special resolution.

**Article 79** Shareholders (including their proxies) shall exercise voting power with the number of voting shares represented by them, and each share has one vote.

The Company's shares held by the Company do not have voting right, and such shares are not counted in the total number of shares that have voting power upon attendance at a shareholders' general meeting.

The Board, independent non-executive directors and shareholders conforming to relevant prescribed conditions can call for Shareholders' voting rights.

**Article 80** For connected transactions to be considered at a shareholders' general meeting, connected shareholders shall abstain from voting on such connected transactions, and the number of shares they represent carrying voting rights shall not be counted into the total number of shares with valid voting rights; the meeting minutes on resolutions passed at the shareholders' general meeting shall fully disclose the voting of non-connected shareholders on the transactions.

**Article 81** Without a prior approval by way of special resolution is obtained in a shareholders' general meeting, the Company shall not enter into any contract with any person other than the directors, general managers and other senior management whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person, save for special circumstances such as the Company is in a crisis.

**Article 82** List of candidate directors shall be submitted in the form of proposals to the shareholders' general meeting for vote.

When voting on the election of directors, the shareholders' general meeting may implement accumulative voting system according to these Articles of Association or the resolution of the shareholder's general meeting.

Accumulative voting system referred in the preceding paragraph means a system whereby each share, at voting to elect directors at a shareholders' general meeting, carries the number of voting rights equivalent to the number of the directors to be elected, and a shareholder may concentrate his or her voting rights. The Board shall make public to the shareholders the resume and general information of directors to be elected.

Methods and procedures to nominate directors are as follows:

(I) Director candidates shall be proposed by the Board within the number of candidates as set out in these Articles of Association, and shall be presented to the shareholders' general meeting for election after approved by the Board.

(II) Shareholders individually or jointly holding 3% or more of the total issued shares with voting right for 180 or more consecutive days of the Company may propose candidates for directors to the Board, but the number of persons nominated shall comply with the provisions of the Articles of Association and shall not exceed the number of persons proposed to be elected.

(III) An independent non-executive director candidate may be nominated by the Board, or shareholders separately or jointly holding 1% or more of the shares of the Company for 90 or more consecutive days, but the number of candidates proposed by such shareholders must comply with the provisions of these Articles of Association, and must not exceed the number of people to be selected. The party nominating any independent non-executive director candidate shall have obtained the nominee's consent prior to the nomination, and shall be fully aware of such particulars of the nominee such as his occupation, academic qualification, title, detailed work experience and information regarding all his part-time positions held concurrently and be responsible for providing to the Company his opinions in relation to the nominee's qualification as an independent non-executive director and independence. The nominee shall make a public announcement stating that there exists no relation between the Company and him that may affect his independent and objective judgment.

**Article 83** Apart from the cumulative voting system, the shareholders' general meeting will vote on all resolutions individually. If one matter has different resolutions, they will be voted in the chronological order of the proposals being proposed. Except under special circumstances such as force majeure, leading to the suspension or inability to make resolutions at the shareholders' general meeting, the shareholders' general meeting shall not set aside the resolutions and leave the resolutions undecided.

**Article 84** No amendment shall be made on the proposals during its consideration at a shareholders' general meeting. Any such amendments to a proposal shall be deemed as a new proposal and shall not be voted at the current shareholders' general meeting.

**Article 85** Voting at the shareholders' general meeting shall be carried out with open ballot.

**Article 86** Two representatives of shareholders shall be elected to participate in counting and scrutinizing ballots before a shareholders' general meeting puts a proposal to vote. Where a shareholder has conflict of interests to matters to be considered, relevant shareholders and their proxies must not participate in counting and scrutinizing ballots.

**Article 87** When a proposal is voted at a shareholders' general meeting, lawyers and shareholders' representatives shall be responsible for counting and scrutinizing ballots and announce the voting results on the spot, which will be recorded in the minutes of the meeting.

**Article 88** The presider of the meeting shall announce the voting results on each proposal and whether the proposal is adopted based on the voting results.

Before the formal announcement of the voting results, the companies, tellers, scrutineers, substantial shareholders, and other relevant parties involved in the voting means of the shareholders' general meeting shall be under confidentiality obligation in relation to the voting.

**Article 89** Shareholders attending the shareholders' general meeting shall submit their voting in the following ways: "for", "against" or "abstain".

Ballot papers that are left in blank, unduly completed or illegible or that have not been used, are deemed as void votes to mean that the voter has waived his/her rights, and the voting results corresponding to the shares in their possession shall be treated as "Abstain from voting".

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.

**Article 90** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the

result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 91** The result of the count of the shareholders' general meeting shall be recorded in the minutes. The minutes of meetings shall be kept at the Company's place of residence together with the shareholders' attendance lists and proxy forms for the Company's records.

**Article 92** Any resolution of the shareholders' general meeting shall indicate the number of shareholders and proxies present at the meeting, the total number of voting shares they hold and its proportion to the total voting shares of the Company, the means of voting, the voting results of each proposal as well as the details of each resolution adopted.

**Article 93** In the event a proposal is not adopted, or the shareholders' general meeting makes any modification to any resolution adopted at the previous shareholders' general meeting, a specific indication shall be made in the minutes of resolutions of the shareholders' general meeting.

