

**Articles of Association**  
**of**  
**China Railway Group Limited**  
**(Amended in June 2025)**

**Chapter 1 General Provisions**

- 1 For the purpose of protecting the legitimate rights and interests of China Railway Group Limited (“**Company**”), shareholders, employees and creditors, standardizing the organization and activities of the Company, and improving the modern corporate system with Chinese characteristics, the Articles of Association of the Company (“**Articles**”) are hereby formulated in accordance with the Company Law of the People’s Republic of China (“**Company Law**”), Securities Law of the People’s Republic of China (“**Securities Law**”). Guidelines for Corporate Governance of Listed Companies, Guidelines on Articles of Association of Listed Companies and the Constitution of the Communist Party of China as well as other relevant rules.
- 2 The Company is a company limited by shares established in accordance with the Company Law, the Securities Law, and other national regulations.

The Company has been established by way of exclusive promotion with the Approval for Establishment of China Railway Group Limited (Guo Zi Gai Ge [2007] No.1095) by the State-owned Assets Supervision and Administration Commission of the State Council on 11 September 2007. The Company has undertaken registration with the State Administration for Industry and Commerce of the People’s Republic of China (“**PRC**”) and obtained its business license for enterprise legal person with unified social credit code of 91110000710935003U on 12 September 2007.

With the approval of the China Securities Regulatory Commission (the “**CSRC**”) (Zheng Jian Fa Xing Zi [2007] No. 396) on 6 November 2007, the Company initially issued 4,675,000,000 Renminbi-denominated ordinary shares to the domestic public, and is listed on the Shanghai Stock Exchange on 3 December 2007. Upon the listing of the Company on the Shanghai Stock Exchange, with the approval of CSRC (Zheng Jian Guo He Zi [2007] No. 35), the Company issued 3,824,900,000 overseas listed foreign shares (including overallotment of 498,900,000 shares), together with 382,490,000 overseas listed foreign shares which were reduced and converted from relevant state-owned shares, totaling 4,207,390,000 shares are listed on the Hong Kong Stock Exchange on 7 December 2007. The promoter of the Company: China Railway Engineering Corporation.

- 3 Registered name of the Company Chinese name: 中國中鐵股份有限公司  
English name: China Railway Group Limited
- 4 Domicile of the Company: 918, Block 1, No.128 South 4th Ring Road West, Fengtai District, Beijing  
Postal Code: 100070
- 5 The registered capital of the Company is RMB24,741,653,683.
- 6 The Company is a joint stock limited company with perpetual existence.
- 7 The chairman of the board of directors shall be the legal representative of the Company.

Where the Chairman resigns, he or she shall be deemed to have resigned as the authorized representative at the same time.

Where the authorized representative resigns, the Company shall determine a new legal representative within thirty (30) days from the date of resignation of the authorized representative. The election and change of authorized representative shall be in compliance with Article 129.

- 8 The legal consequences of civil activities performed by the authorized representative in the name of the Company shall be borne by the Company.

The limitation on the functions and powers of the authorized representative in the Articles or by the general meeting shall not be asserted against a bona fide counterpart.

Where the authorized representative causes damage to any other person in the performance of his/her duties, the Company shall bear civil liability for such damage. The Company may, after bearing such civil liability, seek indemnification from the authorized representative at fault in accordance with laws or the Articles.

- 9 The respective liability of the shareholders shall be limited to the shares held by them. The Company shall be held liable for its debts with all its assets.
- 10 The Articles shall be a legally binding that regulates the organization and acts of the Company as well as the rights and obligations between the Company and its shareholders and among the shareholders from the date when it becomes effective. The Articles shall be legally binding upon the Company, its shareholders, directors and senior management personnel.

According to the Articles, the shareholders shall have the right to initiate legal proceedings against other shareholders; the shareholders shall have the right to initiate legal proceedings against directors and senior management personnel of the Company; the shareholders shall have the right to initiate legal proceedings against the Company, and the Company shall have the right to initiate legal proceedings against the shareholders, directors, and senior management personnel.

- 11 The Company may invest in other enterprises.

If the laws stipulate that the Company shall not assume joint and several liabilities for the debt of the invested enterprises as an investor according to laws, such laws shall prevail.

- 12 The Company shall establish the CPC organization and carry out the CPC activities in accordance with the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the CPC organization.

## **Chapter 2 Purpose and Business Scope**

- 13 The purpose of the Company is to: comply with the laws and regulations, observe the social morals and business ethics, implement the new development concept, adhere to the high-quality development and corporate mission of “China Construction, China Railway’s Commitment”, uphold the motto of “strive to overcome challenges and achieve excellence” and the core values of “creation, quality and brand”, serve the construction of a transportation power, manufacturing power and quality power, pursue independent management, behave in a honest and trustworthy way, subject itself to supervision from the government and general public, strive to improve its economic results, assume social responsibilities and maximize the benefits for shareholders.
- 14 The business scope of the Company shall be subject to the approval of the company registration authority.

The business scope of the Company covers: Contracting of civil engineering and construction, wiring, pipe fitting and equipment installation; sub-contracting of the survey, design, building, construction supervision, technology consultation, technology development, technology transfer and technical service in connection with abovementioned items; research, manufacturing, sales and leasing of machinery facilities, apparatus, component, steel girder, steel structure and building materials designed for civil engineering; temporary passenger and cargo transport and related services prior to the formal testing and delivery for operation of newly-built railways; contracting of overseas projects and domestic foreign invested projects in the industry; engineering materials and trade; finance and commercial services of the construction industry; mining of construction gravel; highway management and maintenance, railway freight transportation, land pipeline transportation, freight transportation agency and other warehousing logistics; investment and operation of transportation infrastructure, urban rail transit infrastructure, urban municipal infrastructure, ecological and environmental protection infrastructure, water conservancy infrastructure and related ancillary services; asset operation

and management, investment and related consulting services; real estate development and operation, real estate consulting; real estate brokerage; park management services; marketing planning, property management; mineral resource survey, non-coal mine mineral resource exploitation, commonly used non-ferrous metal smelting, rare earth metal smelting; import and export; counter trade and intermediary trade; auto sales; sales of electronic products and communication and signalling equipment, hardware and electrical appliance, building hardware, plumbing equipment and general merchandise.

Subject to the approval of the company registration authority, the Company may make appropriate adjustment on the business scope according to the market and based on its operation and development needs and capability.

## Chapter 3 Shares

### Section I Share Issuance

- 15 The shares of the Company are represented with stocks.
- 16 All the shares issued by the Company shall have a par value and each share shall bear a par value of RMB1.
- 17 The issuing of shares by the Company shall be conducted on the principle of openness, fairness and justness, with each share of the same class bearing equal rights.

The issuing conditions and price for each share of the same class issued at the same time shall be the same. Each share subscribed by any subscriber shall be subscribed at the same price.

- 18 The domestic listed shares issued by the Company shall be centrally deposited in China Securities Depository and Clearing Co., Ltd.
- 19 The promoter of the Company: China Railway Engineering Corporation (On 28 December 2017, China Railway Engineering Corporation completed its enterprise reform registration and changed its company name to “**China Railway Engineering Group Company Limited**”).

As approved by the approval body authorised by the State Council, the Company, at the time of its establishment, issued a total of 12,800,000,000 shares which are subscribed and held by China Railway Engineering Corporation.

- 20 Upon the establishment of the Company, as approved by the China Securities Regulatory Commission (“**CSRC**”) in its Notice Zhengjianfaxingzi [2007] No. 396 released on 6 November 2007, 4,675,000,000 ordinary shares in RMB were issued in an initial public offering to the general public and the shares were listed on the Shanghai Stock Exchange on 3 December 2007. Upon the listing on the Shanghai Stock Exchange, as approved by the CSRC in its Notice Zhengjianguohezi [2007] No. 35, 3,824,900,000 overseas listed foreign shares (including

498,900,000 over-allotment shares) were issued, and the total number of overseas listed foreign shares was 4,207,390,000 which includes 382,490,000 overseas listed foreign shares converted from the sell-down of relevant state-owned shares. Upon completion of such issuance, the total share capital of the Company was 21,299,900,000 shares, including 17,092,510,000 Renminbi-denominated ordinary shares, representing 80.25%; and 4,207,390,000 overseas-listed foreign shares, representing 19.75%.

