# Articles of Association

# of

# China Petroleum & Chemical Corporation

**Revised at the Annual General Meeting for the Year 2025**
**on 13 May 2026**

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## CHAPTER 1 GENERAL PROVISIONS

**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 "Securities Law of the People's Republic of China" (the "Securities Law"), "Guidelines for Articles of Association of Listed Companies", "Standards for the Governance of Listed Companies" and the relevant provisions under the relevant laws, regulations, normative documents, and securities regulatory rules of the places where the Company's shares are listed (the "Relevant Regulatory Rules") and in light of the Company's actual circumstances to safeguard the legitimate interests of China Petroleum & Chemical Corporation (the "Company") and its shareholders, employees and creditors, and to regulate the organization and conducts of the Company.

**Article 2** From the date on which these Articles of Association come into effect, these Articles of Association shall constitute a legally binding document regulating the Company's organization and conducts, and the rights and obligations between the Company and its shareholders and among the shareholders inter se, which are legally binding on the Company, its shareholders, directors and senior management. Pursuant to these Articles of Association, a shareholder may take action against the Company, another shareholder, a director and senior management; and the Company may take action against a shareholder, a director and senior management.

Unless otherwise defined in the contexts, senior management mentioned in these Articles of Association refers to the president, senior vice president and vice president, chief financial officer, the secretary to the board and any other person designated by the Company.

**Article 3** The Company is a joint stock limited company established in accordance with the Company Law and other relevant national laws and administrative regulations.

The Company was established by way of promotion with the approval of the State Economic and Trade Commission of the People's Republic of China, as evidenced by approval document "Approval in relation to the Agreement to Establish China Petroleum & Chemical Corporation" (Guo Jing Mao Qi Gai [2000] No. 154). It is registered with and has obtained a business license from the State Administration for Industry and Commerce of the People's Republic of China on 25 February 2000 in the People's Republic of China (The "PRC" or "China").

The promoter of the Company is China Petrochemical Corporation.

**Article 4** The registered name of the Company:

| | |
|---|---|
| In Chinese: | 中國石油化工股份有限公司 |
| Abbreviation: | 中國石化 |
| In English: | China Petroleum & Chemical Corporation |
| Abbreviation: | Sinopec Corp. |

**Article 5** The address of the Company: 22 Chaoyangmen North Street, Chaoyang District, Beijing, China.

| | |
|---|---|
| Zip: | 100728 |
| Website: | www.sinopec.com |
| Unified social credit code: | 91110000710926094P |
| Registration authority: | Beijing Municipal Administration for Market Regulation |

**Article 6** The registered capital of the Company is RMB120,925,514,222.

**Article 7** The chairman of the board of the Company is the Company's legal representative.

A resignation of chairman of the board shall be deemed as a concurrent resignation of the legal representative.

**Article 8** The legal consequences of civil activities carried out by the legal representative in the name of the Company shall be borne by the Company.

Restrictions on the powers of the legal representative stipulated in these Articles of Association or by the general meeting shall not be enforceable against bona fide third parties.

If the legal representative causes damage to others in the performance of his/her duties, the Company shall bear civil liability. After the Company bears civil liability, it may, in accordance with the provisions of laws or these Articles of Association, seek compensation from the legal representative at fault.

**Article 9** The Company is a joint stock limited company which has perpetual existence.

The rights and responsibilities of the Company's shareholders shall only be limited to the proportion of the shares as held by them; the Company shall be responsible for the Company's debts by all of its assets.

The Company is an independent legal person, subject to the jurisdiction and under the protection of the laws and administrative rules of the PRC.

**Article 10** In accordance with the Company Law and the Constitution of the Communist Party of China, the Company hereby sets up the Party organizations and related working organs, carries out Party activities and enables the Party organizations to play their roles. The Party organizations shall support the general meeting, the board of directors and senior management of the Company in exercising their powers in accordance with the law.

The Company shall maintain an adequate level of staffing to handle Party affairs as well as sufficient funding necessary for the activities of the Party organizations, and provide necessary conditions for activities of the Party organizations.

**Article 11** The Company may set up wholly-owned or holding branch organizations such as subsidiaries, branches, representative offices and offices according to its business development needs.

**Article 12** The Company may invest in other enterprises. Where any law prescribes that the Company shall not become a capital contributor that shall bear several and joint liabilities for the debts of the enterprises in which it invests, such provision shall apply.

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

**Article 13** The operation objectives of the Company: to develop the enterprise, return to shareholders, contribute to the society, and benefit the employees.

**Article 14** The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.

Upon registration in accordance with the law, the Company's scope of business includes:

Licensed items: exploration of mineral resources; onshore oil and natural gas exploitation; offshore oil exploitation; offshore natural gas exploitation; geothermal resource exploitation; exploitation of non-coal mine mineral resources (limited to operations outside the locality); coal mining [operated by branches]; wholesale of crude oil [operated by branches]; gas operation [operated by branches]; storage of crude oil [operated by branches]; pipeline storage and transportation of crude oil and natural gas [operated by branches]; wholesale of refined oil products [operated by branches]; retail of refined oil products [operated by branches]; storage of refined oil products [operated by branches]; operation of gas refueling for gas-powered vehicles; production of food additives; production of hazardous chemicals [operated by branches]; operation of hazardous chemicals [operated by branches]; operation of hazardous waste; storage of hazardous chemicals [operated by branches]; storage services for customs-supervised goods (excluding hazardous chemicals and dangerous goods) [operated by branches]; retail of tobacco products [operated by branches]; production of Class II medical devices; power generation business, power transmission business, and power supply (distribution) business; installation, maintenance and testing of power transmission, power supply and power receiving facilities [operated by branches]; road dangerous goods transportation [operated by branches]; road freight transportation (excluding dangerous goods) [operated by branches]; public railway transportation; waterborne transportation of ordinary goods; construction engineering; inspection and testing services; installation, modification and repair of special equipment, inspection and testing of special equipment; internet information services; insurance agency business [operated by branches]; insurance brokerage business [operated by branches]; accommodation services; heating services. (Items subject to approval in accordance with the law can only be carried out after approval by relevant departments, and specific business projects are subject to the approval documents or licenses issued by relevant departments)

General items: mineral processing [operated by branches]; manufacturing of petroleum products (excluding hazardous chemicals); manufacturing of basic chemical raw materials (excluding manufacturing of licensed chemical products such as hazardous chemicals); processing and manufacturing of lubricants (excluding hazardous chemicals); production of chemical products (excluding licensed chemical products); manufacturing of synthetic materials (excluding hazardous chemicals); manufacturing of new membrane materials; manufacturing of high-performance fibers and composite materials; manufacturing of bio-based materials; manufacturing of graphite and carbon products; sale of petroleum products (excluding hazardous chemicals); sale of lubricants; sale of food additives; sale of chemical products (excluding licensed chemical products); sale of new catalytic materials and auxiliaries; sale of special chemical products (excluding hazardous chemicals); sale of needle textiles and raw materials; sale of fertilizers; sale of synthetic materials; sale of new membrane materials; sale of high-performance fibers and composite materials; sale of bio-based materials; sale of graphite and carbon products; sale of graphene materials; sale of specialized materials for electronics; sale of battery swapping facilities of new energy vehicle; centralized fast charging stations; operation of electric vehicle charging infrastructure; sale of hydrogen refueling and storage facilities for stations; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; engineering technical services (excluding planning management, survey, design, and supervision); information system integration services; information system operation and maintenance services; information technology consulting services; artificial intelligence application software development; research and development of carbon reduction, carbon conversion, carbon capture and carbon sequestration technologies; environmental consulting services; safety consulting services; non-residential real estate leasing; cooling supply services; import and export of goods; import and export of technology; customs declaration business. (Except for items subject to approval in accordance with the law, business activities can be carried out independently with a business license in accordance with the law)

## CHAPTER 3 SHARES

### Section 1 Issuance of Shares

**Article 15** There must, at all times, be ordinary shares in the Company. The Company may, according to its needs, issue class shares with rights different from those of ordinary shares, as permitted by the Relevant Regulatory Rules.

The ordinary shares issued by the Company include two types of shares: the "domestic-invested shares" and the "foreign-invested shares".

The shares issued by the Company and listed in the PRC are referred to as domestic-invested shares, or A shares. The shares issued by the Company and listed outside the PRC are referred to as foreign-invested shares, of which those listed in the Hong Kong Special Administrative Region of China are referred to as H shares.

**Article 16** Shares of the Company are in the form of share certificates. The shares issued by the Company are all par value shares with each having a par value of RMB1.

"RMB" as mentioned above means the legal currency of the PRC.

**Article 17** The issue of shares by the Company shall adhere to the principle of openness, fairness and justness. The shares of the same class have the same rights and benefits. For the shares of the same class issued at the same time and listed in the same place, each share shall be equal in price and shall be subject to the same conditions. The price of each share of the same class issued at the same time purchased by any subscriber shall be the same.

**Article 18** The Company's A shares are held in depository by the Shanghai branch of the China Securities Registration and Clearing Company Limited. The Company's H shares are mainly held in custody by the Hong Kong Securities Clearing Company Limited.

**Article 19** At the establishment of the Company and with the approval of the examination and approval department authorized by the State Council, the Company may issue 68,800,000,000 ordinary shares at par value of RMB1 per share, all of which were issued to China Petrochemical Corporation, the promoter of the Company, representing 100% of the issued ordinary shares of the Company at that time. China Petrochemical Corporation satisfied its investment by appraised assets, and such capital injection was duly made upon the establishment of the Company.

**Article 20** The Company, with the approval of China Securities Regulatory Commission (the "CSRC") on 24 August 2000, issued to the overseas investors 16,780,488,000 H shares (out of these, 15,102,439,000 shares are new issued shares of the Company and 1,678,049,000 shares are stock shares sold by the promoter, China Petrochemical Corporation) for the first time, and got listed at The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 19 October 2000; on 20 June 2001, with the approval of CSRC, the Company issued to the domestic investors 2,800,000,000 A shares for the first time and got listed at Shanghai Stock Exchange on 8 August 2001.

The existing structure of the Company's share capital is as follows: the total number of issued ordinary shares of the Company is 120,925,514,222 shares, among which, 97,142,913,622 shares representing 80.33% are held by the holders of A shares; and 23,782,600,600 shares representing 19.67% are held by the holders of H shares.

**Article 21** The Company and its subsidiaries shall not, in the form of gifts, advances, guarantees, loans or any other forms, provide financial assistance to any parties for the acquisition of shares of the Company or its parent company, save for the implementation of employee stock ownership plans by the Company.

For the benefit of the Company, upon a resolution passed by the general meeting, or a resolution passed by the board of directors in accordance with these Articles of Association or the authorization of the general meeting, the Company may provide financial assistance to any parties for the acquisition of shares of the Company or its parent company, provided that the aggregate amount of such financial assistance shall not exceed 10% of the total issued share capital.