**Article 94** Where any proposal on the election of directors is adopted at the shareholders' general meeting, new directors shall take their posts at the time of the close shareholders' general meeting.

**Article 95** Should a shareholders' general meeting pass proposals regarding cash distribution, bonus issue or transfer of surplus reserve into share capital, the specific proposals shall be implemented within two months after the close of the shareholders' general meeting.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 96** Directors of the Company shall be natural persons and they shall not be in any of the circumstances under the Company Law in which they are disqualified from acting as a director of the Company. Directors are not required to hold any shares in the Company.

The election, appointment or engagement of directors shall be invalid if the election or appointment violates the requirements of these Articles of Association. The Company shall remove a director if he violates any of the circumstances stated in Article 98 his term of office.

**Article 97** Directors shall be elected or changed at the shareholders' general meeting and each has a term of three years. Upon the expiry of the term of office of a director, the term is renewable upon re-election. The term of office of any independent director may not be renewed for more than six years. Prior to the maturity of his/her term, a director shall not be removed without reason from his/her office by a shareholders' general meeting.

The term of office of a director shall commence from the date of appointment until the expiry of the current session of the board of directors. If the term of office of a director expires but re-election is not made, the original directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the provisions of these Articles of Association until a new director is elected and assumes office. Subject to such exceptions specified in the Articles of Association as the Hong Kong Stock Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates have a material interest nor shall he be counted in the quorum present at the meeting.

Directors may concurrently serve as general manager or other senior management, provided that the total number of directors who concurrently serve as general manager or other senior management, directors served by employees' representatives shall not exceed half of the total number of the Company's directors.

Representative of employees of the Company is eligible to be elected as a member of the board of directors, the employee representatives are elected from employees' general meeting, employee representatives' meeting, labor union or by other democratic manner join directly into the Board.

**Article 98** The directors are required to comply with the laws, administrative regulations and these Articles of Association, and to carry out their following duties in good faith and diligence:

(I) not to make use of their powers to accept bribes or other unlawful income and appropriate the Company's properties;

(II) not to misappropriate the Company's funds;

(III) not to deposit the Company's assets or funds into accounts under their own names or the name of other individuals;

(IV) not to lend the Company's funds to others or provide guarantees in favor of others with the Company properties as collaterals in violation of these Articles of Association or without the approval of the shareholders' general meeting or board of directors;

(V) not to enter into contracts or dealing with the Company in violation of these Articles of Association or without prior approval of shareholders' general meeting;

(VI) not to make use of their positions to procure business opportunities for themselves or others that shall have otherwise been available to the Company, or operate for their own benefit or managing on behalf of others businesses similar to those of the Company without approval of the shareholders' general meeting;

(VII) not to accept for their own benefits commission in any deal with the Company;

(VIII) not to divulge without authorization confidential information of the Company;

(IX) not to take advantage of their connected relationship to prejudice the interests of the Company;

(X) to perform other fiduciary duties specified in the laws, administrative regulations, departmental rules and the Articles of Association.

Income generated by directors in violation of this Article shall be of the benefit of the Company. A director who incurs any loss to the Company shall be liable to the Company for compensation.

**Article 99** The directors shall comply with the laws, administrative regulations and these Articles of Association, and shall owe the following diligent duties to the Company:

(I) exercising the rights conferred by the Company prudentially, carefully and diligently to ensure that commercial operations of the Company are conform with the laws, administrative regulations and various requirements of economic policies, and that commercial activities of the Company shall not exceed the scope of business specified in the business license;

(II) treating all of the shareholders equally;

(III) understanding the Company's business operation and management in a timely manner;

(IV) providing relevant facts and information truthfully to the audit committee, and not hindering the audit committee from exercising their authorities;

(V) other diligent duties specified in the laws, administrative regulations, department rules and the Articles of Association.

**Article 100** If a director fails to attend the meetings of the board of directors in person or fails to appoint any other director to attend on his/her behalf as his/her proxy for two consecutive times, he/she shall be deemed to be unable to perform his/her duties, and the board of directors shall propose to the shareholders' general meeting to dismiss him.

**Article 101** A director may resign prior to the expiry of his/her term of service. When a director intends to resign, he/her shall submit a written resignation to the board of directors.

If the number of directors is less than the minimum number of directors required by law due to the resignation of a director, then such director shall continue to perform his/her duties in accordance with the laws, administrative regulations, department rules and these Articles of Association until a new director is elected and assumes his/her office.

Except the aforesaid circumstances, the resignation of a director shall become effective when the report of resignation is served to the board of directors.

Any director appointed by the Board to fill a casual vacancy or as an addition to the Board should expire at the next general meeting and he/she is eligible for re-election.

Where not otherwise provided by law, the Company in shareholders' general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his/her term of office.

**Article 102** Directors shall complete all the handover procedures to the board of directors upon resignation or expiry of their term of office. The obligations of fidelity to the Company and shareholders shall not automatically discharge with the expiry of their terms of office and should survive after the expiry of their terms of office within one year.

**Article 103** A director may not act personally on behalf of the Company or the board of directors unless otherwise provided by these Articles of Association or legal authorization is granted by the board of directors. If such director acts personally and the third party may believe such director is acting on behalf of the Company or the board of directors, he/she shall declare his/her own position and identity in advance.