As approved by the CSRC in Zhengjianxuke [2015] No.1312 Notice on 18 June 2015, the Company non-publicly issued 1,544,401,543 Renminbi-denominated ordinary shares. Upon completion of such issuance, the total share capital of the Company is 22,844,301,543 shares, including 18,636,911,543 Renminbi-denominated ordinary shares, representing 81.58%; and 4,207,390,000 overseas-listed foreign shares, representing 18.42%.

As approved by the CSRC in Zhengjianxuke [2019] No. 913 Notice on 21 May 2019, the Company non-publicly issued 1,726,627,740 Renminbi-denominated ordinary shares for the purpose of acquiring assets by the issuance of shares. Upon completion of such issuance, the total share capital of the Company is 24,570,929,283 shares, including 20,363,539,283 Renminbi-denominated ordinary shares, representing 82.88%; and 4,207,390,000 overseas-listed foreign shares, representing 17.12%.

On 23 February 2022, the Company issued 170,724,400 restricted Renminbi-denominated ordinary shares to participants of the restricted share incentive scheme. Upon completion of such issuance, the total share capital of the Company is 24,741,653,683 shares, including 20,534,263,683 Renminbi-denominated ordinary shares, representing 82.99%; and 4,207,390,000 overseas-listed foreign shares, representing 17.01%.

- 21 The Company or its subsidiaries (including the Company's affiliated enterprises) shall not provide financial assistance for others to obtain shares of the Company or its parent company in the form of gifts, advances, guarantees, loans, etc, provided that the Company shall implement the employee stock ownership.

For the benefit of the Company, upon a resolution at the general meeting of shareholders, or a resolution made by the Board in accordance with the Articles or the authorization at the general meeting of shareholders, the Company may provide financial assistance for others to acquire shares of the Company or its parent company, but the cumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions made by the Board shall be approved by more than two-thirds of all directors.

## **Section II Share Transfer**

- 22 Shares in the Company shall be transferred according to law.
- 23 The Company shall not accept the Company's shares as the subject of pledges.

- 24 Shares issued prior to the Company's public offering of shares shall not be transferred within one year of the date when the shares were listed for trading on a stock exchange.

Directors and senior management personnel of the Company shall periodically report to the Company shares of the Company held by them and any changes thereof, and shall not transfer more than 25% of the shares of same class held by them each year during their term of office determined at appointment. The shares of the Company held by them must not be transferred within one year of the date on which the shares of the Company were listed. The aforesaid persons shall not transfer the shares of the Company held by them within six months of the termination of their service; where the aforesaid persons resign prior to the expiry of their term of office, the number of shares that may be transferred by such persons each year must not exceed 25% of the total number of shares of the Company held by them during their term of office and within 6 months after the expiry of their term of office, except for changes in shares due to judicial enforcement, inheritance, bequest, division of property according to law, etc.

- 25 Any gains from any sale of shares or any other equity securities of the Company by any director, senior management personnel or shareholder holding more than 5% of the Company's shares within six months after the shares are bought, or any gains from any repurchase of shares of the Company by any of the aforesaid parties within six months after the shares are sold shall be disgorged and paid to the Company and the board of directors of the Company shall recover such gains from the abovementioned parties.

The shares or other equity securities held by any director, member of senior management or individual shareholder as referred to in the preceding paragraph include the shares or other equity securities held by his/her spouse, parent and child and those held through any other person's account.

If the board of directors of the Company fails to comply with first paragraph of this provision, shareholders may demand the board of directors to implement such provision within thirty days. Where the board of directors fails to implement such provision within the aforesaid period, the shareholders may initiate proceedings in court in their own names to protect the interest of the Company.

In case the board of directors failed to perform in accordance with first paragraph of this provision, the responsible directors shall be jointly liable for such default.

### **Section III Increase and Decrease in Capital and Repurchase of Shares**

- 26 In accordance with the laws and administrative regulations and subject to the passing of separate resolutions at the general meeting of shareholders, the Company may increase its capital in the following ways to meet the needs of operations and business expansion:

(1) Issuing shares to non-specific targets;

- (2) Issuing shares to specific targets;
- (3) Distributing bonus shares to existing shareholders;
- (4) Converting the capital reserve into capital;
- (5) Other ways specified by laws, administrative regulations and regulations of relevant securities regulatory authorities.

Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless the Articles provides otherwise or the general meeting of shareholders resolves that the shareholders shall have pre-emptive right.

- 27 The Company may reduce the registered capital. Reduction of registered capital of the Company shall proceed in accordance with the Company Law and other relevant regulations as well as the Articles.
- 28 When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the Company's resolution for reduction of its registered capital made at the general meeting of shareholders and shall publish an announcement in a newspaper recognised by the security exchange where the shares of the Company are listed or the National Enterprise Credit Information Publicity System within thirty days of the date of such resolution. A creditor has the right within thirty days of receiving the notice from the Company or, in the absence of such notice, within forty five days of the date of the public announcement, to require the Company to repay its debts or provide a corresponding guarantee for such debt.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholding, unless otherwise stipulated by laws, administrative regulations or the Articles.

- 29 If the Company is still in a loss position after covering losses in accordance with the provisions of second paragraph of Article 176 in the Articles, it may reduce the registered capital to cover the losses. If the registered capital is reduced to cover the loss, the Company shall not make any distribution to the shareholders, nor shall it exempt the shareholders from the obligations to make capital contributions or pay up the amounts of shares.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of second paragraph of Article 28 in the Articles shall not apply, but it shall be announced in a newspaper recognised by the security exchange where the shares of the

Company are listed or on the National Enterprise Credit Information Publicity System within 30 days from the date on which the general meeting made a resolution to reduce the registered capital.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve and the discretionary reserve reaching 50% of the registered capital of the Company.

- 30 If the registered capital is reduced in violation of the provisions of the Company Law and other regulations, the shareholders shall return the funds they have received, and the shareholders shall restore the capital contributions to the original state if their capital contributions are reduced or exempted; if losses are caused to the Company, the shareholders and responsible directors and senior management personnel shall be liable for compensation.
- 31 The Company shall not acquire its own shares unless in one of the following circumstances:
- (1) Reduction of its registered capital;
  - (2) Merging with another company that holds shares in the Company;
  - (3) Using the shares for the purpose of employee stock ownership plan or as share incentive;
  - (4) Being requested to repurchase the shares held by the shareholders who object to the resolutions passed by the general meeting of shareholders on the merger or division of the Company;
  - (5) Using the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
  - (6) Maintaining corporate value and shareholders' interests as the Company deems necessary;
  - (7) Other circumstances permitted by laws and administrative regulations.
- 32 The Company may acquire its own shares through open centralized trading or other methods recognized by laws, administrative regulations and the relevant securities regulatory authority.

Where the Company acquires its own shares due to the reason as set out in item (3), (5) or (6) of the first paragraph of Article 31 of the Articles, the open centralized trading method shall be adopted.

- 33 Where the Company acquires its own shares due to the reason as set out in item (1) or (2) of the first paragraph of Article 31 of the Articles, it shall be resolved at a general meeting of shareholders. Where the Company acquires its own shares due to the reason as set out in item

(3), (5) or (6) of the first paragraph of Article 31 of the Articles, the matter shall be resolved at a board meeting with the presence of more than two thirds of the directors through the adoption of a special resolution.

Where the Company acquires its own shares due to the reason as set out in item (1) of the first paragraph of Article 31 of the Articles, it shall cancel such shares within 10 days from the date of the acquisition. Where the Company acquires its own shares due to the reason as set out in item (2) or item (4) of the first paragraph of Article 31 of the Articles, it shall transfer or cancel such shares within six months. Where the Company acquires its own shares due to the reason as set out in item (3), (5) or (6) of the first paragraph of Article 31 of the Articles, the total number of its shares held by the Company shall not exceed 10% of its total issued shares, and such shares shall be transferred or cancelled within three years.

Where the laws and administrative regulations or the listing rules of the securities exchange of the locality where shares of the Company are listed provide otherwise, such provisions shall prevail.

## **Chapter 4 Shareholders and the General Meeting of Shareholders**

### **Section I General Provisions on Shareholders**

- 34 The Company shall maintain a register of shareholders based on the vouchers provided by the securities registration and clearing organization. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. The shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. The shareholders holding the same class of shares shall enjoy the equal rights and assume the equal obligations.