## Section 2 Increase, Reduction and Repurchase of Shares

**Article 22** The Company may, based on its operating and development needs, increase its capital in the following ways, in accordance with the Relevant Regulatory Rules and upon a resolution passed by the general meeting:

(1) by issuing of shares to unspecified targets;

(2) by issuing of shares to specified targets;

(3) by allotting bonus shares to its existing shareholders;

(4) to increase the share capital with reserve fund;

(5) by other means as prescribed under the Relevant Regulatory Rules.

**Article 23** When the Company issues convertible corporate bonds, matters including the issuance, conversion procedures and arrangements of such convertible corporate bonds, and the changes in the Company's share capital resulting from such conversion, shall be processed in accordance with the Relevant Regulatory Rules and the terms of the prospectus duly approved and authorized by the Company when specifically issuing such convertible corporate bonds.

**Article 24** According to the provisions of these Articles of Association, the Company may reduce its registered capital. In doing so, it shall act according to the Relevant Regulatory Rules and these Articles of Association.

**Article 25** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of the date of the resolution passed by the general meeting for reduction of registered capital and shall publish an announcement in the newspapers as prescribed by the Relevant Regulatory Rules or on the National Enterprise Credit Information Publicity System within 30 days of the date of such resolution. A creditor has the right within 30 days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to require the Company to repay his/her/its debts or to provide a corresponding guarantee.

The Company shall, in case of reducing registered capital, reduce the capital contribution amount or shares in proportion to shares held by shareholders, unless otherwise provided by law or these Articles of Association.

The Company shall, in case of increasing or reducing registered capital, handle the alteration registration in the registration organs in accordance with the law.

**Article 26** Where the Company still has losses after offsetting its losses in accordance with the second paragraph of Article 127 of these Articles of Association, it may reduce its registered capital to offsetting such losses. If the Company reduces its registered capital to offset losses, no distribution shall be made to shareholders.

To reduce the registered capital in accordance with the preceding paragraph, the provisions of the second paragraph of Article 25 of these Articles of Association shall not apply. However, an announcement shall be made in newspapers as prescribed by the Relevant Regulatory Rules or on the National Enterprise Credit Information Publicity System within 30 days from the date on which a resolution is passed by the general meeting to reduce the registered capital.

After the Company reduces its registered capital in accordance with the preceding two paragraphs, no profit shall be distributed until the accumulated amounts of the statutory common reserve fund and discretionary reserve fund reaching 50% of the Company's registered capital.

**Article 27** The Company shall not purchase its own shares, except under any of the following circumstances:

(1) reducing its registered capital;

(2) merging with another company that holds shares in the Company;

(3) allotting shares for employee stock ownership plans or stock incentive plans;

(4) requested by any shareholder to purchase his/her/its shares because this shareholder objects to the Company's resolution on merger or division passed by the general meeting;

(5) converting shares for the corporate bonds convertible into shares issued by the Company;

(6) deemed necessary by the Company for the purpose of maintaining the Company's value and shareholders' rights and interests.

**Article 28** The Company may purchase its own shares through public centralized trading method or other means recognized under the Relevant Regulatory Rules.

Where the Company purchases its own shares for the circumstances stipulated in sub-paragraphs (3), (5) and (6) of Article 27 of these Articles of Association, such purchase shall be conducted through public centralized trading method.

**Article 29** If the Company purchases shares of the Company for the circumstances stipulated in sub-paragraphs (1) or (2) of Articles 27, such purchase shall be decided by resolutions passed by the general meeting; save as otherwise provided in the Relevant Regulatory Rules, if the Company purchases shares of the Company for the circumstances stipulated in sub-paragraphs (3), (5) or (6) of Article 27 of these Articles of Association, such purchase shall be resolved by a board meeting attended by 2/3 or more of the directors.

Where shares of the Company are purchased in accordance with sub-paragraph (1) of Article 27, it shall be cancelled as of 10 days upon its purchase; where shares of the Company are purchased in accordance with sub-paragraphs (2) or (4), it shall be transferred or cancelled within 6 months upon its purchase; where the shares of the Company are purchased in accordance with sub-paragraphs (3), (5) or (6), the total number of shares of the Company held by the Company shall not exceed 10% of the total number of shares issued by the Company, and shall be transferred or cancelled within 3 years.

## CHAPTER 4 SHAREHOLDERS

### Section 1 General Provisions of Shareholders

**Article 30** The Company shall establish a register of shareholders based on the certificates provided by the securities registration and clearing institutions, and the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

**Article 31** When the Company holds a general meeting, distributes dividend, liquidates or engage in other matters which need to determine the identity of the shareholders, the board of directors or the convener of general meeting shall determine a record date. The shareholders of the Company entitled to relevant rights shall be such persons who appear in the register of members at the close of such record date.

Where the Relevant Regulatory Rules specify the closure of register of members when the Company needs to determine the identity of the shareholders, such rules shall prevail.

**Article 32** A shareholder shall enjoy rights and assume obligations according to the class of shares held by it/him/her; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

**Article 33** The shareholders of the Company shall enjoy the following rights:

(1) the right to receive dividends and other distributions in proportion to their shareholdings;

(2) the right to require the holding of, convene, preside, attend or appoint a proxy to attend general meetings in accordance with the law, and to exercise relevant rights to speak and vote on matters under consideration at the general meeting;

(3) the right to supervise, present proposals to or raise inquiries about the Company's business operations;

(4) the right to transfer, donate and pledge shares as held by themselves in accordance with the Relevant Regulatory Rules and provisions of these Articles of Association, provided that the Company shall not accept its own shares as the subject of the pledge;

(5) subject to provision of the relevant written proofs of shares that they are holding to the Company and verification of their identities of shareholders by the Company, and on the premises that they bear the related costs incurred, the shareholders shall have the right to obtain relevant information in accordance with the Relevant Regulatory Rules and provisions of these Articles of Association, in which information include: inspecting and copying these Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the board meetings and financial and accounting statements; shareholders who meet the requirements may inspect the Company's accounting books and accounting vouchers;

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(7) the right to demand the Company to purchase the shares of the shareholder who object to the merger and division resolution passed by the general meeting;

(8) other rights prescribed by the Relevant Regulatory Rules and these Articles of Association.

The Company shall establish smooth and effective communication channels with shareholders to ensure their rights to be informed of and to participate in decision-making on and supervision over material matters of the Company.

**Article 34** For shareholders requesting to inspect and copy relevant materials of the Company, such shareholders shall comply with the provisions of the Company Law, the Securities Law and other Relevant Regulatory Rules in relation to the protection of state secrets, trade secrets, personal privacy and personal information, submit a written request that states their purpose and reasons to the Company, and sign a confidentiality agreement.

Within the scope of provision as permitted by laws and regulations, the Company may provide relevant materials to shareholders by means of using pseudonyms, summarising or redacting relevant information, in order to comply with the provisions of the Company Law, the Securities Law and other Relevant Regulatory Rules in relation to the protection of state secrets, trade secrets, personal privacy and personal information.

If the Company has reasonable grounds to believe that a shareholder inspects the Company's accounting books and accounting vouchers for an improper purpose which may prejudice the Company's legitimate interests, it may refuse to provide the same.

**Article 35** Where a resolution passed by the general meeting or the board of directors violates laws or administrative regulations, shareholders have the right to request the People's Court to invalidate the same.

If the convening procedures or voting methods for a general meeting or a board meeting violate laws, administrative regulations or these Articles of Association, or if the content of a resolution violates these Articles of Association, shareholders shall have the right to request the People's Court to revoke the same within 60 days from the date of such resolution. However, this shall not apply if the convening procedures or voting methods for a general meeting or a board meeting have only minor flaws without having a material impact on the resolution.

Where there is a dispute among the board of directors, shareholders or other relevant parties in respect of the validity of a resolution of the general meeting, a lawsuit shall be promptly filed with the People's Court. Before a judgment or ruling awarded by the People's Court, the relevant parties shall implement the resolution of the general meeting. The Company, directors and senior management shall earnestly perform their duties to ensure the normal operation of the Company.

Where the People's Court makes a judgment or ruling on relevant matters, the Company shall perform its information disclosure obligations in accordance with the Relevant Regulatory Rules, by fully explaining the impact, and actively cooperating in their enforcement after the judgment or ruling takes effect. If rectification of prior matters is involved, it shall be dealt with promptly and the corresponding information disclosure obligations shall be performed.

**Article 36** Where directors or senior management other than members of the audit committee violate the provisions of laws, administrative regulations or these Articles of Association while performing their duties, causing losses to the Company, shareholders who individually or collectively hold 1% or more of the Company's shares for 180 consecutive days or more shall have the right to make a written request to the audit committee to file a lawsuit with the People's Court. Where members of the audit committee violate the provisions of laws, administrative regulations or these Articles of Association while performing their duties, causing losses to the Company, the aforementioned shareholders may make a written request to the board of directors to file a lawsuit with the People's Court.

In case that the audit committee or the board of directors refuses to file a lawsuit after receiving the written request from the shareholders as referred to in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receipt of such request, or in urgent circumstances where failure to file a lawsuit immediately will cause irreparable damage to the interests of the Company, the shareholders as referred to in the preceding paragraph shall have the right to directly file a lawsuit with the People's Court in their own name for the interests of the Company.

Where third parties infringe upon the legitimate rights and interests of the Company, causing losses to the Company, the shareholders as referred to in the first paragraph of this Article may file a lawsuit with the People's Court in accordance with the preceding two paragraphs.

**Article 37** Where directors or senior management violate the provisions of laws, administrative regulations or these Articles of Association, infringing the interests of shareholders, such shareholders may file a lawsuit with the People's Court.

**Article 38** The shareholders of the Company shall assume the following obligations:

(1) to comply with the Relevant Regulatory Rules and these Articles of Association;

(2) to pay subscription money according to the number of shares subscribed and the method of subscription;

(3) not to withdraw his/her/its share capital unless required by the Relevant Regulatory Rules;

(4) not to abuse the shareholder's right to infringe the interest of the Company or other shareholders; not to abuse the independent position of the legal person and the limited liability of the shareholder of the Company to infringe the interest of the creditor of the Company; where the shareholder's abuse of his/her/its power has caused damage to the Company or other shareholders, he/she/it shall bear his/her/its compensation obligations in accordance with the law; where the shareholder's abuse of the independent position of the legal person and shareholder's limited liability and evasion of debt have caused serious damage to the creditor's interest, he/she/it shall bear several and joint liability upon the debt of the Company.

(5) other obligations imposed by the Relevant Regulatory Rules and these Articles of Association.

## Section 2 Controlling Shareholders and De Facto Controllers

**Article 39** The controlling shareholder and de facto controller of the Company shall exercise their rights and perform their obligations in accordance with the Relevant Regulatory Rules, safeguard the interests of the Company, and comply with the following provisions:

(1) legally exercise shareholder's rights, without abusing their controlling power or utilising related party relationships to prejudice the legitimate rights and interests of the Company or other shareholders;

(2) strictly fulfill public statements and various commitments made, without making any unilateral change or waiver;

(3) strictly perform information disclosure obligations in accordance with the Relevant Regulatory Rules, proactively cooperate with the Company in performing information disclosure work, and promptly inform the Company of material events that have occurred or are about to occur;

(4) not unlawfully misappropriate any funds of the Company in any way;

(5) not forcefully order, instruct or require the Company and relevant personnel to unlawfully provide guarantees;

(6) not exploit the non-public material information of the Company to seek benefits, not disclose any non-public material information related to the Company in any way, and not engage in illegal activities such as insider trading, short-swing trading, or market manipulation;

(7) not prejudice the legitimate rights and interests of the Company and other shareholders through any means such as unfair related party transactions, profit distribution, asset restructuring, or external investments;

(8) ensure that the assets injected into the Company are independent and complete, maintain the independence of the Company in business, assets, finance and other aspects, and shall not affect the independence of the Company in any way;

(9) other provisions of the Relevant Regulatory Rules and these Articles of Association.