**Article 104** Directors who are in breach of laws, administrative regulations, department rules or these Articles of Association in the course of performing their duties shall be liable to compensate the Company for any loss so caused.

This Article shall concurrently apply to the general manager and senior management of the company.

## **Section 2 Board of Directors**

**Article 105** The Board of the Company shall be established to report to the shareholders' general meeting.

**Article 106** The Board shall consist of nine directors and one chairman, among which three are independent non-executive directors.

**Article 107** The board of directors shall be accountable to the shareholders' general meeting and shall have the following duties and powers:

- (I) convening the shareholders' general meetings and presenting reports thereto;
- (II) implementing the resolutions made at the shareholders' general meetings;
- (III) determining the Company's business and investment plans;
- (IV) working out the Company's profit distribution plans and loss recovery plans;
- (V) working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of shares, bonds or other securities and listing plans;
- (VI) formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company nature;



(VII) deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorized by the shareholders' general meeting;

(VIII) deciding on the establishment of the Company's internal management departments;

(IX) deciding on the appointment or dismissal of general manager and the Board secretary of the Company; decide on the appointment or dismissal of the Board secretary and deputy general manager, chief accountant and other senior management personnel according to the nomination of Chairman of the Board and the general manager, respectively as well as their remuneration and incentives;

(X) formulating the Company's basic management system;

(XI) formulating the plan for modification of these Articles of Association;

(XII) proposing the employment or replacement of the accounting firm which audits the Company's accounts to the shareholders' general meeting;

(XIII) hearing the general manager's work report and check the general manager's work;

(XIV) exercising other powers regulated in laws, regulations and the listing rules of the stock exchange where the Company's shares are listed and conferred by the shareholders' general meeting and these Articles of Association.

**Article 108** The Board of Directors of the Company shall establish four special committees, namely the audit committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategic Committee. The special committees shall be accountable to the Board of Directors and shall be composed of directors only. The Board of Directors shall be responsible for formulating the rules of procedure for the special committees and regulating their operation.

The audit committee of the Company shall exercise the functions and powers of the Supervisory Board as required by the Company Law.

**Article 109** The Board of the Company shall explain to the shareholders' general meeting any non-standard audit opinions issued by the certified public accountants on the Company's financial report.

**Article 110** The Board shall formulate the rules of procedures of the Board in order to ensure the Board to implement resolutions approved at the shareholders' general meeting of shareholders, to improve working efficiency, and to ensure scientific decision-making. The rules of procedure of the Board as attached to the Company's Articles of Association, shall be drawn up by the Board and approved by the shareholders' general meeting.

**Article 111** The Board shall determine the right relating to external investment, acquisition and disposal of assets, asset mortgage, external guarantees, consigned financial management and connected transactions, and shall establish strict examination and decision making procedure; and organize relevant experts and professionals to make assessments on material investment projects and submit them to the shareholders' general meeting for approval.

The power of examination and approval of investment, guarantee, borrowing and other material events of the Company as follow:

(I) investment (including equity interest investment to other company, enterprise and other legal person, but excluding establishment branch company)

(1) an individual investment amount reaching to or exceeding 50% of the latest audited net assets of the Company shall be subject to the consideration and approval of the shareholders' general meeting of the Company;

(2) an individual investment amount less than 50% of the latest audited net assets of the Company shall be subject to the consideration and approval of the Board of the Company;

(3) for the individual investment amount which is not amounted to 2% of the latest audited net asset of the Company, it will be considered and decided by the chairman, general manager and other senior management of the Company.

(II) Guarantee

The following external guarantees provided by the Company shall be submitted to the shareholders' general meeting for approval after the consideration and approval by the Board:

(1) provision of a single guarantee the amount of which exceeds 10% of the latest audited net assets of the Company;

(2) any provision of guarantee, where the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;

(3) provision of guarantee to anyone whose liability-asset ratio exceeds 70%;

(4) guarantee fund exceeding 30% of the latest audited total assets of the Company for a consecutive period of twelve months;

(5) guarantee fund exceeding 50% of the latest audited net assets of the Company and with an absolute amount of more than RMB30 million;

(6) provision of guarantee to shareholders, de facto controllers and their connected parties;

(7) other guarantee conditions as stipulated under the Articles of Association.

When a guarantee is raised for consideration and discussion at a board meeting, it shall be considered and approved by at least two-thirds of the directors attending the board meeting. The guarantee of connected person(s) should be regulated by the Hong Kong Listing Rules concurrently.

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

### (III) Borrowings

The Company may borrow from financial institutions or other persons due to its operation requirements.

(1) loan in an individual borrowing amount exceeding RMB50 million and the asset- liability ratio of the Company exceeding 65% (including 65%) shall be subject to the consideration and approval of the Board.

(2) loan in an individual borrowing amount not exceeding RMB50 million and the asset-liability ratio of the Company less than 65% shall be subject to the approval of the general manager of the Company.

The Company shall not provide loan to other company or enterprise, but may provide loan to its controlled subsidiaries in the manner as permitted by the law and regulation.

Aforementioned individual borrowing amount refer to the borrowing amount, credit line and maximum amount in a single borrowing contract, the general credit contract and maximum loan contract.