For the purpose of holders of overseas listed foreign shares, when two or more persons are registered as joint holders in respect of any shares, they shall be deemed to be joint holders of such shares and subject to the following provisions:

- (1) If one of the joint shareholders dies, then only the other living persons of the joint shareholders shall be deemed by the Company as the owners of the relevant shares, but the board of directors shall have the right to request them to provide the death certification documents that it deems appropriate for the purpose of amending the register of shareholders;
- (2) for joint shareholders of any shares, only the joint shareholder who ranks first in the register of shareholders shall have the right to receive the relevant share certificate from the Company, to receive the notice from the Company, to attend the general meeting of shareholders of the Company and to exercise the voting rights concerning the relevant shares. The notice delivered to the aforesaid shareholder shall be deemed to have been delivered to all the joint shareholders of the relevant shares.

If any person of the joint shareholders issues any receipt to the Company in respect of any dividend, bonus or capital return payable to such joint shareholders, such receipt shall be deemed as valid receipt issued by such joint shareholders to the Company.

35 Where the Company convenes a general meeting of shareholders, distributes dividends, undergoes liquidation and engages in other activities requiring the identification of shareholders, the board of directors or the convener of the general meeting of shareholders shall determine the date of registration of shareholdings, and shareholders whose names appear on the register after the close of the market on the date of registration of shareholdings shall be the shareholders who are entitled to the relevant rights and interests.

36 Shareholders of the Company shall have the following rights:

- (1) collecting dividends and other forms of benefits distributed on the basis of the number of shares held by them;
- (2) requesting for holding, convening, presiding over, attending or entrusting proxy to attend general meeting of shareholders and exercise the related voting rights in accordance with law;
- (3) supervising business operations of the Company and putting forward suggestions or inquiries accordingly;
- (4) transferring, donating or pledging the shares held by them in accordance with laws and administrative regulations as well as the Articles;
- (5) reviewing and copying the Articles of Association, register of shareholders, minutes of the general meeting of shareholders, resolutions of the board of directors' meeting, and financial and accounting reports; shareholders who individually or collectively hold more than three percent of the Company's shares for more than one hundred and eighty consecutive days may also review the Company's accounting books and vouchers;
- (6) participating in the distribution of the Company's remaining property in proportion to the number of shares held by the shareholders when the Company is terminated or liquidated;
- (7) any shareholder who has dissidence over the resolution for the merger or division of the Company made at general meetings of shareholders requesting the Company to acquire its shares;
- (8) other rights as stipulated in laws, administrative regulations, departmental regulations, provisions of the stock exchange where the Company is listed or the Articles.

In case that any person directly or indirectly holding interests in the Company fails to disclose its interests to the Company, the Company may not, by reason of such failure, exercise its power to freeze or otherwise damage any right attached to such interests enjoyed by such person.

- 37 Shareholders requesting to review or copy relevant materials of the Company shall comply with the Company Law, the Securities Law and other laws and administrative regulations, and the provisions of the stock exchange where the Company is listed.

Shareholders requesting to review the accounting books and vouchers of the Company shall submit a written request to the Company, stating the purpose. If the Company reasonably believes that the shareholder's review of the accounting books and vouchers is for an improper purpose that may harm the legitimate interests of the Company, it may refuse such review, and shall provide a written reply to the shareholders within fifteen days from the date of the shareholders' written request, explaining the reasons for the refusal. If the review is denied by the Company, the shareholder may initiate legal proceedings in the People's Court.

A shareholder may appoint an accounting firm, law firm or other intermediary agencies to review the materials specified in the preceding paragraph.

Shareholders and the accounting firms, law firms and other intermediary agencies they appointed shall comply with the requirements of laws and administrative regulations on the review of state secrets, trade secrets, personal privacy and personal information etc., when inspecting and reproducing relevant materials.

- 38 If any provision in the resolutions of the general meeting of shareholders or of the board of directors of the Company conflicts with any laws and administrative regulations, shareholders shall have the right to request the People's court to hold such provision invalid.

In the event that the convening procedures or voting method of the general meeting of shareholders or the meeting of the board of directors or the voting procedures thereof contravene any law and administrative regulation or the Articles, or the content of any resolution adopted at such meetings contravenes the Articles, the shareholders have the right to request the People's Court to revoke the resolution within 60 days of the date of adoption of a relevant resolution. However, this does not apply if the convening procedure or voting method of the general meeting of shareholders or meeting of the Board only has minor flaws that have no substantial impact on the resolution.

Where the Board, shareholders and other stakeholders dispute the validity of a resolution of the general meeting of shareholders, they shall promptly file a lawsuit with the People's Court. The relevant parties shall execute the resolution of the general meeting of shareholders before the People's Court makes a judgment or ruling to revoke the resolution. The Company, directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the People's Court makes a judgement or ruling on a relevant matter, the Company shall fulfil its obligation to disclose the information in accordance with the laws, administrative regulations, regulations of the CSRC and the stock exchange, fully explain the impact, and actively co-operate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

39 Resolutions of the general meeting of shareholders or the board of directors of the Company shall not be valid in any of the following circumstances:

- (1) the general meeting of shareholders or the meeting of the board of directors was not convened to make the resolution;
- (2) the general meeting of shareholders or the meeting of the board of directors has not voted on the matters resolved;
- (3) the number of persons attending the meeting or the number of voting rights held does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles;
- (4) the number of persons agreeing to the matters resolved or the number of voting rights held does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles.

40 If a director (other than a member of the audit and risk management committee) and senior management personnel violates the laws, administrative regulations or the provisions of the Articles during the performance of his/her duties to the Company and causes losses to the Company, the shareholders holding individually or in aggregate 1% or more of the shares of the Company for a continued period of 180 days or more shall have the right to request the audit and risk management committee in writing to initiate legal action in the People's Court; if a member of the audit and risk management committee violates the laws, administrative regulations or the provisions of the Articles during the performance of his/her duties to the Company and causes losses to the Company, the aforesaid shareholders may request in writing the board of directors to initiate legal action in the People's Court.

If the audit and risk management committee or board of directors rejects to initiate legal action after receipt of the written request of the shareholders stipulated in the preceding paragraph, or fails to initiate action within 30 days after the date of receipt of the request, or any failure to immediately initiate action will result in irreparable damage to the interests of the Company in case of emergency, the shareholders as prescribed in the preceding paragraph shall, for the benefit of the Company and in its/his/their own name, have the right to directly initiate legal action in the People's Court.

Where any person infringes the lawful interests of the Company and causes losses to the Company, the shareholders as prescribed in the first paragraph of this Article may initiate legal action in the People's Court in accordance with the provisions of the preceding two paragraphs.

If a director or senior management of a wholly owned subsidiary of the Company violates laws, administrative regulations or the provisions of the Articles during the performance of his/her duties and causes losses to the Company, or if any other person infringes upon the lawful rights and interests of a wholly-owned subsidiary of the Company and causes losses to the Company, the shareholders who have held more than 1% of the shares of the Company, either individually or in the aggregate, for a period of more than 180 consecutive days, may be enforced in accordance with the relevant provisions of the Company Law.

41 Where a director or senior management personnel violates the laws and administrative regulations or the provisions of the Articles, the shareholders may initiate legal action in the People's Court.

42 Shareholders of the Company shall undertake the following obligations:

- (1) abiding by the laws, regulations and the Articles;
- (2) making payment of the share capital according to the number of shares subscribed by them and the method of capital injection;
- (3) not to withdraw its share capital unless in accordance with the laws and regulations;
- (4) not to abuse their rights as a shareholder in infringing the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company or his limited liability as a shareholder in infringing the interests of any creditor of the Company;
- (5) other obligations imposed by laws, regulations and the Articles.

43 Any shareholder who abuses his rights as a shareholder and causes any loss to the Company or any other shareholder shall be liable for indemnification of such loss according to law.

Any shareholder who misuse the independent legal person status of the Company or his limited liability as a shareholder in evading debts and causes a serious damage to the interests of any creditor of the Company shall have a joint and several liability for the debts of the Company.

## **Section II Controlling Shareholder and De facto Controller**

44 The controlling shareholder and de facto controller of the Company shall exercise their rights and fulfill their obligations in accordance with the laws, administrative regulations, regulations of the CSRC and the stock exchanges, and safeguard the interests of the listed company.