If the controlling shareholder and de facto controller of the Company instruct directors or senior management to engage in acts that prejudice the interests of the Company or shareholders, they shall bear joint and several liability with such directors and senior management.

**Article 40** Where the controlling shareholder or de facto controller pledges the shares of the Company held by or actually controlled by them, they shall maintain the control and stable production and operation of the Company.

**Article 41** Where the controlling shareholder or de facto controller transfers the shares of the Company held by them, they shall comply with the restrictive provisions on share transfers in the Relevant Regulatory Rules and their commitments regarding restrictions on share transfers.

## CHAPTER 5 GENERAL MEETINGS

### Section 1 General Provisions on General Meeting

**Article 42** The general meeting of the Company is comprised of all shareholders. The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

**Article 43** The general meeting shall have the following functions and powers:

(1) to elect non-employee representative directors;

(2) to remove directors;

(3) to decide on matters relating to the remuneration of directors;

(4) to approve the board of directors' reports;

(5) to decide on the Company's profit distribution plans and loss offsetting plans;

(6) to pass resolutions on the increase or reduction of the Company's registered capital;

(7) to pass resolutions on matters such as merger (where the consideration paid exceeds 10% of the Company's net assets), division, dissolution, liquidation or change of the corporate form of the Company;

(8) to pass resolutions on the appointment or removal of the accountants of the Company undertaking the Company's annual audit business;

(9) to amend these Articles of Association;

(10) to decide on such matters as the purchased and sold assets in one year by the Company exceed 30% of the latest audited total assets of the Company;

(11) to decide to change the use of the raised proceeds;

(12) to decide on stock incentive plans and employee stock ownership plans;

(13) to pass resolutions on the issue of corporate bonds;

(14) to pass resolutions on the issue of any type of shares, warrants, bonds convertible into the shares of the Company and other similar securities by the Company;

(15) to pass resolutions or grant authorizations for the repurchase of the Company's shares in accordance with the provisions of these Articles of Association;

(16) to decide on other matters which, according to the Relevant Regulatory Rules or these Articles of Association, need to be considered and approved by general meetings.

The general meeting may authorize the board of directors to pass resolutions on the issue of corporate bonds.

The general meeting may authorize the board of directors to pass resolutions on the issue of shares and corporate bonds convertible into shares, and the specific implementation shall comply with the Relevant Regulatory Rules and the provisions of these Articles of Association.

Unless otherwise provided for by the Relevant Regulatory Rules and these Articles of Association, the aforementioned functions and powers of the general meeting shall not be exercised by the board of directors or other institutions and individuals through authorization.

**Article 44** On the basis of not violating Article 43 of these Articles of Association, where necessary and reasonable, the board of directors, directors, president or secretary to the board may be authorized at a general meeting to determine within the authorization granted at the general meeting specific matters which are related to the matters to be resolved and are not possible or not necessary to be determined at that general meeting. The authorization should be clear and specific.

If the shareholders authorize the board of directors, directors, president or secretary to the board at a general meeting to determine matters which shall be determined by ordinary resolutions, the matter should be resolved by a majority of the attending shareholders (including their proxy) who have voting rights; if the authorization relates to matters which shall be determined by special resolutions, the matter should be resolved by 2/3 or more of the attending shareholders (including their proxy) who have voting rights.

**Article 45** In order to ensure the steady operation and improve the decision-making efficiency of the Company, the general meeting authorizes the board of directors of the Company, on a clear and partial basis, to exercise the following powers on external investments, purchase or sale of assets, provision of guarantees, entrusted or trusted asset management, contracting, leasing, securities investments, derivative business, financial assistance, waiver of rights and external donations.

**Article 46** When engaging in the following matters, the Company shall conduct a size test in accordance with the requirements of the Relevant Regulatory Rules:

(1) Daily transactions, whereby transactions conducted in the ordinary course of business of the Company, including the purchase of raw materials, fuel and power, the acceptance and provision of labour services, the sales of products and goods, projects contracting and other matters;

(2) Incidental transactions, whereby transactions occurring outside the ordinary course of business of the Company, including external investments, purchase or sale of assets, provision of guarantees, entrusted or trusted asset management, contracting, leasing, securities investment, derivative business, financial assistance, waiver of rights, external donations and other matters;

(3) Related party transactions, whereby continuing transactions and incidental transactions occurring between the Company and its related parties;

(4) Other matters that may have a material impact on the financial position of the Company, including securities issuance, merger, division, spin-off, provision for impairment on assets, write-off of assets and other matters.

When the Company conducts a size test for the above-mentioned matters, in case that it reaches the threshold for submission to the general meeting for consideration as stipulated by any rule, it must be submitted to the general meeting for consideration; in case that it reaches the threshold for timely disclosure as stipulated by any rule, it must be submitted to the board of directors for consideration; as for matters that do not reach the threshold for consideration by the board of directors, such matters shall be approved by the chairman of the board, directors, the president and other relevant parties which shall be stipulated in the Company's internal management systems.

Where the application of the principle of cumulative calculation regarding the securities regulatory rules of the places where the shares are listed is required, the Company shall also perform corresponding calculations as required to determine the approval procedures by the general meeting, the board of directors, etc.

**Article 47** The authority and authorization pertaining to investment:

Individual project investments (including but not limited to exploration and development, fixed assets, external shareholdings) shall be considered and approved at the general meeting if the investment amounts are more than 5% of the latest audited net assets of the Company. The board of directors is authorized to consider and approve projects if the investment amount is not more than 5% of the latest audited net assets of the Company. If the investment amount is not more than 1% of the latest audited net assets of the Company, such individual projects shall be approved by the chairman of the board, directors, the president and other relevant parties which shall be stipulated in the Company's internal management systems.

**Article 48** Where the Company uses its own assets to make risky investment in areas not related to the business of the Company (including but not limited to bonds and shares), risky investments shall be considered and approved by the general meeting if the amount of investment is more than 1% of the latest audited net assets of the Company. The board of directors is authorized to consider and approve projects if the investment amount is not more than 1% of the latest audited net assets of the Company. If the investment amount is not more than 0.5% of the latest audited net assets of the Company, such projects shall be approved by the chairman of the board, directors, the president and other relevant parties which shall be stipulated in the Company's internal management systems.

**Article 49** The below external guarantee acts shall be considered and approved by the general meeting:

(1) any guarantee after the total external guarantee amount of the Company and its controlling subsidiaries has exceeded 50% of the latest audited net assets;

(2) any guarantee after the total external guarantee amount of the Company and its controlling subsidiaries has exceeded 30% of the latest audited total assets;

(3) any guarantee after the aggregated amount over 12 consecutive months has exceeded 30% of the latest audited total assets of the Company;

(4) the guarantee provided to the obligor whose debt to asset ratio exceeds 70%;

(5) the single guarantee amount exceeds 5% of the latest audited net assets;

(6) the guarantee provided to shareholders, de facto controller(s) and its/their related parties;

(7) any other external guarantee regulated by the Relevant Regulatory Rules.

The directors and senior management of the Company shall not sign external guarantee contracts on behalf of the Company in violation of the approval authority and consideration procedures. If a director or senior management of the Company signs an external guarantee contract beyond his/her authority, causing damage to the Company, the Company shall pursue the legal liability of the relevant responsible persons.

**Article 50** The authority and authorization pertaining to external donations:

The general meeting shall decide on external donations which the amount of a single donation exceeds 0.1% of the latest audited net assets of the Company; as for the total amount of external donation expenditures in the current year, it shall be calculated by a size test stipulated by the securities regulatory rules of the places where the Company's shares are listed, and if it reaches the threshold for general meeting's approval, it shall be considered and approved by the general meeting. The board of directors is authorized to decide on external donations which the amount of a single donation exceeds RMB100 million but does not exceed 0.1% of the latest audited net assets of the Company; as for the total amount of external donation expenditures in the current year, it shall be calculated by a size test stipulated by the securities regulatory rules of the places where the Company's shares are listed, and if it reaches the announcement threshold, it shall be considered and approved by the board of directors. For external donations where the amount of a single donation does not exceed RMB100 million, and where the total amount of external donation expenditures in the current year does not reach the announcement threshold, such donations shall be approved by the chairman of the board, directors, president and other relevant parties which shall be stipulated in the Company's internal management systems.

**Article 51** Provided that the Company is in a crisis or other exceptional circumstances, and unless approval in the form of a special resolution is obtained in a general meeting, the Company shall not enter into any contract with any person other than the directors and senior management pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

**Article 52** General meetings are classified as annual general meetings or extraordinary general meetings.

The Company shall formulate the Rules of Procedure for the General Meetings, which specify the procedures for convening, holding, and voting at general meetings. The Rules of Procedure for the General Meetings is an integral appendix of and has the same legal effect as these Articles of Association, which shall be formulated by the board of directors and approved by the general meetings.

**Article 53** Annual general meetings are held once every year and within 6 months from the end of the preceding accounting year.

At the annual general meeting, the board of directors shall report its work for the preceding year and submit the annual financial report. Each independent director shall also present a work report, setting out the situation of the performance of his/her duties.

**Article 54** The board of directors shall hold an extraordinary general meeting within 2 months after the occurrence of any one of the following events:

(1) where the number of directors is less than the number stipulated in the Company Law or 2/3 of the number specified in these Articles of Association;

(2) where the unrecovered losses of the Company amount to 1/3 of the total amount of its share capital;

(3) where shareholder(s) who individually or jointly hold 10% or more of the Company's issued voting shares (calculated based on the number of shares held as at the date of the written request submitted by the shareholder(s)) request(s) for the holding of an extraordinary general meeting;

(4) whenever the board of directors deems necessary;

(5) when the audit committee proposed to hold an extraordinary general meeting;

(6) other circumstances provided by the Relevant Regulatory Rules.

**Article 55** In respect of holding of the general meeting, the Company shall retain legal adviser(s) to give legal opinions on the following matters, and shall publish these legal opinions together:

(1) whether the procedures for convening and holding the meeting comply with the Relevant Regulatory Rules and these Articles of Association;

(2) whether the eligibility of the participants and convener of the meeting is lawful and valid;

(3) whether the voting procedures and results of the meeting are lawful and valid;

(4) the issue of any legal advice on any other matters requested by the Company.