**Article 112** The chairman shall be elected by more than half of all directors.

**Article 113** The chairman of the board of directors shall perform the following duties and powers:

(I) to preside over the shareholders' general meetings and to convene and preside over board meetings;

(II) to supervise and check the implementation of resolutions of Board;

(III) other duties and powers as authorised by the Board.

**Article 114** If the chairman is unable or fails to perform his/her duties, a director shall be elected jointly by half or more of all directors to perform such duties.

**Article 115** The Board shall hold at least four regular meetings every year, which shall be convened by the chairman, with the notice of meeting sent in writing to all the directors ten days in advance.

The writing notice referred in this Article shall include served by hand, post, facsimile and email etc.

**Article 116** Extraordinary board meetings may be convened upon proposal by shareholders representing at least one-tenth of the total voting rights, by at least one-third of the Board or audit committee. The chairman shall convene and preside over a board meeting within ten days after receipt of the proposal.

**Article 117** The notice on convening a provisional board meeting can be served by hand, post, facsimile, email and telephone; and shall be sent at least one to five days prior to the convening of an interim meeting of the Board.

However, upon unanimous agreement by all the directors, time of the notice on convening a provisional board meeting for any emergency shall not be subject to the aforesaid Article.

**Article 118** Notice of board meeting shall include:

- (I) time and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons for and agenda of the meeting;
- (IV) the date of issue of such notice.

**Article 119** No board meeting shall be held unless more than half of the directors are present. Otherwise provided for in these Articles of Association, resolutions made by the board of directors must be approved by a majority of all the directors.

For the voting on a resolution of the Board, each director shall have one vote only.

**Article 120** If any director has connection with the enterprise or matter involved in the resolution made at a board meeting, the said director shall not vote on the said resolution for himself or on behalf of other director. The said board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the board meeting is less than three, the matter shall be submitted to the shareholders' general meeting for consideration.

**Article 121** Resolutions of the board meetings shall be voted by a registered poll.

The board meetings may be held and the resolution may be voted by videoconference, teleconference, facsimile on the basis that directors' opinions can be expressed adequately and shall be signed by directors attending the meeting.

**Article 122** The directors shall attend the board meeting in person; in the event that directors are unable to attend the meeting for some reason, the directors may appoint in writing other directors to attend the board meetings. The proxy letter shall specify the proxy's name, authorized matters, scope of authorization and the valid term, and shall be affixed with the signature or seal of the principal. The director who attends the meeting on behalf of another director shall exercise

the right of the director within the scope of authorization. If any director fails to attend the meeting of the board of directors or authorize a proxy to be present on his/her behalf, such director shall be deemed to have waived his voting rights at that meeting.

**Article 123** Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors attending such meetings. Directors attending the meeting shall have the right to request to record in the minutes details of the speech made by them at the meeting.

Directors shall be liable for board resolutions. If a board resolution is against the law, administrative rules or these Articles of Association and resolutions of the shareholders' general meetings, which causes the Company to suffer any loss, the directors who participate in voting shall assume the liability to compensate the Company; directors who have been proved as having expressed dissenting opinions on the resolution during the voting as recorded in the minutes of meeting shall be exempted from liability.

The minutes of the board meeting shall be kept as the Company's files for a period of not less than ten years.

**Article 124** The minutes of the Board meeting shall include the following:

- (I) date and place of the meeting and the name of the convener;
- (II) names of the directors attending the meeting and names of the directors (proxies) appointed by others to attend the board meeting;
- (III) agenda of the meeting;
- (IV) main points of the speeches of the directors;
- (V) method and results of the voting for each proposal (the voting results shall state the numbers of votes for or against the proposal or abstention).

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

**Article 125** The Company shall have one general manager, who shall be appointed or dismissed by the board of directors.

The Company shall appoint certain deputy general managers, one chief accountant, one secretary of the Board, one chief safety director and one chief machinist according to the requirements of the Company, and senior management shall be appointed and dismissed by the Board. The Board shall engage in other senior management as necessary. The circumstances hereof with respect to disqualified directors of the Company are applicable to senior management of the Company.

**Article 126** The Company's general manager, deputy general manager, chief accountant, the secretary of the Board, chief machinist, chief safety director and other senior management employed by the Board as necessary are the senior management officers of the Company.

**Article 127** The circumstances hereof with respect to disqualified directors of the Company are applicable to senior management of the Company.

Requirements hereof with respect to the directors' obligations of integrity and diligence shall also be applicable to the senior management.

**Article 128** The controlling shareholders of the Company and actual controllers who hold positions other than directors shall not serve as a member of the Company's senior management.

**Article 129** The term of the general manager is usually three years; the general manager may serve consecutive terms if reappointed.

**Article 130** The general manager is accountable to the Board and exercises the duties below:

(I) to take charge of the production operations and management tasks and organize the implementation of the Board's resolution, and to report his/her work to the Board;

(II) to organize the implementation of the Company's annual operating plan and investment plan;

(III) to devise the set-up of the Company's internal management structure;

(IV) to devise the basic management policy of the Company;

(V) to formulate the basic rules of the Company;

(VI) to propose the appointment or dismissal of the deputy general manager, chief accountant, chief machinist, chief safety director and other senior management;

(VII) to appoint or dismiss management personnel, aside from those requiring the Board in approving their appointment or dismissal;

(VIII) to sign documents related to the operation of the Company as the legal representative of the Company;

(IX) other duties as granted by the Company's Articles of Association and the Board.