45 The controlling shareholder and de facto Controller of the Company shall comply with the following provisions:

- (1) exercise shareholders' rights in accordance with the law, and not to abuse the control right or use affiliated relationships to jeopardize the legitimate rights and interests of the Company or other shareholders;
- (2) strictly fulfilling the public statements and various undertakings made and not changing or waiving them without authorization;
- (3) strictly fulfill the information disclosure obligations in accordance with the relevant regulations, actively and proactively cooperate with the Company in the information disclosure, and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (4) not to occupy the Company's funds in any way;
- (5) not to force, instruct or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to use the Company's undisclosed material information for benefits, not to disclose undisclosed material information relating to the Company in any way, and not to engage in insider trading, short-term trading, market manipulation and other illegal and unlawful acts;
- (7) not to jeopardize the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset reorganization, external investment and any other means;
- (8) ensure the integrity of the Company's assets, staff independence, financial independence, organizational independence and business independence, and not to affect the independence of the Company in any way;
- (9) other provisions of the laws, administrative regulations, regulations of the CSRC, the business rules of the Stock Exchange and the Articles.

If the controlling shareholder or de facto controller of the Company does not act as a director of the Company but actually executes the affairs of the Company, the provisions of the Articles relating to the obligations of loyalty and diligence of directors shall apply.

If the controlling shareholder or de facto controller of the Company instructs a director or a senior manager to engage in an act that is detrimental to the interests of the Company or the shareholders, he or she shall be jointly and severally liable with such director or senior manager.

- 46 If the controlling shareholder or de facto controller of the Company pledge the Company's shares held by them or under their effective control, he/she shall maintain the Company's control right and production and operation stability
- 47 If the controlling shareholder or de facto controller transfer the Company's shares held by him/her, he/she shall comply with the restrictive provisions on share transfer in laws, administrative regulations and the regulations of the CSRC and the stock exchange, and the commitments made on restricting share transfer.
- 48 The directors and senior management personnel of the Company shall be obliged to ensure that the funds of the Company will not be misappropriated by the controlling shareholders. Where the directors or senior management personnel of the Company permit, by agreement or by connivance, the controlling shareholders or their affiliated enterprises to misappropriate the assets of the Company, the board of directors of the Company shall, upon the merits of the case, give disciplinary sanctions to the directly responsible person(s) and initial dismissal procedures against the directors who assume serious responsibility therefor. In case the controlling shareholders of the Company misappropriate the assets of the Company in any way (including but not limited to the owning of the assets of the Company), the board of the directors of the Company shall immediately apply, in the Company's name, to the people's court for judicially freezing the assets of the Company misappropriated by the controlling shareholders and the shares of the Company held by the controlling shareholders. If the controlling shareholders fail to reinstate or repay in cash the assets misappropriated by them, the Company shall have the right to have the assets of the Company misappropriated by the controlling shareholders repaid by realizing the shares in the Company held by these controlling shareholders in accordance with the laws, regulations, rules and procedures.

### **Section III General Provisions on the General Meeting of Shareholders**

- 49 The general meeting of shareholders is composed of all shareholders. The general meeting of shareholders is the organ of attorney of the Company and shall exercise the following duties and powers according to law. The general meeting of shareholders shall not delegate to the board of directors the statutory duties or powers to be exercised by the general meeting of shareholders.
- (1) electing and replacing directors, and deciding on matters concerning their remuneration;
  - (2) considering and approving work report of the board of directors;
  - (3) considering and approving the Company's plans for profit distribution and loss makeup;
  - (4) adopting resolutions concerning the increase or decrease of the Company's registered capital;
  - (5) adopting resolutions on merger, division, spin-off, dissolution, liquidation or change of corporate form of the Company;

- (6) authorizing the board of directors to adopt resolutions on issuance of corporate bonds;
- (7) adopting resolutions on engagement and dismissal of accounting firm;
- (8) amending the Articles;
- (9) considering and approving the guarantee matters provided in Article 50 of the Articles;
- (10) considering and approving the matters regarding financial assistance under Article 51 of the Articles;
- (11) considering the matters regarding the purchase and sale by the Company within one year of significant assets with a value of more than 30% of the latest audited total assets value of the Company;
- (12) considering and approving the matters regarding change in use of proceeds;
- (13) considering the share incentive plans;
- (14) considering employee stock ownership plan;
- (15) considering the matters regarding affiliated transactions that shall be approved by the general meeting of shareholders as stipulated by the listing rules of the locality where the shares of the Company are listed;
- (16) considering other matters that shall be approved by the general meeting of shareholders as stipulated by laws, administrative regulations, department rules or the Articles.

The general meeting of shareholders of the Company may adopt a resolution authorizing the board of directors to issue a certain amount of shares and convertible corporate bonds.

- 50 The provision of the following external guarantee by the Company must be examined and adopted by the general meeting of shareholders:
- (1) any external guarantee provided after the total amount of guarantee provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets value;
  - (2) any external guarantee provided after the total amount of guarantee provided by the Company and its controlled subsidiaries exceeds 30% of the latest audited total assets value;

- (3) any guarantee with a value of exceeding 30% of the latest audited total assets value of the Company calculated based on the principle of cumulative calculation within consecutive twelve (12) months;
- (4) any guarantee provided in favour of an external person or entity whose debt asset ratio has exceeded 70%;
- (5) any single guarantee with a value of more than 10% of the latest audited net assets value;
- (6) any guarantee provided in favour of the shareholders, the actual controller as well as its affiliates.

The guarantee in item (3) of the preceding paragraph shall be adopted by the general meeting of shareholders by special resolution.

51 The following financial assistance provided by the Company shall be considered and approved by the general meeting of shareholders:

- (1) the amount of a single financial assistance exceeds 10% of the Company's latest audited net assets;
- (2) the financial information of the grantee in the latest period indicates that its gearing ratio exceeds 70%;
- (3) the cumulative amount of financial assistance within the last 12 months exceeds 10% of the latest audited net assets of the Company;

If the target of financial assistance is a holding subsidiary within the scope of consolidated statement of the Company, and the other shareholders of such holding subsidiary do not include the controlling shareholders, actual controllers and their associates of the Company, the provisions of the preceding two paragraphs may be exempted.

52 Unless the Company is in crisis or under other special circumstances, it shall not enter into a contract with any person other than directors and senior management personnel of the Company for the delegation of the whole business management or the important business management of the Company to such person without the approval through a special resolution of the general meeting of shareholders.

53 There are two types of general meeting of shareholders: annual general meeting of shareholders and extraordinary general meeting of shareholders. The annual general meeting of shareholders shall be held once a year within six (6) months after the end of the previous fiscal year.

54 An extraordinary general meeting of shareholders shall be convened within two (2) months from the occurrence date of any of the following events:

- (1) the number of directors is less than the quorum provided by the Company Law or two thirds (2/3) of the quorum provided by the Articles;
- (2) the amount of the Company's loss that have not been made up reaches one-third of the Company's total paid-in share capital;
- (3) shareholders holding more than 10% of the voting shares of the Company, either individually or jointly, request that a general meeting of shareholders be convened;
- (4) the board of directors deems it as necessary or the audit and risk management committee proposes that such a meeting be convened;
- (5) other circumstances as stipulated in laws, administrative regulations, departmental rules, the stock exchange of the place where the shares of the Company are listed or the Articles.

55 The location of the general meeting of shareholders shall be: the locality where the Company is domiciled or other specific locations as notified by the person(s) convening the general meeting of shareholders.

The general meeting of shareholders shall have a venue and be held in the form of an on-site meeting. The Company will also facilitate the participation of the shareholders in the general meeting of shareholders through various ways and means, including the use of modern information technology means such as the Internet, under the premise of ensuring that the general meeting of shareholders is lawful and effective. Shareholders who have participated in the general meeting of shareholders through the aforesaid methods shall be deemed as present.

Once the notice of the general meeting of shareholders is issued, the venue of the on-site general meeting of shareholders shall not be changed without a legitimate reason. In case of any alteration due to legitimate reasons, the convener shall, at least two working days prior to the scheduled date for the on-site meeting, publish an announcement and explain the reasons.