**Article 56** All shareholders registered on the share registration date or their proxies shall have the right to attend the general meeting and vote in accordance with the Relevant Regulatory Rules and these Articles of Association. Any shareholder who is entitled to attend and vote at a general meeting may attend the general meeting in person, or appoint a proxy (whether such person is a shareholder or not) to attend on his/her/its behalf and exercise voting rights within the authorized scope, and a proxy so appointed shall be entitled to exercise the rights to speak and vote pursuant to the proxy from that shareholder.

The clearing company designated under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited shall have the right to appoint a proxy to attend the general meeting, and to speak and vote at the meeting; if one or more persons are authorized, the proxy form shall clearly indicate the authorized number and types of the shares.

**Article 57** Resolutions of the general meetings shall be classified to ordinary resolutions or special resolutions. Other than those matters specified in Article 58 of these Articles of Association which shall be approved by a special resolution of the general meeting, all other matters shall be passed by an ordinary resolution of the general meeting.

An ordinary resolution must be passed by votes representing a majority of the voting rights represented by the shareholders (including their proxies) present at the general meeting.

A special resolution must be passed by votes representing 2/3 or more of the voting rights represented by the shareholders (including their proxies) present at the general meeting.

The shareholders (including their proxies) attending the meeting shall express one of the following opinions on the resolutions submitted for voting: for, against or abstaining (except for resolutions adopting cumulative voting method), except where the securities registration and clearing institution, as the nominee of the holder of the shares under the Mainland China-Hong Kong Stock Markets Connect Program (內地與香港股票市場交易互聯互通機制), express in accordance with the intentions of the beneficiary holders. For H shares held by HKSCC Nominees Limited, the number of shares for which it is authorized to vote at the meeting shall be counted as the voting shares represented by it attending the meeting.

**Article 58** The following matters shall be resolved by a special resolution at a general meeting:

(1) the increase or reduction in registered capital of the Company;

(2) the merger (the payment exceeds 10% of the Company's net assets), division, dissolution, liquidation or change of corporate form of the Company;

(3) amendment to these Articles of Association;

(4) where the purchase or sale of major assets or amount of guarantee provided to others exceeds 30% of the latest audited total assets of the Company;

(5) stock incentive plans;

(6) any other matters required by the Relevant Regulatory Rules or these Articles of Association, and those considered by the shareholders in general meeting, and resolved by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by special resolutions.

**Article 59** The Company's board of directors, independent directors and shareholders holding 1% or more of the voting shares, or investor protection organizations established in accordance with laws, administrative regulations, or the provisions of the CSRC may collect from other shareholders of the Company the rights to vote in a general meeting. The collection of voting rights shall be without consideration and shall not be collected through consideration or disguised consideration. When collecting shareholders' voting rights, sufficient disclosure of information including the specific voting intention should be provided to the shareholders from whom voting rights are being collected. The Company does not set a minimum shareholding limit on the collection of voting rights except under statutory conditions.

**Article 60** Where the general meeting passes the resolutions including cash dividend, stock dividend or increase of the share capital by conversion of the capital reserve, the Company shall execute the detailed plan within 2 months after the general meeting. The Company shall complete the distribution of dividend (or shares) within 2 months commencing on the date of the general meeting after the general meeting approves the resolution on the profit distribution plan, or after the board of directors formulates a specific plan pursuant to the authorization granted at the general meeting.

## Section 2 Special Procedures for Voting by A shareholders or H Shareholders

**Article 61** Rights conferred to the holders of A shares or H shares shall not be altered or abrogated unless approved by a special resolution at a general meeting and by the holders of A shares or H shares who are affected at separate A shareholders meeting and H shareholders meeting convened in accordance with Articles 63 to 65 hereof.

If changes in Relevant Regulatory Rules or decisions lawfully made by domestic and overseas regulatory authorities result in the alteration or abrogation of the rights conferred to the holders of A shares or H shares, the Company shall fulfill the corresponding procedures in accordance with the Relevant Regulatory Rules.

**Article 62** The following circumstances shall be deemed to be alteration or abrogation of the rights conferring to the holders of A shares or H shares:

(1) to increase or decrease the number of shares of that type, or to increase or decrease the number of shares of a type that enjoys equal or greater voting rights, distribution rights, or other privileges than those of the shares of that type;

(2) to exchange all or part of the shares of that type for shares of another type or to exchange or to create a right to exchange all or part of the shares of another type for shares of that type;

(3) to remove or reduce rights to receive accrued dividends or accumulated dividends attached to shares of that type;

(4) to reduce or remove preferential rights attached to shares of that type to receive dividends or to the distribution of assets in the event that the Company is liquidated;

(5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that type;

(6) to remove or reduce rights to receive payment payable by the Company in specific currencies attached to shares of that type;

(7) to create a new type of shares having voting or distribution rights or other rights equal or superior to those of the shares of that type;

(8) to restrict the transfer or ownership of shares of that type or to increase the restrictions attaching thereto;

(9) to issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that type or another type;

(10) to increase the rights or privileges of shares of another type;

(11) to restructure the Company in such a way that holders of different type of shares bearing disproportionate liabilities;

(12) to alter or abrogate the provisions of this Section.

**Article 63** Affected A or H shareholders, whether or not otherwise having the right to vote at general meetings, have the right to vote at A or H shareholders meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 62 hereof, but interested shareholder(s) shall not be entitled to vote at such meetings.

"(An) interested shareholder(s)", as such term is used in the preceding paragraph, means:

(1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange, an interested shareholder is a "controlling shareholder" within the meaning of the Relevant Regulatory Rules;

(2) in the case of a repurchase of shares by an off-market agreement, a holder of the shares to which the proposed agreement relates.

(3) in the case of a restructuring of the Company, a shareholder who bears a relatively lower proportion of liabilities than the shareholders of the same type under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that type.

**Article 64** Resolutions of A or H shareholders meetings shall be passed by votes representing 2/3 or more of the voting rights of shareholders attending the relevant meeting who are entitled to vote thereat.

**Article 65** Where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued A shares and H shares, and the special voting procedures for A shares or H shares shall not apply.

## CHAPTER 6 BOARD OF DIRECTORS

### Section 1 General Provisions

**Article 66** The Company shall have a board of directors, and the number and composition of its members shall comply with the requirements of the Relevant Regulatory Rules. Members of the board of directors shall possess the knowledge, skills and qualities required to perform their duties, have a reasonable professional structure, and comply with diversity policies.

Directors shall ensure that they have sufficient time and energy to perform their duties.

**Article 67** The board of directors shall consist of 9 to 15 directors and there shall be 1 chairman of the board and can be 1 vice chairman of the board.

The board of directors of the Company shall consist of at least 1/3 independent directors, with a minimum of 3 members, including at least 1 accounting or financial management professional who meets the requirements under the Relevant Regulatory Rule (the "accounting professional").

The board of directors shall also include at least 1 employee representative.

Directors can also act as senior management, however, the number of directors who also act as senior management and directors serving as employee representatives shall not exceed half of the total number of directors.

**Article 68** The Company shall formulate Rules of Procedure for the Board Meetings for implementation after being approved by the shareholders in a general meeting, to ensure the board of directors operates in a standardized and efficient manner and makes prudent and scientific decisions. The Rules of Procedure for the Board Meetings shall include the procedures for holding a board meeting and other matters deemed necessary by the general meeting.

The Rules of Procedure for the Board Meetings is an integral part of and shall have the same legal effect as these Articles of Association.

**Article 69** Directors shall be natural persons.

Directors who are not employee representatives shall be elected by the general meeting. Employee representative directors shall be democratically elected and replaced by the Company's employees through the employee representative meeting, employee meeting, or other forms.

Each board of directors has a term of 3 years. The term of office of a director shall be calculated from the date of their assumption of office until the expiry of the term of the present session of the board of directors and may be removed from office by the general meeting before the expiration of their term. At the expiry of the term of office of a director, the term is renewable upon re-election, while the term of office of any independent director may not be renewed for more than 6 years.

Directors who are not employee representatives should assume their office immediately after the close of the relevant general meeting, or on the date specified in the resolution of the general meetings and the term of office for employee representative directors shall be determined in accordance with the service contracts signed between the Company and such directors.

Where the directors fail in timely re-election, the original directors shall, prior to the assumption of the re-elected directors, perform their director duties in accordance with the Relevant Regulatory Rules and the provisions of these Articles of Association.

**Article 70** Directors who are not employee representatives shall be nominated by the board of directors, the audit committee, or shareholders individually or collectively holding 1% or more of the Company's total voting shares, and shall be submitted to the general meeting in the form of proposal for approval.

The board of directors should inform the shareholders of the resume and basic profiles of the director candidates by way of announcement.

**Article 71** Independent directors shall be elected in the following manner:

(1) the nominator of a candidate for independent director shall seek the consent of the nominee, and conduct a prudent verification of whether the candidates for independent directors meet the eligibility requirements and qualifications for the position, their ability to perform their duties, and whether there are any circumstances that may affect their independence; and make a written statement and commitment regarding the results of the verification; find out the occupation, academic qualification, professional title, detailed working experience including all part-time jobs and whether there are any adverse records including major dishonest acts of the nominee and provide written proofs of the same to the Company before making the nomination. The nominator shall not nominate any person with whom he/she has a conflict of interest or any closely related person who may otherwise affect independent performance of duties as a candidate for independent director;

(2) the candidate shall provide a written statement and commitment to the Company, agreeing to be nominated, explaining whether he/she meets the requirements of the Relevant Regulatory Rules regarding the eligibility requirements, qualifications for the position and independence of independent directors, committing to the authenticity, accuracy and completeness of the publicly disclosed information, and guaranteeing the diligent performance of a director's duties after being elected;

(3) the nomination committee of the board of directors shall review the qualifications of the nominee, and form a clear review opinion, which shall be submitted to the board of directors for consideration;

(4) no later than the time of issuing notice of general meeting where independent directors are to be elected, the Company shall submit the relevant information of all nominees to the Shanghai Stock Exchange.

(5) the Company's board of directors, candidates for independent directors, and nominators of independent directors shall truthfully respond to inquiries from the Shanghai Stock Exchange within the stipulated timeframe and promptly supplement relevant materials as required. In holding a general meeting to elect independent directors, the Company's board of directors shall specify if the Shanghai Stock Exchange has any dispute as to the candidates for independent directors. For candidates for independent directors who have been disputed by the Shanghai Stock Exchange, the Company shall not submit them for election at the general meeting. If such candidates have already been submitted for consideration at the general meeting, the relevant resolutions shall be withdrawn.

**Article 72** Non-independent directors shall be elected in the following manner at the general meeting:

(1) before making the nomination, the nominator of a candidate for non-independent director shall seek the consent of the nominee, find out the occupation, academic qualification, professional title and working experience including part-time jobs of the nominee, as well as whether there are any related party relationships with the Company's directors, senior management, de facto controller, or shareholders holding 5% or more of the shares, whether the nominee holds shares of the Company and whether there are any circumstances under the Relevant Regulatory Rules that would disqualify the nominee from serving as a director of a listed company and provide written proofs of the same to the Company;

(2) The candidate shall provide a written commitment to the Company agreeing to be nominated, committing to the authenticity, accuracy and completeness of the publicly disclosed information, and guaranteeing the performance of a director's duties after being elected;

(3) The nomination committee of the board of directors shall review the qualifications of the nominee, and form a clear review opinion, which shall be submitted to the board of directors for consideration.