General manager shall attend board meetings.

**Article 131** The general manager shall formulate detailed working rules for the manager and submit the same to the Board for approval and, upon such approval, implement such rules.

**Article 132** The detailed working rules formulated for the manager shall include the following:

(I) conditions and procedures for convening and participants of the general manager's meetings;

(II) specific duties of the general manager and other senior management;

(III) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the Board;

(IV) other matters as deemed necessary by the Board.

**Article 133** The general manager may resign prior to the expiration of his/her term of office. The detailed procedures for the general manager's resignation shall set out in the service contract entered into between the general manager and the Company.

**Article 134** The Company shall have a secretary to the Board. The office of the secretary of the Board shall be held by a natural person with necessary professional knowledge and experience, who shall be appointed by the Board. The major duties of the secretary of the Board are:

(I) to keep the Company's organizational documents and records intact;

(II) to ensure the Company prepares and delivers such reports and documents as required by competent authorities in compliance with laws;



(III) to ensure the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay.

**Article 135** The senior management shall be liable for any losses caused to the Company by their breach of any law, administrative regulations, department rules or these Articles of Association in performing their duties.

## **CHAPTER 7 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

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

**Article 136** The Company shall establish a financial and accounting system in line with the laws, administrative regulations and provisions of accounting standard of the PRC stipulated by the finance supervisory department of the State Council.

**Article 137** The financial statements of the Company shall be prepared in accordance with accounting standards and regulations of the PRC.

**Article 138** The Company shall prepare and disclose financial reports in accordance with the requirements of the listing rules of the stock exchange where the shares are listed.

**Article 139** The Board of the Company shall, at each annual general meeting, submit to the shareholders the financial reports that shall be prepared by the Company under relevant laws, administrative regulations and regulatory documents promulgated by the regional governments and departments in charge.

**Article 140** The annual financial report of the Company shall be kept at the Company and shall be made available to the shareholders at least 20 days before the annual general meeting is held. Each shareholder of the Company shall have the right to obtain the financial report mentioned in this Chapter.

**Article 141** The Company shall not maintain a separate accounts book except the one required by law. The assets of the Company shall not be deposited in any account opened under a personal name.

**Article 142** The Company shall, when distributing the post-tax profit of an accounting year, accrue 10% of the profit to list it in the legal reserves of the Company. The Company may not further accrue the legal reserves when its accumulative amount represents 50% or more of the registered capital of the Company.

When the legal reserves of the Company falls short to offset the loss of prior years, the Company shall use the profit earned during the year to offset the loss before accruing the legal reserves according to the previous paragraph.

After accruing the legal reserves out of the post-tax profit, the Company may, subject to the resolution of the shareholders' general meeting, accrue the free reserve out of the post-tax profit.

Subject to the resolution of the shareholders' general meeting, the post-tax profit left after the loss recovery and accrual of the reserves shall be distributed in proportion according to the shareholding proportions of the shareholders.

If the shareholders' general meeting breaches the preceding paragraph by distributing the profit to the shareholders before the loss recovery and accrual of the legal reserves, the shareholders shall return to the Company the profit distributed in violation of the law. If losses are caused to the Company, the Shareholders and the Directors and senior management who are responsible shall be liable for compensation.

The company shares held by the Company shall not participate in the profit distribution.

**Article 143** The reserves of the Company are used to offset the losses of the Company, expand business scale or bolster registered capital. To cover the losses of the Company with the reserve funds, the discretionary reserve fund and statutory reserve fund shall be used first; if it cannot be covered, the capital reserve fund can be used according to regulations.

When the legal reserve is converted into registered capital, the remaining amount of such reserve shall not be less than 25% of the registered capital of the Company before the conversion.

**Article 144** After a resolution on the profit distribution plan is made at the shareholders' general meeting, the board of directors of the Company shall complete the distribution of the dividend (or shares) within two months after the said meeting.

**Article 145** The Company may distribute its profit in the form of cash or in other ways as permitted by the laws. The profit distribution policy of the Company shall maintain consistent and stable in the form of cash or shares. The implementation of Company's profit distribution policy shall be observe the following rules:

(I) The profit distribution of the Company shall focus on providing shareholders with reasonable investment return, and the Company shall maintain the continuity and stability of the profit distribution policy as much as possible.

(II) The Company may distribute its profit in the form of cash, shares, and may distribute interim profit. In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the relevant requirements of law and regulations.

(III) Amendments to the profit distribution policy on the basis of the Company's production and operation conditions, investment plan or long-term development needs shall not contravene relevant requirements imposed by the securities regulatory authorities under the State Council and overseas stock exchange. The proposal for the amendments to the Company's profits distribution policy shall seek approval from the shareholders' general meeting after being reviewed by the Board.

**Article 146** Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.

**Article 147** The Company shall appoint receiving agents in Hong Kong on behalf of the holders of Overseas-listed Foreign-invested Shares to receive and keep on behalf of the relevant shareholders the dividends distributed by the Company in respect of Overseas-listed Foreign-invested Shares and other payables, and make payment to such shareholders.