56 When a general meeting of shareholders is convened, the Company shall engage a lawyer to issue a legal opinion and make a public announcement with respect to the following matters:

- (1) whether the procedures in which the meeting is convened and held comply with laws, administrative regulations and provisions in the Articles;
- (2) whether the qualifications of the attendees and the person(s) convening the meeting are legal and valid;
- (3) whether the procedures and the voting results are legal and valid;
- (4) to express legal opinion on other relevant matters as requested by the Company.

## Section IV Convening of the General Meeting of Shareholders

- 57 The board of directors shall convene the general meeting of shareholders on time within the specified period.

Upon the approval of more than half of all the independent directors, independent director(s) shall have the right to propose to the board of directors that an extraordinary general meeting of shareholders be convened. For such proposal, the board of directors shall, in accordance with laws, administrative regulations and the Articles, make a response in writing on whether or not it agrees to convene an extraordinary general meeting of shareholders within ten (10) days upon receipt of such proposal.

If the board of directors agrees to convene an extraordinary general meeting of shareholders, a notice of the general meeting of shareholders shall be issued within five (5) days after the resolution of the board of directors is passed. If the board of directors refuses to convene an extraordinary general meeting of shareholders, it shall give an explanation and make a public announcement.

- 58 The audit and risk management committee shall have the right to propose to the board of directors that an extraordinary general meeting of shareholders be convened. Such proposal shall be made in writing. The board of directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting of shareholders within ten (10) days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles.

If the board of directors agrees to convene an extraordinary general meeting of shareholders, a notice of the general meeting of shareholders shall be issued within five (5) days after the resolution of the board of directors is passed. Changes made to the original proposal in the notice shall be approved by the audit and risk management committee.

In case the board of directors refuses to convene an extraordinary general meeting of shareholders, or does not give any response within ten (10) days upon receipt of the proposal, the board of directors shall be deemed to be unable or have failed to perform its duty to convene the general meeting of shareholders, and the audit and risk management committee may convene and preside over the meeting by itself.

- 59 Where the shareholders request to convene an extraordinary general meeting of shareholders or a class shareholders' meeting, the following procedures shall be observed:

- (1) the shareholders who individually or jointly hold more than 10% of the voting shares at such proposed meeting may execute one or several copies of written request with the same form and contents to propose to the board of directors to convene an extraordinary general meeting of shareholders or a class shareholders' meeting and set out the topics of the meeting. The board of directors shall make a written response as to whether or not it

agrees to convene such an extraordinary general meeting of shareholders or class shareholders' meeting within ten (10) days upon receipt of the request in accordance with laws, administrative regulations and the Articles.

If the board of directors agrees, a notice of the meeting shall be issued within five (5) days after the resolution of the board of directors is passed. Changes made to the original request in the notice shall be approved by relevant shareholders.

- (2) In case the board of directors refuses, or does not give any response within ten (10) days upon receipt of the request, the shareholders who individually or jointly hold more than 10% of the voting shares at such proposed meeting shall have the right to propose to the audit and risk management committee for the convening of such meeting, and shall make such request to the audit and risk management committee in the form of writing.

If the audit and risk management committee agrees, a notice of the meeting shall be issued within five (5) days upon receipt of the request. Changes made to the original request in the notice shall be approved by relevant shareholders.

If the audit and risk management committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, the shareholders who either individually or jointly hold more than 10% of the Company's voting shares for more than ninety (90) consecutive days may convene and preside over the meeting by themselves.

- 60 When the audit and risk management committee or the shareholders decide to convene a general meeting of shareholders by themselves, they must notify the board of directors in writing and at the same time file the notice with the stock exchange.

When issuing the notice of general meeting of shareholders and the public announcement of the resolutions of general meeting of shareholders, the audit and risk management committee and the convening shareholder shall submit relevant supporting materials to the stock exchange.

- 61 For the general meeting of shareholders convened by the audit and risk management committee or the shareholders themselves, the board of directors and the secretary to the board of directors shall provide cooperation. The board of directors shall provide the register of shareholders as at the date of record. If the board of directors doesn't provide the register of shareholders, the person(s) convening the meeting may apply for such register from the securities depository and clearing organisation by holding the relevant announcement of the notice of convening the general meeting of shareholders. The register of shareholders obtained by the person(s) convening the meeting shall not be used for any purpose other than convening a general meeting of shareholders.

- 62 Expenses required for the general meeting of shareholders convened by the audit and risk management committee or the shareholders themselves shall be borne by the Company.

## **Section V Proposals and Notice of the General Meeting of Shareholders**

63 The contents of the proposals shall be within the scope of authority of the general meeting of shareholders, have clear and definite topics and specific matters to be determined, and shall comply with relevant provisions of laws, administrative regulations and the Articles.

64 When the Company holds a general meeting of shareholders, the board of directors, audit and risk management committee and shareholders who individually or jointly hold more than 1% of the voting shares of the Company shall have the right to prepare a proposal to the Company.

Shareholders who hold more than 1% of the voting shares of the Company, either individually or jointly, may prepare an interim proposal and submit it in writing to the person(s) convening the meeting ten (10) days before the general meeting of shareholders convenes. The person(s) convening the meeting shall issue a supplementary notice of the general meeting of shareholders within two (2) days upon receipt of the proposal and publicly announce the contents of such proposal, and the interim proposal shall be submitted to the general meeting of shareholders for consideration, unless the interim proposal violates the laws, administrative regulations or provisions of the Articles, or fails to fall into the scope of the general meeting of shareholders.

Except for the circumstances as provided in the preceding paragraph, after issuing a public announcement on the notice of the general meeting of shareholders, the person(s) convening the meeting shall not amend the proposals specified in the notice of the general meeting of shareholders or include new proposals.

The general meeting of shareholders shall not vote and make a resolution on proposals not specified in the notice (including supplementary notice) or not in compliance with the Articles.

65 When the Company holds an annual general meeting of shareholders, it shall send a written notice to the shareholders at least twenty (20) clear business days prior to the meeting; when holding an extraordinary general meeting of shareholders, it shall send a written notice to the shareholders at least 10 clear business days or 15 days, whichever is longer, prior to the meeting. Shareholders intending to be present in the general meeting of shareholders shall send a written reply of attendance to the Company within the time period stipulated in the notice.

The aforesaid business day refers to any day on which the Hong Kong Stock Exchange is open for the business of dealing in securities.

66 The notice of the general meeting of shareholders shall include the following contents:

- (1) the time, location and duration of the meeting;
- (2) the matters and proposals submitted to the meeting for consideration;

- (3) providing a clear description stating that all shareholders shall have the right to attend and vote at the general meeting of shareholders and may entrust in writing one (1) or more proxies, as necessary, who does not need to be shareholders of the Company, to attend and vote at the meeting;
- (4) the record date for the shareholders who have the right to attend the general meeting of shareholders;
- (5) stating the time and place for the delivery of proxy form;
- (6) the names and telephone numbers of the contact person of the meeting.
- (7) the voting time and procedures via the Internet or other methods.

The notice and supplementary notice of the general meeting of shareholders shall fully and completely disclose all specific details of all proposals.

The interval between the record date and the date of the meeting shall not be more than seven working days. Once the record date is confirmed, no change may be made thereto.

67 Where the election of directors is proposed to be discussed at the general meeting of shareholders, the notice of the general meeting of shareholders shall fully disclose the details of the candidates of directors, and shall include at least the following contents:

- (1) the particulars of the candidates such as education background, work experience and concurrent positions;
- (2) whether he/she has an affiliation with the Company or the controlling shareholder and the actual controller of the Company;
- (3) the number of shares held by such candidates;
- (4) whether he/she has been sanctioned by CSRC and other relevant departments and stock exchanges.

Except for the election of directors through cumulative voting system, each candidate for the position of directors shall be put forward in a single proposal.

68 After sending the notice of general meeting of shareholders, the meeting shall not be postponed or cancelled without justifiable reason, and the proposals specified in the notice of the meeting shall not be cancelled. In case of any postponement or cancellation, the person(s) convening the meeting shall make a public announcement and explain the reasons at least two (2) working days before the scheduled date of the meeting. Where the listing rules of the locality where the Company's shares are listed have other provisions on this matter, such rules shall apply.