**Article 73** When voting on the election of 2 or more non-independent directors or 2 or more independent directors in a general meeting, cumulative voting system shall be adopted, and the voting of non-independent directors and independent directors shall be conducted separately.

Except for the election of directors by cumulative voting, each director candidate shall be proposed as a separate resolution.

Please refer to the Rules of Procedure for the General Meetings for details of implementation of the accumulative voting system.

**Article 74** Provided that the Relevant Regulatory Rules are observed, a director whose term of office has not yet been expired may be removed in a general meeting by way of ordinary resolution, which shall come into effect from the date on which such resolution is passed. Where a director is removed from office prior to expiration of his/her term of office without justifiable cause, such director may demand compensation from the Company.

If a director has failed to attend a board meeting personally nor appoint a proxy to attend on his/her behalf on 2 consecutive occasions, it shall be treated as a failure to discharge his/her duties. The board of directors shall propose in a general meeting to remove and replace this director.

If an independent director has failed to attend a board meeting personally on 2 consecutive occasions and does not appoint another independent director to attend on his/her behalf, the board of directors shall propose to hold a general meeting to remove the independent director within 30 days after the occurrence of such facts.

**Article 75** A director may resign before his/her term of office expires. In resigning his/her duties, a director shall tender a resignation report to the board of directors in writing. Unless otherwise stipulated by the Relevant Regulatory Rules and these Articles of Association, the resignation shall become effective on the date the Company receives the written resignation report, and the board of directors shall disclose such resignation in accordance with the Relevant Regulatory Rules in a timely basis.

Upon a director's resignation becoming effective or at the expiry of his/her terms office, the director shall complete all handover procedures to the board of directors.

**Article 76** If the resignation of a director causes the board of directors' members of the Company to fall below the minimum number of members to form a quorum, prior to the assumption of the re-elected director, the former director shall perform his/her directorship pursuant to the Relevant Regulatory Rules and these Articles of Association.

If the resignation of an independent director would cause the proportion of independent directors in the board of directors or its special committees to fall below the requirements stipulated in the Relevant Regulatory Rules and these Articles of Association, or would result in the absence of an accounting professional among the independent directors, the independent director who intends to resign shall continue to perform his/her duties until the date when the new independent director is elected.

**Article 77** Meetings of the board shall be held only if a majority of all directors are present. Resolutions passed by the board of directors must be approved by a majority of all directors unless otherwise stipulated by the Relevant Regulatory Rules and these Articles of Association.

**Article 78** The board of directors of the Company shall explain to the general meeting the non-standardized audit opinion issued by an accounting firm on the Company's annual financial report.

**Article 79** When making decisions on significant matters such as direction of reform and development, key objectives, and priority operational arrangements of the Company, the board of directors should seek advice from the Party organization. When the board of directors appoints the senior management of the Company, the Party organization shall consider and provide comments on the candidates for management positions nominated by the board of directors or the president, or recommend candidates to the board of directors and/or the president.

**Article 80** The chairman of the board and the vice chairman of the board shall be appointed and removed by affirmative vote of a majority of all directors. The term of office of the chairman of the board or the vice chairman of the board shall be 3 years which term is renewable upon re-election.

**Article 81** Board meetings shall be held regularly at least 4 times a year. The procedures for convening, giving notice of, holding and considering and voting at a board meeting shall comply with the requirements of the Rules of Procedure for the Board Meetings.

## Section 2 Functions, Powers and Authorization of the Board of Directors

**Article 82** The board of directors shall exercise the following functions and powers:

(1) to convene the general meetings and to report its work to the shareholders at general meetings;

(2) to implement the resolutions passed by the shareholders at general meetings;

(3) to determine the Company's development strategies and five-year development plans;

(4) to determine the Company's business plans and investment proposals;

(5) to consider the Company's annual budgets and annual financial report;

(6) to consider the amendments to accounting policies and changes in accounting estimates initiated by the Company, and material impairment of assets;

(7) to draw up the Company's profit distribution plans and loss offsetting plans;

(8) to draw up proposals for the increase or reduction of the Company's registered capital, proposals for the issue of any type of shares, warrants, bonds convertible into shares of the Company, Company's bonds and other similar securities and proposals for the repurchase of the Company's shares, and to decide on the aforesaid relevant proposals within the scope stipulated in these Articles of Association or authorized by the general meeting;

(9) to draw up plans for significant acquisition or disposal proposals, the merger, division, change of corporate form or dissolution of the Company, and to decide on mergers where the consideration paid by the Company does not exceed 10% of the Company's latest audited net assets;

(10) to determine on matters such as external investment, acquisition or disposal of assets, entrusted or trusted asset management, contracting, leasing, securities investment, waiver of rights, external donations, etc., within the scope of authorization by the general meeting or in accordance with the Relevant Regulatory Rules;

(11) to consider matters such as external guarantees, financial assistance and derivatives of the Company in accordance with the Relevant Regulatory Rules and the provisions of these Articles of Association;

(12) to decide on the Company's internal management department structure;

(13) to appoint or remove the Company's president and to appoint or remove senior vice president, the vice president, chief financial officer and other senior management of the Company according to the nomination of the president, to appoint or remove the secretary to the board and to decide on their remuneration, rewards and punishments;

(14) to appoint or replace the members of the board of directors of its wholly-owned subsidiaries, appoint, replace or recommend the shareholders' proxies, directors (candidates) and supervisors (candidates, if any) of its subsidiaries or the company in which the Company holds equity interest;

(15) to determine the establishment of Company's branches;

(16) to draw up proposals for any amendment of these Articles of Association;

(17) to formulate the Company's basic management system;

(18) to manage the disclosure of information of the Company;

(19) to propose to general meeting to engage or change the accounting firm which undertakes annual auditing work of the Company;

(20) to listen to the president's work report and review the president's work;

(21) to determine important matters and administrative matters of the Company other than those which should be determined by resolution of a general meeting of the Company as specified by the Relevant Regulatory Rules and these Articles of Association, and to sign other important agreements;

(22) to exercise any other powers stipulated by the Relevant Regulatory Rules or these Articles of Association and conferred by the shareholders in a general meeting.

**Article 83** The authority and authorization on debt liabilities shall include the following:

The board of directors shall consider and approve the financing plan arrangements for the current year. The approval authority for specific financing matters (excluding corporate bonds and other matters that are required to be approved by the general meeting under the Relevant Regulatory Rules) shall be exercised by the chairman of the board, directors, the president, and other relevant parties, which shall be stipulated in the Company's internal management systems.

**Article 84** The statutory powers of board of directors shall be exercised collectively by the board of directors and shall not be delegated to others, nor shall they be altered or deprived by resolutions of the general meeting. For powers other than the statutory powers of the board of directors, they may be authorized by the board of directors to the chairman of the board, one or more other directors, the president, the chief financial officer, or other relevant parties, but matters concerning material interests of the Company shall be determined by the board of directors collectively. The authorization of the board of directors shall be clear and specific.

**Article 85** The board of directors shall establish strict review and decision-making procedures for matters on authorization of the Company. If the approval hierarchy for a relevant matter simultaneously includes the general meeting, the board of directors, the chairman of the board and/or the president, it shall be approved by the highest approval level involved.

**Article 86** The president shall provide the directors with necessary information and data, enabling the board of directors to make scientific, efficient and prudent decisions.

A director may require the president or, through the president, require the relevant departments of the Company to provide information and explanations which are necessary for him/her to make scientific, efficient and prudent decisions.

**Article 87** The chairman of the board shall exercise the following functions and powers:

(1) to preside over general meetings and to convene and preside over the board meetings;

(2) to co-ordinate and perform the responsibilities of the board of directors, supervise and review the implementation of resolutions passed by the board of directors at the board meetings;

(3) to exercise the powers of the legal representative;

(4) to sign the certificates of shares of the Company, important documents of the board, and other documents which should be signed by the Company's legal representative;

(5) to exercise the special right to deal with the Company's affairs during emergency such as the occurrence of natural disasters, where it is lawful and in the interest of the Company, and to report to the Company's board of directors and the general meetings thereafter;

(6) to exercise other powers conferred by the general meetings and the board of directors.

The vice chairman of the board shall assist the chairman of the board with his/her work. Whenever the chairman of the board is unable to or fails to exercise his/her powers, the vice chairman of the board shall perform the duties; where the vice chairman of the board is unable to or fails to fulfill his/her duties, a director shall be elected by a majority of the total members of the board of directors to perform the duties.

**Article 88** The board of directors authorizes the chairman of the board to determine the following matters:

(1) the establishment of branches by the Company;

(2) to appoint or change the members of the board of directors of the wholly-owned subsidiaries of the Company;

(3) to appoint, replace or recommend the shareholders' representatives, directors (candidates) and supervisors (candidates, if any) of the subsidiaries which are controlled or invested by the Company;

(4) other matters decided by the chairman of the board as authorized by the board of directors.

## Section 3 Independent Directors

**Article 89** Independent directors shall earnestly perform their duties in accordance with the provisions of the Relevant Regulatory Rules and these Articles of Association, by playing a role in participation in decision-making, supervision checks and balances, and professional consultation in the board of directors, safeguarding the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders.

**Article 90** As members of the board of directors, independent directors shall owe duties of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

(1) participate in board of directors' decisions and express clear opinions on matters considered;

(2) supervise potential material conflicts of interest between the Company and its controlling shareholder, de facto controller, directors, and senior management, thereby ensuring that the decisions of the board of directors align with the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders;

(3) provide professional and objective advice on the Company's business development, thereby promoting the improvement of the board of directors' decision-making level;

(4) other duties stipulated by the Relevant Regulatory Rules and these Articles of Association.

**Article 91** An independent director shall exercise the following special functions and powers in addition to those conferred by the Relevant Regulatory Rules and these Articles of Association:

(1) to independently appoint intermediaries to conduct audits, consultations or verifications on specific matters of the Company;

(2) to propose to the board of directors to hold an extraordinary general meeting;

(3) to propose the holding of a board meeting;

(4) to collect shareholders' rights from shareholders in accordance with the law;

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

(6) other functions and powers stipulated in the Relevant Regulatory Rules and these Articles of Association.

The independent directors shall seek the consent of a majority of the independent directors in exercising their functions and powers provided by sub-paragraphs (1) to (3) above.

Where independent directors exercise the aforesaid functions and powers, the Company shall make timely disclosure. If the above functions and powers are not exercised properly, the Company shall disclose the specific circumstances and reasons.

**Article 92** The following matters shall be submitted to the board of directors for consideration after obtaining the consent of a majority of all independent directors of the Company:

(1) related transactions that ought to be disclosed;

(2) proposals for the Company and relevant parties to change or waive commitments;

(3) decisions made and measures taken by the board of directors regarding the Company being acquired;

(4) other matters stipulated by the Relevant Regulatory Rules and these Articles of Association.