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

The receiving agents appointed by the Company for holders of foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws, regulations and requirements of the Hong Kong Stock Exchange, the Company may exercise the right to confiscate unclaimed dividends, but such right shall be exercised only after the applicable time expires.

## **Section 2 Internal Audit**

**Article 148** The Company shall implement an internal audit system, which shall specify the leadership structure, duties and authorities, staffing, funding, application of audit results, and accountability mechanisms for internal audit work.

**Article 149** The internal audit department of the Company shall supervise and inspect matters relating to the Company's business activities, risk management, internal control, financial information and other matters.

**Article 150** The internal audit department shall be accountable to the board of directors.

During the process of supervising and inspecting the Company's business activities, risk management, internal control, and financial information, the internal audit department shall be subject to the supervision and guidance of the audit committee. If the internal audit department discovers any material issues or leads, it shall report them directly to the audit committee without delay.

**Article 151** The internal audit department shall actively cooperate and provide necessary support and assistance when the audit committee communicates with external audit institutions such as accounting firms and national audit authorities.

## **Section 3 Engagement of Accounting Firms**

**Article 152** The Company shall engage a firm that has the "qualification to engage in securities related business" to audit and review the Financial Statements of the Company, verify the net assets and offer other consulting services.

**Article 153** The engagement of an accounting firm by the Company shall be decided by the shareholders' general meeting, and the board of director shall not engage an accounting firm before any resolution made by the shareholders' general meeting.

The term of the accounting firm engaged by the Company shall commence when the current annual general meeting finishes and end when next annual general meeting concludes.

**Article 154** The shareholders' general meeting may dismiss any accounting firm through an ordinary resolution before the term of such accounting firm expires, regardless of the contract made by the Company with such accounting firm. If the relevant accounting firm enjoys the right to claim compensation from the Company because of the disengagement, the relevant rights shall not be influenced by this provision.

**Article 155** The accounting firm engaged by the Company shall enjoy the following rights:

(I) to have the access to the books, records or vouchers of the Company at any time, and have the right to require the directors, general manager or other senior management officers of the Company to provide relevant materials and statements;

(II) to require the Company to take every reasonable measure to obtain the materials and statements of the subsidiaries necessary for the accounting firm to perform its duties;

(III) to attend the general meeting, obtain the meeting notices any shareholder is entitled to and other information related to the meeting, and address any general meeting over the issues concerning the accounting firm.

**Article 156** The Company guarantees that the accounting evidence, accounting books, financial report and other accounting information provided to the accounting firm engaged are true and complete without refusal, withholding or false information.

**Article 157** The auditing fee of the accounting firm shall be determined by the shareholders' general meeting.

**Article 158** When the Company dismisses or disengages the accounting firm, it shall notify the accounting firm 30 days in advance. The accounting firm shall be given the opportunity to state their opinion during the voting of resolutions to dismiss the accounting firm at the shareholders' general meeting of the Company.

When the accounting firm requests to resign from the position, the accounting firm shall explain to the shareholders' general meeting whether there is anything inappropriate with the Company.

**Article 159** The shareholders' general meeting shall observe the following rules when engaging a candidate accounting firm not in position now to fill any vacancy of the position of the accounting firm, or re-engage an accounting firm who was appointed by the Board to fill a casual vacancy, or dismiss an accounting firm whose term has not yet expired:

(I) the proposal on engagement or disengagement shall be sent to the accounting firm proposed for engagement or proposed for departure, or the accounting firm that has departed within the accounting year, before the meeting notice of the shareholders' general meeting is distributed. Departure includes disengagement, resignation and termination of the term.

(II) if the accounting firm about to depart from the position makes a written statement and requires the Company to furnish such statement to the shareholders, the Company shall take the following measures, unless the Company receives such written statement too late:

(1) specify the accounting firm about to depart from the position has made the statement on the notice distributed to make a resolution; and

(2) distribute the duplicate of the statement as an appendix to the notice in the manner specified in these Articles of Association.

(III) If the Company fails to distribute the statement of the accounting firm as specified in paragraph (II) of this Article, the accounting firm may require the statement to be read out at the shareholders' general meeting and further appeal.

(IV) the accounting firm that has departed from the position shall have the right to participate in the following meetings:

(1) the shareholders' general meeting for which the term of the accounting firm shall expire;

(2) the shareholders' general meeting that incurs a vacancy because of the dismissal of the accounting firm;

(3) The shareholders' general meeting convened because of the active resignation of the accounting firm.

The accounting firm that has left the office shall have the right to receive all the notices or other information related to the aforesaid meetings, and to address such meetings over the issues concerning itself as the former accounting firm of the Company.

**Article 160** The accounting firm may resign from the position by submitting a written notice of resignation to the registered address of the Company. The notice shall take effect on the date on which it is submitted to the legal address of the Company or such later date as may be specified in the notice. Such notice shall include the following statements:

(I) the statement that its resignation does not involve any situation that shall be stated to the shareholders or creditors of the Company; or

(II) statement on any situation that shall be stated.