## Section VI Conducting the General Meeting of Shareholders

- 69 The board of directors of the Company and other person(s) convening the meeting will take necessary measures to ensure the normal order of the general meeting of shareholders. The Company will take measures to prevent, and will timely report to relevant authorities for investigating into and dealing with, the acts of interfering with the general meeting of shareholders, initiating quarrels and creating trouble and infringing the legitimate rights and interests of shareholders.
- 70 All shareholders as at the record date shall be entitled to attend the general meeting of shareholders and exercise their voting rights in accordance with relevant laws, administrative regulations and the Articles.

Shareholders may attend the general meeting of shareholders in person or appoint a proxy to attend and vote on their behalf.

- 71 Where an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid identity documents evidencing his/her identity; where he/she appoints a proxy to attend the meeting, such proxy shall present his/her valid identity card and proxy form of shareholders.

Where the shareholder is a legal person, its legal representative or the proxy(ies) appointed by its legal representative shall attend the meeting. Where the legal representative attends the meeting, he/she shall present his/her identity card or the valid identity documents evidencing his/her identity as a legal representative; where he/she appoints a proxy to attend the meeting, such proxy shall present his/her identity card and the proxy form issued legally by the legal representative of such legal person shareholder.

If the shareholder is a recognized clearing house (including HKSCC Nominees Limited) (or its nominee) under relevant laws and regulations of the place where the company's shares are listed, the shareholder may authorize one or several persons as representatives at any general meeting of shareholders or class shareholders' meeting of the Company. However, if more than one person is authorized, the authorisation must state the number and class of shares for which such persons are authorized, and the authorisation shall be signed by an authorized officer of a recognized clearing house. The person so authorised can represent the recognised clearing house (or its proxy) to attend the meeting (without presenting proof of shareholding, notarized authorized power of attorney or other further evidence to prove that he/she has been duly authorized) to speak at the general meeting of shareholders and exercise rights, as if the person was an individual shareholder of the Company.

- 72 The proxy form of shareholders shall be made in writing. The proxy form shall set out the following contents:

- (1) the name of the appointer, the class and number of shares of the Company held by him/her;
  - (2) the name of the proxy;
  - (3) specific instructions from shareholders, including whether the proxy has voting rights to vote for, against or abstain for each resolution proposed at any general meeting;
  - (4) the issue date and term of the proxy form;
  - (5) the signature (or seal) of the appointer. Where the appointer is a legal person, the seal of the appointer shall be affixed.
- 73 If the proxy form appointing a voting proxy is signed by a person authorized by the appointer, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall be placed together with the proxy form appointing a voting proxy at the domicile of the Company or other places designated in the notice of meeting.
- 74 The meeting register for the attendees shall be prepared by the Company. The meeting register shall set out such matters as the names (or entity names), and identity card numbers, and the number of voting shares held or represented by, the attendees and the names of the appointers (or entity names).
- 75 The person(s) convening the meeting and the lawyer engaged by the Company shall, according to the register of shareholders provided by the securities registration and clearing organisation, jointly verify the legality of the shareholders' qualifications and register the names of shareholders and the number of voting shares held by them. The registration for meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies present at the on-site meeting and the total number of voting shares held by them.
- 76 If the general meeting of shareholders requires the directors and senior management to attend the meeting as non-voting attendees, such directors and senior management shall attend the meeting as non-voting attendees and respond to shareholders' enquiries.
- 77 The chairman of the board of directors shall preside over the meeting. If the chairman is unable or fails to perform his/her duties, the vice chairman of the board of directors shall preside over the meeting; if the vice chairman is unable or fails to perform his/her duties, a director jointly elected by more than half (1/2) of all the directors shall preside over the meeting.

If the meeting is convened by the audit and risk management committee itself, the convenor of the audit and risk management committee shall preside over the meeting; if the convenor of the audit and risk management committee is unable or fails to perform his/her duties, a member of the audit and risk management committee jointly elected by more than half (1/2) of all the members of the audit and risk management committee shall preside over the meeting.

The general meeting of shareholders convened by shareholders themselves shall be presided over by the convenor or the elected by him/her. When the general meeting of shareholders is held, if the chairman of the meeting breaches the rules of procedures which renders the meeting unable to proceed, upon the consent of the shareholders representing more than half (1/2) of the voting shares present at the on-site meeting, the general meeting of shareholders may elect one person to act as the chairman of the meeting so as to proceed with the meeting. If shareholders fail to elect a chairman of the meeting for any reason, the shareholder present at the meeting (including proxy) holding the most voting shares shall preside over the meeting.

- 78 The Company shall formulate the rules of procedures of the general meeting of shareholders, which shall contain detailed provisions on the convening, procedures of the meeting and the voting, including such contents as notice, registration, consideration of proposals, voting, calculation of votes, announcement of the voting results, formation of the resolutions of the meeting, meeting minutes and its execution and public announcement, and the principles for and detailed content of the authorisation which the general meeting of shareholders grant to the board of directors.

The rules of procedures of the general meeting of shareholders of the Company shall be a schedule to the Articles and shall be finalised by the board of directors and approved by the general meeting of shareholders.

- 79 At the annual general meeting of shareholders, the board of directors shall report to the general meeting of shareholders on their work for the past year. Each independent director shall also give a work report.
- 80 The directors and senior management personnel at the general meeting of shareholders shall give explanations for the inquiries and proposals of the shareholders.
- 81 The chairman of the meeting shall, before the voting, announce the number of shareholders or their proxies present at the on-site meeting and the total number of voting shares held by them, and the number of shareholders or their proxies present at the on-site meeting and the total number of voting shares held by them as recorded in the meeting register shall prevail.
- 82 The general meeting of shareholders shall be recorded in minutes, for which the secretary to the board of directors shall be responsible. The minutes shall include the contents set forth below:

(1) location, date, time, agenda and name of the person(s) convening the meeting;

- (2) name of the chairman of the meeting, directors and senior management personnel present as a non-voting attendee at the meeting;
  - (3) number of shareholders or their proxies present at the meeting (including shareholders of domestic investment shares and shareholders of overseas listed foreign shares), the total number of voting shares held by them, and their respective proportions of voting shares held by them in the total number of shares of the Company;
  - (4) discussion process, key points of the discussion and voting results of each proposal (including the voting of shareholders of domestic investment shares and shareholders of overseas listed foreign shares for each resolution);
  - (5) inquiries, advice or proposals of the shareholders and related reply or explanation;
  - (6) name of the lawyer(s), person(s) counting the vote and scrutineer(s);
  - (7) other contents required to be recorded in the minutes by the Articles.
- 83 The person(s) convening the meeting shall ensure that the contents of the minutes is true, accurate and complete. The minutes shall be signed by the directors, secretary to the board of directors, the person(s) convening the meeting or its/their representative(s) and chairman of the meeting present or present as a non-voting attendee at the meeting, and shall be kept together with the signature list of shareholders attending the on-site meeting, the proxy form and valid information concerning voting through internet and other methods permanently.
- 84 The persons(s) convening the meeting shall ensure that the general meeting of shareholders can proceed without interruption until final resolutions are formed. Where the general meeting of shareholders is suspended or unable to make a resolution due to special reasons such as force majeure, necessary measures shall be taken to resume the meeting or directly terminate the current general meeting of shareholders as soon as possible and prompt public announcement shall be made. In the meantime, the person(s) convening the meeting shall report to the local branch of CSRC and the stock exchange where the Company is domiciled, explaining the reasons and disclosing relevant information and shall provide a special legal opinion issued by the lawyer.

## **Section VII Voting and Resolutions of the General Meeting of Shareholders**

- 85 The resolutions of the general meeting of shareholders shall be divided into two types: (i) ordinary resolutions, and (ii) special resolutions.

Ordinary resolutions made by the general meeting of shareholders shall be passed by more than half (1/2) of voting rights held by the shareholders (including shareholders who authorized proxies to attend the general meeting of shareholders) present at the meeting.

Special resolutions made by the general meeting of shareholders shall be passed by more than two thirds (2/3) of voting rights held by the shareholders (including shareholders who authorized proxies to attend the general meeting of shareholders) present at the meeting.