**Article 93** The Company shall establish a special meeting mechanism participated in by all independent directors.

The Company shall hold special meetings of independent directors on a regular or irregular basis. Matters listed in sub-paragraphs (1) to (3) under the first paragraph of Article 91 and Article 92 of these Articles of Association shall be considered by a special meeting of independent directors.

Special meetings of independent directors may study and discuss other matters of the Company as needed.

The Company shall provide convenience and support for the holding of special meetings of independent directors.

The Company shall formulate terms of reference independent directors, providing detailed provisions for the special meeting mechanism of independent directors.

## Section 4 Special Committees of the Board of Directors

**Article 94** The board of directors of the Company shall establish audit committee, strategy committee, nomination committee, remuneration and appraisal committee and sustainable development committee, and establish other special committees in accordance with the Relevant Regulatory Rules as amended from time to time and the actual needs of the Company to conduct research on specific matters and provide opinions and suggestions on these matters.

All members of the special committees shall be composed of directors of the Company, and shall perform their duties in accordance with these Articles of Association and the authorization of the board of directors. Proposals of the special committees shall be submitted to the board of directors for consideration and determination.

The board of directors shall formulate the terms of reference for the special committees of the board of directors in accordance with the Relevant Regulatory Rules and the provisions of these Articles of Association.

**Article 95** The board of directors of the Company shall establish an audit committee. The audit committee shall consist of at least 3 directors, all members of the audit committee shall be non-executive directors, and shall satisfy the requirements for the composition and membership qualifications of the audit committee under the securities regulatory rules of the places where the Company's shares are listed.

The audit committee shall have 1 chairman, who shall be an independent director and shall be an accounting professional.

**Article 96** The audit committee shall exercise the functions and powers of the supervisory committee as stipulated in the Company Law, including:

(1) examining the Company's financial condition.

(2) supervising the performance of duties by directors and senior management, and proposing the removal of directors and senior management who violate laws, administrative regulations, these Articles of Association, or resolutions of the general meeting;

(3) requiring directors and senior management to rectify their actions when such directors and senior management act to harm the Company's interests;

(4) proposing the holding of extraordinary general meetings, and convening and presiding over general meetings when the board of directors fails to perform its duties of convening and presiding over general meetings;

(5) submitting proposals to the general meeting;

(6) initiating lawsuits against directors and senior management in accordance with the provisions of the Company Law.

**Article 97** The audit committee shall be responsible for examining the Company's financial policies, internal audit system, internal control system and risk management system, the Company's financial information and its disclosure, and supervising and evaluating the effectiveness of internal and external audit work, risk management and internal control systems, etc.

The following matters shall be submitted to the board of directors for consideration after obtaining the consent of a majority of all members of the audit committee:

(1) disclosure of financial and accounting reports and financial information in periodic reports, and internal control assessment reports;

(2) appointment or removal of the accounting firm undertaking the Company's annual audit work;

(3) appointment or removal of the chief financial officer;

(4) changes to accounting policies and accounting estimates for reasons other than changes in accounting standards or corrections of significant accounting errors;

(5) other matters stipulated in the Relevant Regulatory Rules and these Articles.

**Article 98** The major responsibilities of the strategy committee shall be to conduct research and put forward proposals to the board of directors on the long-term development strategy and significant investment decisions of the Company, including:

(1) to research and review the Company's development strategies, medium-to-long-term plans and annual investment plans;

(2) to evaluate major risks, opportunities and impacts on the Company's operation and development;

(3) to conduct research on individual projects with an investment amount exceeding 5% of the Company's latest audited net assets, and to make recommendations to the board of directors; and at the request of the chairman of the board, 1/2 or more of the independent non-executive directors, or 1/3 or more of the directors, to conduct research on significant investments, major capital operation projects that require board of directors' decisions and other significant matters affecting the development of the Company;

(4) to inspect and study the implementation of the above matters, and to make suggestions for improvement and adjustment to the board of directors;

(5) to handle other matters stipulated in the Relevant Regulatory Rules or authorized by the board of directors.

**Article 99** The nomination committee shall comprise a majority of independent directors, and the convener shall be an independent director.

The nomination committee shall be responsible for drawing up the selection criteria and procedures for directors and senior management, vetting and reviewing candidates for directors and senior management and their qualifications of the position, and making recommendations to the board of directors on the following matters:

(1) nomination or removal of directors;

(2) appointment or removal of senior management;

(3) evaluating the time and contribution directors devote to the board of directors and effectiveness in performing their duties, and assisting the Company in periodically evaluating the performance of the board of directors;

(4) the board of directors' diversity policy;

(5) other matters stipulated by the Relevant Regulatory Rules or authorized by the board of directors.

If the board of directors does not adopt or does not fully adopt the recommendations of the nomination committee, it shall record the opinions of the nomination committee and the specific reasons for not adopting them in the board resolution, and make a disclosure.

**Article 100** The remuneration and appraisal committee shall comprise a majority of independent directors, and the convener shall be an independent director.

The remuneration and appraisal committee is responsible for formulating the appraisal standards for directors and senior management, and conducting appraisals and formulating and reviewing remuneration policies and plans such as the mechanism for determining and decision-making process of the remuneration of directors and senior management, and for making recommendations to the board of directors on the following matters:

(1) the remuneration of directors and senior management;

(2) the formulation or amendment of stock incentive plans and employee stock ownership plans, the granting of rights to incentive targets and the achievement of conditions for the exercise of such rights by them;

(3) arrangements for directors and senior management to participate in stock ownership plans in subsidiaries intended to be spun-off;

(4) other matters stipulated in the Relevant Regulatory Rules and these Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the remuneration and appraisal committee, it shall record the opinions of the remuneration and appraisal committee and the specific reasons for not adopting them in the board resolution, and make a disclosure.

**Article 101** The main duties of the sustainable development committee are to research, supervise, and inspect matters related to the Company's sustainable development (including health and safety, environmental protection, social responsibility, etc.), and to make recommendations to the board of directors, including:

(1) researching the Company's sustainable development, identifying and evaluating significant risks, opportunities, and impacts of the Company's sustainable development;

(2) considering the Company's sustainable development policies, and supervising and inspecting the implementation of the Company's sustainable development commitments and goals;

(3) considering the Company's annual sustainable development report and special reports on important sustainable development issues;

(4) other matters stipulated in the Relevant Regulatory Rules or authorized by the board of directors.

## CHAPTER 7 SENIOR MANAGEMENT

**Article 102** The Company shall have a president who shall be nominated by the chairman of the board and appointed or removed by the board of directors, and shall be responsible to the board of directors.

The Company shall have several senior vice presidents and vice presidents, and one chief financial officer, and may have several other senior management according to actual need to assist the president in work. The aforementioned senior management shall be nominated by the president and appointed or removed by the board of directors.

**Article 103** The term of office for the president shall commence from the date of appointment by the board of directors and conclude at the end of the term of that session of the board of directors. The president can be re-appointed and can resign before the expiry of their term.

**Article 104** The president shall exercise the following functions and powers:

(1) to be in charge of the Company's production, operation and management, to co-ordinate the implementation of the resolutions of the board of directors and to report his/her work to the board of directors;

(2) to organize the implementation of the Company's annual business plan and investment proposal;

(3) to draft plans for the establishment of the Company's internal management structure;

(4) to draft plans for the establishment of the branch organizations of the Company;

(5) to draft the Company's basic management system;

(6) to formulate specific rules and regulations for the Company;

(7) to propose to the board of directors the appointment or removal of the Company's senior vice presidents, vice presidents and chief financial officer and other senior management;

(8) to determine the appointment or removal of management personnel other than those required to be appointed or removed by the board of directors;

(9) to determine the wages, fringe benefits, rewards and punishments of the Company's employees, to determine the appointment and removal of the Company's employees;

(10) to propose the holding of extraordinary board meetings;

(11) other powers conferred by these Articles of Association and the board of directors.

**Article 105** The senior management should present at the board meetings and have the right to receive notices of meetings and other relevant documents, but do not have any voting rights at board meetings.

**Article 106** The president shall formulate Work Rules for the President for implementation upon the approval of the board of directors.

**Article 107** The Work Rules for the President shall include:

(1) requirements and procedures for the holding of a presidents' meeting and the officers attending;

(2) the president, senior vice presidents and vice presidents, chief financial officer and other senior management shall divide their duties among themselves and perform their own duties;

(3) use of the Company's funds and assets, authority to sign significant contracts and the system to report to the board of directors;

(4) other matters as the board of directors may consider necessary.

**Article 108** The Company shall have one secretary to the board who shall be a senior management of the Company nominated by the chairman of the board and appointed or removed by the board of directors, and shall be responsible to the Company and the board of directors.

The Company shall formulate regulations in relation to the work of the secretary to the board, specifying the responsibilities of the secretary to the board and the requirements for performing his/her duties.

The Company shall have a board office as the daily working body for the secretary to the board to perform his/her duties.

**Article 109** The secretary to the board shall be responsible for assisting the board of directors in enhancing the Company's corporate governance, and the main duties include:

(1) to assist directors to deal with the daily matters of the board of directors, continuously provide, remind and ensure directors and senior management, etc. to be well informed of the laws, regulations, policies and requirements of both domestic and overseas regulatory organizations concerning the governance of the Company, and assist directors and senior management in complying with the Relevant Regulatory Rules and the provisions of these Articles of Association when performing their functions and powers and fulfilling their commitments;

(2) to be responsible for the preparation of the general meetings and the board meetings, keeping documents, the management of shareholders' information, to record minutes of the meetings properly, to ensure the decision-making of the meetings in conformity with the legal procedures, and to keep abreast of the execution of the resolutions of the board of directors;

(3) to be responsible for the organization and coordination of information disclosure and urging the Company and relevant information disclosure obligors to comply with relevant information disclosure rules, to ensure a authentic, accurate, complete, timely and fair disclosure of information;

(4) to be responsible for investor relations management, coordinating communication between the Company and securities regulatory authorities, investors and de facto controller, intermediaries, relevant media and others;

(5) to participate in and organize the financing in capital market;

(6) to perform other duties stipulated by the Relevant Regulatory Rules and these Articles of Association.

## CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SENIOR MANAGEMENT OF THE COMPANY

**Article 110** A person may not serve as a director and senior management of the Company if any of the following circumstances apply:

(1) a person who does not have or who has limited capacity for civil conduct;

(2) a person who has been found guilty of corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the socialist market economy order, or a person who has been deprived of his/her political rights and not more than 5 years have lapsed since the sentence was served, or who has been declared to be under suspension of sentence, where less than 2 years have elapsed since the end of the period of suspension of sentence;

(3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than 3 years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;

(4) a person who is a former legal representative of a company or enterprise of which the business licence was revoked or which was ordered to close down due to violation of law and who was personally liable therefor, where less than 3 years have elapsed since the date of the cancellation of the business licence or the making of the order to close down of such company or enterprise;

(5) a person who has been listed as a defaulter by the People's Court due to having a relatively large amount of debts which have become due and outstanding;

(6) a person who has been subject to securities market entry restrictions by the securities regulatory authority in the jurisdiction where the company's shares are listed, or who has been deemed unsuitable to serve as directors or senior management of a listed company, and the prohibition has still not been uplifted;

(7) other circumstances which are applicable according to the Relevant Regulatory Rules.