The Company shall deliver a copy of the notice to the relevant competent authorities within 14 days after receipt of such notice. If the notice contains the statement mentioned in (II) under this Article, the Company shall keep a duplicate of such statement in the Company and make it available to the shareholders. The Company shall also send a duplicate of such statement to each shareholder who has the right to receive the financial report of the Company in the manner specified in these Articles of Association.

**Article 161** If the notice of resignation of the accounting firm contains the statement referred in (II) of Article 159, the accounting firm may require the Board to hold an extraordinary general meeting to hear the explanation about relevant situations concerning its resignation.

## **CHAPTER 8 NOTICES**

**Article 162** The notices of the Company shall be delivered by the following means:

(I) by hand;

(II) by letter (including ordinary mail, registered mail and express delivery service);

(III) by announcement;

(IV) by mail;

(V) by other means stipulated in these Articles of Association.

**Article 163** If a notice is given by the Company by means of announcement, once such announcement has been made, this shall be deemed as notice received by all relevant persons and the date of service is the date of the first publication of the announcement. For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. For any notice delivered by letter, the date of delivery shall be the third working day upon the delivery to the post office. For any notice delivered by e-mail, the date of delivery shall be the date of sending. For any notice delivered by phone, the date of delivery shall be the record date of call.

**Article 164** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at such meeting.

**Article 165** Where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

**Article 166** Where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:

(I) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(II) on expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Stock Exchange of such intention.

**Article 167** Unless otherwise specified in these Articles of Association, for notice issued by the Company to the holders of Overseas-listed Foreign-invested Shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the rules of the listing place. The announcement shall also be published on the Company's website at the same time.

Holders of the Company's Overseas-listed Foreign-invested Shares may elect to receive the corporate communication (as defined in the Hong Kong Listing Rules) that the Company is required to send to shareholders either by electronic means or by post in accordance with the requirements of laws, regulations and the Hong Kong Listing Rules, and may also elect to receive either the English or Chinese version only, or both the English and Chinese versions. They shall have the right to change their choices as to the manner of receiving the same and the language at any time by reasonable prior written notice to the Company in accordance with applicable procedures.

**Article 168** Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders



according to the Hong Kong Listing Rules, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and relevant requirements of the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules. Where power is taken to give notice by advertisement, such advertisement may be published in the newspapers. And there is no restrictions on announcement to the shareholders whose registered addresses are outside Hong Kong.

## **CHAPTER 9 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

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

**Article 169** Merger of the Company may take place by absorption or by the establishment of a new company.

Absorption means a company absorbs another company and the absorbed company will be dissolved. Otherwise, two or more companies will combine together for the establishment of a new company, and the original companies will be dissolved.

**Article 170** In the event of merger or division of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in these Articles of Association and the relevant examining and approving formalities shall be carried out as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.

For holders of Overseas-listed Foreign-invested Shares of the companies listed in Hong Kong, the aforesaid document shall be despatched by mail or other means specified by these Articles of Association.

**Article 171** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days as of the date of the Company's resolution on merger and shall make an announcement on provincial press or the National Enterprise Credit Information Publicity System within 30 days as of the date of the Company's resolution on merger. Creditors may, within 30

days after receipt of such notice from the Company, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Company repay their debts or provide a corresponding guarantee for such debts.

**Article 172** Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

**Article 173** Where there is a division of the Company, its assets shall be divided accordingly.

The parties to the division shall prepare their balance sheet and inventory of assets. The Company shall notify its creditors within ten days of the date of the division resolution and shall publish an announcement on provincial press or the National Enterprise Credit Information Publicity System for information disclosure within 30 days of the date of the division resolution.

**Article 174** Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, liabilities of the Company prior to the division shall be jointly assumed by surviving companies after division.

**Article 175** Where the Company needs to reduce its registered capital, it shall prepare balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the resolution for reduction of capital and shall publish an announcement on provincial press or the National Enterprise Credit Information Publicity System for information disclosure within ten days from the date of such resolution. A creditor has the right within 30 days of receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

Where the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in accordance with the proportion of shares held by shareholders, except as otherwise provided by laws or the Articles of Association.

**Article 176** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law; when the Company dissolves, the Company shall finish its deregistration in accordance with the law; when a new company is established, its establishment shall be registered in accordance with the law.

The Company shall go through the formality of changes in respect of any increase or decrease in its registered capital with the relevant company registration authorities.

**Article 177** When the Company issues new shares to increase its registered capital, shareholders do not have pre-emptive rights, unless otherwise stipulated in the Articles of Association or a resolution of the shareholders' general meeting grants shareholders pre-emptive rights.

## **Section 2 Dissolution and Liquidation**

**Article 178** The Company shall be dissolved due to any of the following reasons:

(I) the term of operation expires, or any dissolution events as stipulated in these Articles of Association occur;

(II) a resolution for dissolution is passed at the shareholders' general meeting;

(III) dissolution as a result of a merger or division of the Company;

(IV) the business license of the Company is revoked, or the Company is ordered to close down or revoked in accordance with laws;

(V) Shareholders holding 10% or more of all the voting rights of the Company applies to the People's court for dissolution when the Company experiences severe difficulties in its operations and management and continual operation of the Company will bring significant losses to the interest of Shareholders while there are no other ways to resolve the difficulties.

If any of the circumstances as mentioned in the preceding paragraph arises, the Company shall disclose the reasons for dissolution on the National Enterprise Credit Information Publicity System within ten days.