- 86 Resolutions on matters listed in (1) to (3), (6), (7), (12) and (14) to (15) concerning the duties and powers of the general meeting of shareholders in Article 49, matters in the first paragraph of Article 50 other than Article 50(3), and other matters except for those required to be passed by special resolutions by laws, administrative regulations or the Articles, shall be passed by ordinary resolution by the general meeting of shareholders; matters listed in (4), (5), (8), (11) and (13), Article 50.1(3) and matters required to be adopted by special resolutions by laws, administrative regulations or the Articles, and where ordinary resolutions of the general meeting of shareholders have determined that such matters have a material impact on the Company, shall be adopted by special resolution by the general meeting of shareholders.
- 87 Shareholders (including shareholders who authorized proxies to attend the general meeting of shareholders, but excluding shareholders of class shares) shall exercise their voting rights according to the number of voting shares held by them, with each share representing one vote.

When material issues affecting the interests of minority investors are considered at a general meeting, the votes relating to minority investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

Shares of the Company held by the Company do not represent voting rights, which shall not be counted into the total voting shares present at the general meeting of shareholders.

If a shareholder acquires voting shares of the Company in violation of the provisions under paragraphs 1 and 2 of Article 63 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within thirty-six (36) months after the acquisition, and shall not be included in the total number of voting shares attending the general meeting of shareholders.

Directors, independent directors, and shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority of the State Council, may solicit shareholders' voting rights publicly. When soliciting shareholders' voting rights, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from which voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of shareholders' voting right. Except for statutory conditions, the Company shall not set any limitation related to the minimum shareholding ratio on the solicitation of voting rights.

88 When matters concerning affiliated transactions are considered by the general meeting of shareholders, those affiliated shareholders shall refrain from voting, and the voting shares held by them shall not be counted towards the total number of valid voting shares; and the public announcement of the general meeting of shareholders shall fully disclose the information on the voting of the non-affiliated shareholders.

89 The name list of candidates for directors shall be included in a proposal to be submitted to the general meeting of shareholders for voting.

The board of directors shall make a public announcement to the shareholders on the resume and basic information of the candidates of directors. Cumulative voting system shall be adopted where the shareholding ratio in which a single shareholder and its parties acting in concert are interested is 30% or more and the general meeting of shareholders votes on the election of more than two directors.

The following rules shall be observed where cumulative voting system is adopted in a general meeting of shareholders for election of directors:

1. There should be separate voting sessions for the election of independent directors and non-independent directors and respectively.
  - (1) In the election of independent directors, each shareholder present at the meeting is entitled to such number of votes as equity to the number of shares held by it multiplied by the number of independent directors to be elected at the general meeting of shareholders, and such votes can only be used for the candidates of independent directors of the Company.
  - (2) In the election of non-independent directors, each shareholder present at the meeting is entitled to such number of votes as equity to the number of shares held by it multiplied by the number of non-independent directors to be elected at the general meeting of shareholders, and such votes can only be used for the candidates of non-independent directors of the Company.

When electing directors at the general meeting of shareholders, each candidate of director shall be voted separately and individually. A shareholder can exercise its voting rights either collectively to one candidate or separately to several different candidates for the same type of position, provided that the total number of votes exercised by a shareholder shall not exceed the total number of votes entitled to it for such type of candidate.

2. The election of directors shall depend on the number of votes obtained, which shall be no less than half (1/2) of the total voting rights entitled to the shareholders present at the general meeting of the shareholders.

3. Before voting for the candidates of directors at the general meeting of shareholders, the chairman of the meeting shall expressly inform the shareholders present at the meeting of the adoption of cumulative voting system for the candidates of directors. The board of directors shall prepare ballot tickets that are suitable for cumulative voting system. The secretary to the board of directors shall explain the methods of cumulative voting system and approaches on filling of ballot tickets.

90 Methods and procedures to nominate directors are as follows:

- (1) shareholders holding, individually or jointly, more than 1% in the total number of the outstanding voting shares of the Company may put forward in a written proposal to the general meeting of shareholders the candidates of non-independent directors to be appointed from those other than the employee representatives, provided that the number of persons nominated must comply with the provisions of the Articles and be not more than the number of persons contemplated to be elected. The said proposal put forward by the shareholders to the Company shall be sent to the Company at least fourteen (14) days prior to the date of the general meeting of shareholders;
- (2) the board of directors may, within the scope of the number of persons as provided in the Articles, formulate a proposed name list of the candidates of directors who are not employee representatives according to the number of persons contemplated to be elected, and put forward the said list in a written proposal to the general meeting of shareholders;
- (3) the Company shall separately formulate a special system for the nomination of independent directors;
- (4) the written notice concerning the intention to nominate candidates of directors and the nominees' statement for acceptance of the nomination, as well as relevant written information of the nominees, shall be sent to the Company at least seven (7) days prior to the date the general meeting of shareholders is held. The board of directors shall provide resumes and basic information of the candidates of directors to the shareholders;
- (5) the general meeting of shareholders shall vote on each candidate of directors one by one, except those circumstances under which the cumulative voting system is applicable;
- (6) in case of any interim increase or addition of directors, the candidates shall be put forward and suggested by the board of directors for election or replacement by the general meeting of shareholders.

91 Except for the cumulative voting system, the general meeting of shareholders shall vote on all proposals one by one, and where there are different proposals on the same matter, shall vote in accordance with the order of time the proposals are put forward. Except that the general meeting of shareholders is suspended or unable to make a resolution for special reasons such as force majeure, it shall not put off or refrain from voting on proposals.

92 When considering proposals, the general meeting of shareholders shall not amend the contents of the proposal, otherwise the proposal, if changed, shall be deemed as a new proposal, and the current general meeting of shareholders shall not vote on such proposal.

93 Among the on-site voting, voting through internet or voting through other means, only one method can be chosen for the same vote. In case of a repetitive voting for the same vote, the result of the first voting shall prevail.

The voting at the general meeting of shareholders shall be taken by way of registered poll.

94 Before voting on proposals, the general meeting of shareholders shall elect two shareholders' representatives to participate in vote counting and supervision on vote counting. Where a shareholder is affiliated with the matters being considered, such relevant shareholder and its proxies shall not participate in vote counting and supervision on vote counting.

When the general meeting of shareholders votes on proposals, the lawyer, shareholders' representatives shall jointly be responsible for vote counting and supervision on vote counting and shall announce on the spot the voting results, and the voting results for resolutions shall be recorded into the meeting minutes.

Company shareholders or their proxies voting through internet or other means shall have the right to verify their own voting results through the corresponding voting system.

95 The ending time of the on-site general meeting of shareholders shall not be earlier than the ending time for meeting via the internet or other means, and the chairman of the meeting shall announce the voting information and result on each proposal and, according to the voting result, on whether such proposal is passed.

Before the voting result is formally announced, relevant parties involved in the voting on site or through internet or other means, such as the Company, person(s) counting the vote, scrutineer(s), shareholders, internet services providers, etc., shall assume confidentiality obligations toward the information on voting.

96 Shareholders present at the general meeting of shareholders shall express one of the following opinions on the proposals submitted for voting: affirmative, negative or abstaining, except that securities registration and clearing organizations, being the nominal holders of shares subject to the interconnection mechanism of the Mainland and Hong Kong stock market transactions, may express opinions according to the intentions of actual holders.

Votes without input or with wrong information or illegible scripts, or votes not casted, shall be deemed as the voters having waived their voting rights, and the voting result of the number of shares held by them shall be calculated as "abstaining".

- 97 If the chairman of the meeting has any doubt about the voting result, he/she may organise the counting of the votes. If the chairman does not count the votes, and the shareholders or their proxies present at the meeting disagree with the result announced by the chairman, they shall have the right to request for the counting of the votes immediately after the announcement of the voting result, and the chairman shall organise the counting of the votes immediately.
- 98 The resolutions of the general meeting of shareholders shall, in accordance with the provisions of the listing rules of the locality where the Company's shares are listed, be promptly and publicly announced, which shall specify the number of shareholders or their proxies present at the meeting, the total number of voting shares held by them, the proportion of voting shares held by them in the total number of voting shares of the Company, the voting methods, the voting result on each proposal and the detailed contents of the resolutions adopted, and shall also explain the information on the presence and voting of shareholders of foreign investment shares and domestic investment shares at the general meeting of shareholders.
- 99 Where a proposal has not been passed or any change is made at the current general meeting of shareholders to the resolution(s) passed by the last general meeting of shareholders, a special note shall be made in the public announcement of the resolutions of the general meeting of shareholders.
- 100 Where proposals regarding election of directors were passed at the general meeting of shareholders, the time the new directors take office shall be the time when the proposals of relevant elections were passed at the general meeting of shareholders.
- 101 Where proposals regarding cash dividend, stock distribution or conversion of the capital reserve into share capital were passed at the general meeting of shareholders, the Company will implement the specific plan within two (2) months after the general meeting of shareholders.