The election of directors or the engagement of senior management in contravention to the provisions under this Article shall be null and void. Upon any contravention of this Article above by the directors or senior management during their term of office, the Company shall remove them from their positions.

**Article 111** The following basic requirements shall be met in order to be an independent director:

(1) qualified to be a director of a listed company under the Relevant Regulatory Rules;

(2) has basic knowledge of the operation of a listed company, familiar with the relevant laws, regulations and rules;

(3) has 5 years or more of legal, economy, accounting, finance, management experience or other experience in performing the duties of an independent director;

(4) independence and other requirements stipulated by the Relevant Regulatory Rules and these Articles of Association.

Independent directors shall conduct an annual self-examination of independence and submit the reports of self-examination to the board of directors. The board of directors shall evaluate and issue a special opinion on the independence of the incumbent independent directors on an annual basis, which shall be disclosed at the same time with the annual report.

**Article 112** Without the lawful authorization of these Articles of Association or the board of directors, a director of the Company may not act personally on behalf of the Company or the board of directors. If he/she acts personally, he/she shall declare his/her own position and identity in advance where the acting would cause a third party to believe reasonably that he/she is acting on behalf of the Company or the board of directors.

**Article 113** Directors and senior management shall comply with the Relevant Regulatory Rules and these Articles of Association and shall fulfill the duty of loyalty to the Company, take measures to avoid any conflict of interest with the Company and not utilize their positions to seek undue benefits.

Directors and senior management shall fulfill the following duty of loyalty:

(1) not to encroach upon the Company property or embezzle the Company's funds;

(2) not to deposit the funds of the Company in an account opened under their individual names or any other individual names;

(3) not to use the authority to take bribes or solicit other illegal incomes;

(4) not to directly or indirectly sign any contract or deal with the Company before reporting to the board of directors or the general meeting and being approved by the resolution at the board meeting or the general meeting in accordance with the provisions of these Articles of Association;

(5) not to capitalize on their positions to seek for themselves or others any business opportunity that belongs to the Company, unless reporting to the board of directors or the general meeting and being approved by the resolution at the general meeting or the Company is not able to take advantage of the business opportunity in accordance with the laws, administrative regulations or the provisions of these Articles of Association;

(6) not to operate the same business as the Company for themselves or for others without reporting to the board of directors or the general meeting and being approved by the resolution at the general meeting;

(7) not to accept commissions from others on transactions between others and the Company;

(8) not to disclose confidential information of the Company without permission;

(9) not to abuse his/her related party relationship with the Company to damage the interests of the Company;

(10) other duty of loyalty stipulated by the Relevant Regulatory Rules and these Articles of Association.

Any income obtained by directors or senior management as a result of a violation of this Article shall be owned by the Company. If the Company suffers any loss as a result, the directors or the senior management shall be held liable accordingly.

The provisions in sub-paragraph (4) of the second paragraph of this Article shall apply to contracts or transactions entered into by close relatives of directors or senior management, enterprises directly or indirectly controlled by directors or senior management or their close relatives, and associates with whom directors or senior management have other related party relationships.

**Article 114** Directors and senior management shall abide by the Relevant Regulatory Rules and the provisions of these Articles of Association, and shall fulfill the duty of diligence to the Company, and shall perform their duties with the reasonable care normally expected for a manager in the best interests of the Company.

Directors and senior management shall bear the following duties of diligence to the Company:

(1) exercise prudentially, carefully and diligently the rights authorized by the Company so as to ensure the Company's business act in compliance with national laws, administrative regulations and all national economic policies and within the scope prescribed in the business license;

(2) give fair treatment to all the shareholders;

(3) investigate the performance of the Company;

(4) confirm in writing and sign the periodic reports of the Company, and ensure the authenticity, accuracy and completeness of the information disclosed by the Company;

(5) provide truthfully the relevant information and material to the audit committee, and not impede the audit committee to exercise its functions and powers;

(6) other duty of diligence stipulated by the Relevant Regulatory Rules and these Articles of Association.

**Article 115** The loyalty duty of a director and the senior management to the Company and its shareholders shall not be automatically discharged upon expiry of their term of office, it may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and the terms under which the relationship between the relevant director and the senior management on one hand and the Company on the other hand was terminated. The responsibilities to be borne by directors and senior management for performing their duties during their tenure of office shall not be exempted or terminated by their departure.

Public commitments made by directors and senior management during their tenure of office shall continue to be fulfilled regardless of the reasons for their departure. If a public commitment has not been fulfilled by the time of departure, the departing personnel shall submit a written explanation before departure, clarifying the specific unfulfilled commitments, the estimated completion time, and the subsequent fulfillment plan. The Company shall take appropriate measures to urge the departing personnel to fulfill their commitments when necessary.

After the departure of directors and senior management, their obligation to keep the Company's trade secrets shall remain effective after the end of their tenure until such secrets become public information.

**Article 116** The Company shall be obligated to compensate the loss caused to others by a director and the senior management during the course of performing their duties, and the director and the senior management shall also be obligated to compensate such loss caused intentionally or by material default.

If a director or senior management has violated the Relevant Regulatory Rules or these Articles of Association in discharging his/her duties thereby causing losses to the Company, he/she shall be liable for compensation.

**Article 117** The Company shall enter into written contract with a director in relation to the rights and duties of the Company and the director, emoluments and term of office of the director, liability of the director for breach of law, regulations and these Articles of Association, compensation for early termination of the contract by the Company for any reason, obligations and liability of the director after the resignation, etc.

## CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

### Section 1 Financial and Accounting Systems and Profit Distribution

**Article 118** The Company shall establish its financial and accounting systems in accordance with the Relevant Regulatory Rules.

**Article 119** The accounting year of the Company shall adopt the calendar year, i.e. starting from the 1 January of every calendar year and to 31 December of every calendar year.

The Company shall adopt Renminbi as its denominated currency for booking and accounting purposes, the account books shall be recorded in Chinese.

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm according to the law.

**Article 120** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meeting.

**Article 121** The financial reports of the Company shall, in addition to being prepared in accordance with PRC enterprise accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the places outside the PRC where the Company's shares are listed. If there is any material difference between the financial reports prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial reports.

**Article 122** The Company shall submit its quarterly reports to stock exchanges and published within 1 month after the expiration of the first 3 months and first 9 months of each fiscal year; the interim report shall be submitted to branch of CSRC and stock exchanges and published within 2 months after the expiration of the first 6 months of each fiscal year; and the annual report shall be submitted to branch of CSRC and stock exchanges and published within 4 months after the expiration of each fiscal year.

**Article 123** The Company shall not keep accounts other than those required by law. Funds of the Company will not be deposited into any account opened under an individual name.

**Article 124** When allocating the after-tax profits of the current year, the Company shall allocate 10% of its profit to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached 50% or more of the registered capital of the Company, no allocation is needed. If further allocation is to be made, it shall be considered by the board of directors.

In the event that the statutory common reserve fund of the Company is insufficient to offset the losses of the Company on the previous year(s), before allocating the statutory common reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first offset the losses by using the profits of the current year.

After allocating the statutory common reserve fund from the after-tax profits of the Company, the Company can allocate the discretionary reserve fund according to the resolution of general meeting.

After offsetting the losses and allocating the statutory common reserve fund, the remaining after-tax profits shall be distributed in accordance with the proportion of shares held by the shareholders.

**Article 125** Where a general meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in breach of the regulations to the Company; where such violation causes losses to the Company, the shareholders and the liable directors and senior management shall bear liability for compensation.

The Company holding its own shares shall not participate in the profit allocation.

**Article 126** Capital reserve fund includes the following items:

(1) premium on shares issued at a premium price;

(2) the amount of proceeds from the issuance of no-par value shares not credited to registered capital;

(3) any other items designated for the capital reserve fund by the regulations of the finance department of the State Council.

**Article 127** The reserve fund of the Company shall be applied for offsetting the losses, expansion of production and operation, or being converted to increase the registered capital of the Company.

If the Company utilizes its reserve fund to offset losses, it shall first use the discretionary reserve fund and statutory common reserve fund. Should these reserve fund be insufficient to offset the losses, the capital reserve fund can be utilized in accordance with regulations.

When the statutory reserve fund is converted to increase the registered capital, the balance of the statutory reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 128** The Company shall satisfy the following requirements when distributing profits:

(1) The Company should place emphasis on delivering reasonable return on investments to the investors. The Company shall pay due attention to the opinions of minority shareholders through various channels when distributing its profits. The profits distribution policy of the Company shall be durative and stable, taking into account of the long-term interests of the Company, the overall interests of all shareholders and the Company's sustainable development.

(2) The Company can distribute dividends in the following forms: cash, shares or other forms provided by the Relevant Regulatory Rules. The Company shall give priority to the distribution of dividends in cash.

(3) The Company should distribute cash dividends when the net profit attributable to equity shareholders of the Company and retained earnings are both positive and the Company has sufficient cash flow for its normal operation and sustainable development. The annual cash dividends should not be less than 30% of the net profit attributable to equity shareholders of the Company in the current year. In addition to the annual final dividend, the Company can distribute interim or other dividend as decided by the board of directors.

(4) Unless otherwise resolved by the general meeting, the board of directors can decide to distribute interim or other dividend. Unless otherwise stipulated by laws or administrative regulations, the amount of interim or other dividend decided by the board of directors shall not exceed 50% of the net profit attributable to equity shareholders of the Company during the corresponding period.

(5) When making profit distribution, the Company shall take the lower of the net profit attributable to equity shareholders of the Company under Chinese Enterprise Accounting Standards or the profit attributable to the shareholders of the Company under International Financial Reporting Standards.

(6) The senior management of the Company shall draw up the annual profit distribution plan and submit such plan to the board of directors for consideration, and the board of directors shall form a resolution which shall be submitted for consideration by the general meeting. If the conditions for the distribution of cash dividend have been satisfied and the Company does not propose a cash dividends distribution plan or does not propose such plan in compliance with sub-paragraph (3) of this Article, the board of directors shall give specific explanation regarding such arrangement and form a resolution which shall be submitted to the general meeting for consideration and make relevant disclosures.

(7) The Company may adjust its profits distribution policy referred to in sub-paragraphs (2) and (3) of this Article in case of war, natural disasters and other force majeure, or where changes to the external environment of the Company result in material impact on the production and operation of the Company, or where there are significant changes in the Company's own operations or financial conditions, or where the board of directors considers it necessary. The board of directors shall discuss the reasons of the adjustment of profits distribution policy in detail and form a resolution which shall be submitted to general meeting for consideration by a special resolution.

**Article 129** The cash dividends and other amounts payable to shareholders shall be denominated and declared in Renminbi, and the Company shall pay such amounts to shareholders in accordance with the Relevant Regulatory Rules.

**Article 130** Unless otherwise provided by the relevant laws and administrative regulations, as regards dividends and other amounts payable in Hong Kong dollars, the applicable exchange rate shall be the average of the last published daily reference exchange rates by the China Foreign Exchange Trade System during the 5 working days prior to the announcement of payment of dividend and other amounts.