**Article 179** In the event that the situation described in item (I) of Article 178 in these Articles of Association occurs, the Company may continue its operation through amending these Articles of Association.

Amendments to these Articles of Association pursuant to the preceding article shall be passed by two-thirds or more of the voting rights held by the shareholders present at the shareholders' general meeting.

**Article 180** A liquidation committee shall be set up within 15 days of the Company being dissolved pursuant to items (I), (II), (IV) and (V) of Article 178 in these Articles of Association. The composition of the liquidation committee of the Company shall be determined by the Board or by the shareholders' general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

**Article 181** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to verify the assets of the Company, prepare a balance sheet and an inventory of assets;
- (II) to notify the creditors or to publish public announcements;
- (III) to handle any unfinished businesses of the Company in relation to the liquidation;
- (IV) to pay all outstanding taxes and taxes incurred in the process of liquidation;
- (V) to settle claim and debts;
- (VI) to deal with the surplus assets remaining after the debts of the Company have been repaid;
- (VII) to represent the Company in any civil proceedings.

**Article 182** The liquidation committee shall inform the creditors within ten days of its establishment and an announcement shall be published on provincial newspaper or the National Enterprise Credit Information Publicity System for information disclosure within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors shall provide explanation for the relevant matters and evidence of the claims upon declaration of such claims. The liquidation team shall carry out registration of the creditors' claims.

The liquidation team shall not make any repayment to the creditors during the period of declaration of claims.

**Article 183** After the liquidation committee has cleared the assets of the Company and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to the shareholders' general meeting or to the People's Court for confirmation.

The assets of the Company shall settle liquidation expenses, remuneration, social security and statutory compensation payable to employees, as well as tax payable remaining assets of the Company after payment respectively, the Company shall distribute to its shareholders according to the proportion of shares held.

During the liquidation, the Company remains subsisting but may not commence any business activities not related to the liquidation. The assets of the Company shall not be distributed to shareholders before repayments have been made pursuant to the preceding article.

**Article 184** If after verifying the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee finds that the assets of the Company are insufficient to repay the debts of the Company in full, it shall immediately apply to the People's Court for a liquidation of insolvency.

After the liquidation of insolvency is accepted by the People's Court, the liquidation of the Company shall be taken up by the bankruptcy administrator designated by the People's Court.

**Article 185** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders' general meeting or the People's Court for confirmation, and submit to the company registration authority for cancellation of the Company's registration.

**Article 186** The members of the liquidation committee shall fulfill their obligations of liquidation with duties of loyalty and diligence.

Members of the liquidation committee shall bear the liability for damages suffered by the Company due to their negligence in performing the obligations of liquidation; if a member of the liquidation committee causes loss to the creditors due to intentional misconduct or gross negligence, he/she shall be liable for damages.

**Article 187** In the event that the Company is legally declared insolvent, insolvent liquidation shall be carried out pursuant to the relevant regulations on enterprise insolvency.

## **CHAPTER 10 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 188** Amendments shall be made to these Articles of Association by the Company in any of the following circumstances:

(I) where after any change in the Company Law or the relevant law and administrative regulations, there is conflict between the provisions under these Articles of Association and those under the revised versions of the Company Law, the relevant laws and administrative regulations;

(II) where there is any change to the Company which is different from the statements as set out in the Company's Articles of Association;

(III) upon resolution of the shareholders' general meeting to make any amendment to these Articles of Association.

**Article 189** The amendments to these Articles of Association as adopted by resolution of the shareholders' general meeting which should be approved by competent authorities shall be submitted to the approval competent authorities for approval. Amendment of the Company's Articles of Association involving changes in the particulars of registration of the Company shall be made through a change in registration in accordance with laws.

**Article 190** The Board shall amend these Articles of Association in accordance with the resolution to amend the Company's Articles of Association passed at the shareholders' general meeting and the review opinions from the relevant competent authorities.

## **CHAPTER 11 SUPPLEMENTARY**

### **Article 191 Definitions**

(I) Controlling Shareholder refers to any person (including holders of Depository Receipts) who is a group or persons (including any holders of Depository Receipts) who are together entitled to exercise or control the exercise of 30% (or such other percentage as may from time to time be specified in the Code of Takeovers, as being the level for triggering a mandatory general offer) or more of the voting power of the shareholders' general meeting of the Company or who is or are in a position to control the composition of a majority of the Board of the Company.

(II) Actual controller refers to anyone (even though not a shareholder of the Company) who can actually control the actions of the Company through investment relationships, agreements or any other arrangements.

(III) Connected relationship shall have the meaning ascribed to it under the Listing Rules of the Hong Kong Stock Exchange.

These Articles of Association are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the Chinese version shall prevail.

**Article 192** The expressions of “or more”, “within”, “below” shall include the figures mentioned whilst the expressions of “short of”, “without”, “less than” and “more than” shall not include the figures mentioned.

**Article 193** The interpretation of these Articles of Association shall be vested to the Board of the Company.

**Article 194** Upon consideration and approval by the shareholders’ general meeting, these Articles of Association shall take effect from the date of listing of the Company on the Hong Kong Stock Exchange.

**XINTE ENERGY CO., LTD.**

December 2025