**Article 131** 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 requirements of Taxation Law of China and in consideration of the distributed sum.

**Article 132** The Company shall appoint receiving agents for holders of H shares. Such receiving agents shall receive dividend which have been declared by the Company and all other amounts which the Company should pay to holders of H shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the relevant requirements of the Relevant Regulatory Rules.

## Section 2 Audit

**Article 133** The Company adopts the system of internal auditing and hires professional auditors to undertake internal auditing of the Company's financial income and expenditure and economic activities.

**Article 134** The internal audit institution shall be responsible to the board of directors. The internal audit institution shall be subject to the supervision and guidance of the audit committee during the process of supervising and reviewing the Company's business activities, risk management, internal control, and financial information.

**Article 135** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the Company's annual financial report, with a term of 1 year, subject to renewal.

**Article 136** The appointment and removal of an accounting firm and the audit fees of the accounting firm shall be decided by the general meeting. The board of directors shall not appoint an accounting firm before the decision of the general meeting.

**Article 137** The Company guarantees to provide the appointed accounting firm with authentic and complete accounting vouchers, accounting ledgers, financial accounting reports and other accounting information, and shall not refuse, conceal, or misrepresent them.

**Article 138** Prior notice should be given to the accounting firm 30 days in advance if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representation at the general meeting. Where the accounting firm resigns from its position as the Company's auditor, it shall make clear in a general meeting whether there has been any impropriety on the part of the Company.

# CHAPTER 10 EMPLOYEES AND THE UNION

**Article 139** The Company adheres to a people-oriented approach and integrates corporate development with returning value to shareholders, contributing to society, and benefiting employees. In compliance with the national laws and regulations, the Company establishes a sounds employees management system to effectively develop and utilize human resources.

**Article 140** Based on its business needs and subject to laws, regulations and the internal corporate rules, the Company shall employ, remove or terminate employees' labor contracts in its discretion.

**Article 141** Pursuant to the national regulations and these Articles of Association, the Company shall establish the salary, insurance, benefits systems. In light of the economic and social development and business operations of the Company, the Company shall make endeavors to enhance the overall benefits for its employees, and improve their working conditions.

**Article 142** The Company establishes an employee training system in accordance with relevant national regulations, based on business development and employee needs, to facilitate career advancement and professional growth pathways for employees.

**Article 143** The employees of the Company shall duly organize the Union, develop its event programs, and hence, protect the employees' legitimate rights. The Company shall provide prerequisites for the Union to carry out its events.

## CHAPTER 11 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

### Section 1 Merger and Division

**Article 144** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution passed and shall publish a public notice in a newspaper satisfying the Relevant Regulatory Rules or in the National Enterprise Credit Information Publicity System within 30 days from the date of the Company's merger resolution passed. The creditors who have received the notice may, within 30 days as of its acknowledgement of the receipt, and the creditors who fail to receive the notice may, within 45 days as of the date of the announcement, require the Company for repayment of the debt or providing corresponding guarantee.

**Article 145** If the consideration paid for the merger does not exceed 10% of the Company's net assets, such merger does not need to be approved by general meeting, unless otherwise stipulated by the Relevant Regulatory Rules and these Articles of Association.

If the Company merges in accordance with the preceding paragraph without a resolution of the general meeting, such merger shall be approved by the board of directors.

**Article 146** Where there is a division of the Company, its assets shall be divided up correspondingly.

In the event of division of the Company, the parties to such division shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's division resolution passed and shall publish a public notice in a newspaper satisfying the Relevant Regulatory Rules or in the National Enterprise Credit Information Publicity System within 30 days of the date of the Company's division resolution passed.

**Article 147** Upon the merger of the Company, the debts and liabilities of the merging parties shall be assumed by the surviving company or the newly established company.

Debts incurred prior to the Company's division shall be jointly and severally assumed by the companies formed after the division except where the Company has reached a written agreement with creditors regarding debt repayment prior to the division.

**Article 148** Where the Company undergoes merger or division resulting in changes to its registered particulars, it shall apply for amendment registration with the company registration authority in accordance with the law. Where the Company is dissolved, it shall apply for cancellation registration in accordance with the law. Where a new company is established, it shall apply for establishment registration in accordance with the law.

### Section 2 Dissolution and Liquidation

**Article 149** The Company shall be dissolved and liquidated upon the occurrence of any of the following grounds:

(1) a resolution regarding the dissolution is passed by the general meeting;

(2) dissolution is necessary due to a merger or division of the Company;

(3) business license is revoked lawfully and its operation is ceased or canceled by the relevant authorities;

(4) where the Company encounters severe operation difficulties and its continuation would cause substantial losses to shareholders' interest and such difficulties cannot be resolved through other means, shareholders holding 10% or more of the voting rights may petition the People's Court to dissolve the Company. The dissolution will be effected upon the People's Court's ruling.

Where the dissolution grounds specified in the preceding paragraph occurs, the Company shall disclose such grounds through the National Enterprise Credit Information Publicity System within 10 days.

**Article 150** Where the Company is dissolved under sub-paragraph (1), (3) or (4) of the first paragraph of Article 149 of these Articles of Association, it shall be liquidated. The directors shall be the liquidation obligors of the Company and shall form a liquidation committee to conduct liquidation within 15 days from the date of occurrence of the dissolution ground.

The liquidation committee shall be composed of directors, unless otherwise resolved by a general meeting.

Where a liquidation committee is not established according to schedule or no liquidation is conducted after the establishment of a liquidation committee, the interested parties may apply to the People's Court to organize the relevant personnel to establish a liquidation committee to proceed the liquidation.

Where the liquidation obligors fail to perform their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

**Article 151** The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish a public announcement in a newspaper satisfying the Relevant Regulatory Rules or in the National Enterprise Credit Information Publicity System. The creditors who have received the notice shall, within 30 days as of its acknowledgement of the receipt, and the creditors who fail to receive the notice shall within 45 days as of the date of the announcement declare their creditor's right to the liquidation committee.

The creditor who declares the creditor's right shall state the relevant matter in relation to the debt and provide evidentiary materials. The liquidation committee shall register the creditors' rights.

During liquidation period, the liquidation committee shall not settle any debt with the creditor.

**Article 152** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

(1) to liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(2) to notify the creditors or to publish public announcements;

(3) to dispose any unfinished businesses of the Company related to the liquidation;

(4) to pay all outstanding taxes and taxes incurred during the liquidation proceedings;

(5) to settle claims and debts;

(6) to allocate the surplus assets remaining after repayment by the Company of its debts;

(7) to represent the Company in any civil proceedings.

**Article 153** After it has categories the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall draw up a liquidation plan and present it to a general meeting or to the People's Court for confirmation.

The remaining asset shall, after having paid the liquidation expense, salary of the staff, social insurance expense and the legal premium, the arrears and liquidated the Company's debt, be distributed in accordance with the class and proportion of shares held by the shareholders.

The Company may, during the liquidation period, remain, but shall not carry out activities irrelevant to the liquidation.

Where the Company's assets have been cleaned off without abiding by the second paragraph of this Article, it shall be allocated to the shareholders.

**Article 154** Upon completion of the categorization of the Company's assets and preparation a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall apply to the People's Court in accordance with laws for bankruptcy liquidation.

Upon acceptance of the bankruptcy application by the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the bankruptcy administrator designated by the People's Court.

Where the Company is declared bankrupt according to law, it shall carry out bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.

**Article 155** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the general meeting or the People's Court for confirmation and submitted to the companies registration authority to apply for cancellation of registration of the Company.

**Article 156** The member of the liquidation committee shall perform their liquidation duties and owe a duty loyalty and a duty of diligence.

Where the members of the liquidation committee neglect to perform their liquidation duties and cause losses to the Company, they shall bear compensation liability; where they cause losses to creditors due to intention or gross negligence, they shall bear compensation liability.

## CHAPTER 12 PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

**Article 157** The Company shall amend these Articles of Association on the occurrence of any of the following events:

(1) the Company Law or the relevant laws or administrative regulations are amended and these Articles of Association are in conflict with the amended laws or administrative regulations;

(2) there is change to the Company which makes it not consistent with these Articles of Association;

(3) it has been approved at a general meeting to amend these Articles of Association.

**Article 158** Any amendment of these Articles of Association shall be made in the following manner:

(1) The board of directors formulate a proposal for amendment of these Article of Association in accordance with these Articles of Association;

(2) The foregoing proposal shall be submitted to the shareholders in writing and a general meeting shall be convened;

(3) The amendments shall be approved by a special resolution in a general meeting.

The board of directors shall amend these Articles of Association pursuant to the resolution passed at a general meeting for amendment of these Articles of Association and the approval opinions of the competent authority.

**Article 159** If the matters concerning amendments to these Articles of Association adopted by a resolution of the general meeting are required to be approved by the competent authorities, such matters shall be submitted to the competent authorities for approval; if there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with law.

## CHAPTER 13 NOTICE AND ANNOUNCEMENT

**Article 160** Unless otherwise provided by these Articles and Association, subject to the Relevant Regulatory Rules and these Articles of Association, notices of the Company shall be issued in any of the following manner:

(1) by hand;

(2) by post;

(3) by public announcement;

(4) any other manner as recognized by securities regulatory institutions at the places where the Company's share are listed or as provided in these Articles of Association.

If a notice of the Company is issued by public announcement, it shall be deemed received by relevant person once announced.

Subject to the Relevant Regulatory Rules, the Company may dispatch or provide corporate communications required by the Hong Kong Stock Exchange via the Company's website, the Hong Kong Stock Exchange's website, or through electronic method.

**Article 161** If a notice of the Company is issued by hand delivery, the date when the recipient signed or stamped to acknowledge receipt of the same shall be regarded as the date of service.

If a notice of the Company is sent by post, the 3rd business day from the date of its dispatch to the post office shall be the date of service.

If a notice of the Company is issued by public announcement, the date of the first publication of the announcement shall be regarded as the date of service.

If the notice of the Company is sent out in electronic form, the sending date is deemed as the date of service.

Subject to the Relevant Regulatory Rules, if a notice of the Company is sent by way of announcement via a website, the date of service shall be the date of first publication on the website.

**Article 162** If a notice of meeting is accidentally failed to be sent to any person who is entitled to receive the same or that person has not received such a notice, it will not cause the meeting and any resolution made therein to be void as a result thereof.

## CHAPTER 14 SUPPLEMENTARY

**Article 163** These Articles of Association are written in Chinese. In the event of any discrepancy between other language versions and the Chinese version of these Articles of association or between different versions of these Articles of Association, the Chinese version of these Articles of Association most recently disclosed by the Company in accordance with the law shall prevail.

**Article 164** The expressions of "or more" shall include the figures mentioned whilst the expressions of "exceed", "over", "more than" and "less than" shall not include the figures mentioned.

**Article 165** The right to explain these Articles of Association vests with the board of directors of the Company, and the right to amend these Articles of Association vests with the general meeting, which shall become effective upon its adoption by the general meeting.

**Article 166** If these Articles of Association are in conflict with the Relevant Regulatory Rules, the Relevant Regulatory Rules shall prevail.