### **Chapter VIII Special Procedures for the Voting of Class Shareholders**

- 102 In case where different classes of shares are issued by the Company, shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations, rules and the Articles.

- 103 If the Company intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by a special resolution of the general meeting of shareholders and by the meetings of shareholders convened separately by the affected class shareholders in accordance with Article 105 to Article 108 respectively.

In case of change or abrogation of the rights of class shareholders due to changes in domestic and overseas laws, administrative regulations and rules and the listing rules of the place where the shares of the Company are listed or decisions duly made by domestic and overseas regulators, no approval is needed from the general meeting of shareholders or the meetings of class shareholders.

104 In the following conditions, rights of a certain class shareholder shall be deemed to be changed or abrogated:

- (1) an increase or decrease in the number of shares of such type or an increase or decrease in the number of shares of a type having voting rights, distribution rights or other privileges that is equal or superior to those of the shares of such class;
- (2) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such conversion;
- (3) a cancellation or reduction of rights to gain accrued dividends or accumulated dividends attached to shares of such class;
- (4) a reduction or cancellation of the priority attached to shares of such class in dividend distribution or property distribution during liquidation of the Company;
- (5) an increase, cancellation or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) a cancellation or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (8) an imposition of restrictions or increase of restrictions on the transfer or ownership of shares of such class;
- (9) a right to subscribe for such class or another class of shares, or convert into another class of shares;
- (10) an increase in the rights and privileges of shares of another class;
- (11) restructuring plan of the Company will cause shareholders of different categories to bear liability disproportionately during the restructuring;

(12) an amendment or cancellation of the provisions of this Chapter.

105 Class shareholders affected, whether or not originally having voting rights at the general meeting of shareholders, shall have voting rights in class shareholders' meeting when the matters stated in (2) to (8), (11) to (12) of Article 104 are concerned, except for the interested shareholders.

The aforesaid interested shareholders have the following meanings:

(1) when the Company makes purchase offer to all shareholders equally pro rata or purchases shares of the Company by means of open transaction at the stock exchange in accordance with Article 33 hereof, "interested shareholders" refer to the controlling shareholders defined hereunder;

(2) when the Company purchases shares of the Company by means of agreement outside the stock exchange in accordance with Article 33 hereof, "interested shareholders" refer to the shareholders related to such agreement;

(3) in the restructuring plan, "interested shareholders" refer to the shareholders assuming responsibilities in a lower proportion than other shareholders of the same class, or the shareholders holding different interests from other shareholders of the same class.

106 Resolutions of the meetings of class shareholders may only be passed upon approval through voting by at least two-thirds (2/3) of the shareholders with voting rights and present at such meetings of class shareholders in accordance with Article 104.

107 When convening a meeting of class shareholders, the Company shall issue written notices to all the shareholders registered under such class of shares with reference to the time limit in relation to the convening of general meeting of shareholders as stipulated in Article 65 of this Articles of Association, and specify in such notices the matters to be considered at the meeting and the date and place of such meeting.

In case there are special regulations in the listing rules of the place where the shares of the Company are listed, such regulations shall prevail.

108 If a meeting of class shareholders is to be held by way of issuing notices, then such notices only need to be sent to the shareholders having the rights to vote at such meeting.

A meeting of class shareholders shall be held under the same procedures of a general meeting of shareholders as far as possible and unless otherwise stipulated under this Chapter, the terms under the Articles regarding procedures of holding a general meeting of shareholders shall apply to the meeting of class shareholders.

109 In addition to other class shareholders, the shareholders holding domestic shares and shareholders holding overseas listed foreign shares shall be deemed as different types of shareholders.

The special procedures of voting by class shareholders shall not apply to the following situations:

- (1) Upon approval by special resolution at the general meeting of shareholders, the Company separately or concurrently issue domestic shares and overseas listed foreign shares every twelve (12) months, and neither the number of the domestic shares to be issued nor the number of overseas listed foreign shares to be issued exceeds 20% of the outstanding shares of that class;
- (2) The plan of issuing domestic shares or overseas listed foreign shares at the establishment of the Company has been completed within fifteen (15) months from the date of approval by the securities regulatory authority under the State Council;
- (3) Upon approval by the securities regulatory authority under the State Council, the shares of the Company held by the domestic shareholders are transferred to foreign investors, which are then listed and traded abroad.

## **Chapter 5 Directors and Board of Directors**

### **Section I General Provisions of Directors**

110 Directors of the Company are natural persons. The following person shall not serve as a director of the Company:

- (1) the person who has no capacity or has restricted capacity for civil acts;
- (2) the person who was sentenced to criminal punishment for the crime of corruption, bribery, seizure of property or misappropriation of property or for destroying socialist market economic order; or the person who was deprived of his/her political rights for committing a crime and not more than five years have elapsed since the expiration of the enforcement period, and who is sentenced to probation, where less than two years has elapsed since the expiration of the probation period;
- (3) the person who was a director or the factory head or the manager of a company or an enterprise subject to bankruptcy liquidation and was personally responsible for the bankruptcy liquidation of the company or the enterprise and not more than three years have elapsed since the completion day of the bankruptcy liquidation of the company or the enterprise;

- (4) the person who was the legal representative of a company or an enterprise which had its business license revoked and was required to be closed for violating applicable laws and the person who was personally responsible for the same, and not more than three years have elapsed since the date when the business license of the company or the enterprise was revoked;
- (5) the person who has a relatively large amount of personal debts that have become due but have not been discharged;
- (6) the person who was prohibited by the CSRC from entering the securities market and the prohibition period has not expired;
- (7) the person who was disqualified as a director or senior management member of a listed company recognized by the stock exchange and the period has not expired;
- (8) other circumstances specified by the laws, administrative regulations, departmental rules or stock exchanges of the place where the Company's shares are listed.

Any election, designation or appointment of directors in violation of this Article shall be void and null. Where a director falls into any of the aforesaid circumstances in his term of office, the director shall be removed from office.

- 111 The service term of each session of the board of directors shall be three years. The directors shall be elected or replaced by the general meeting of shareholders and can be dismissed by the general meeting of shareholders before expiry of the current term of office. The service term of a director is three years, he/she may be re-elected and re-appointed upon expiration. The service term of a director shall commence from the date of approval of the relevant resolution by the general meeting of shareholders and shall end upon expiration of the service term of the current board of directors.

In case no new director is elected timely upon expiration of the service term of a director, then before a new director is elected to take his/her office, such director shall perform the duties of a director in accordance with the laws and administrative regulations, departmental rules and the Articles.

The senior management personnel may act as a director concurrently, provided that the number of such directors and employee directors may not exceed half of the total number of the directors of the Company.

- 112 The directors shall comply with the laws, administrative regulations and the Articles and have a duty of loyalty to the Company, shall take measures to avoid conflicts between their own interests and the Company's interests, and shall not use their powers to seek improper benefits.

The directors shall faithfully perform their following obligations to the Company:

- (1) not to misappropriate the properties of the Company and not to misappropriate the money of the Company;
- (2) not to deposit any money of the Company in any accounts under their names or in the names of other persons;
- (3) not to abuse their rights to bribe or accept other illegal income;
- (4) not to enter into contracts or transactions, directly or indirectly, with the Company without reporting to the board of directors or the general meeting of shareholders and being approved by a resolution of the board of directors or the general meeting of shareholders in accordance with the Articles;
- (5) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, except when reported to the board of directors or the general meeting of shareholders and approved by a resolution of the general meeting of shareholders, or when the Company, according to laws, administrative regulations or the provisions of the Articles, cannot utilise such business opportunities;
- (6) not to run his/her own or others' business which is similar to the Company's business without reporting to the board of directors or the general meeting of shareholders and being approved by a resolution of the general meeting of shareholders;
- (7) not to accept commissions from transactions between other persons and the Company for their own benefits;
- (8) not to disclose the secrets of the Company without consent;
- (9) not to use their affiliated relationship to harm the interests of the Company;
- (10) to be bound by other duties of loyalty stipulated by the laws, administrative regulations, departmental rules, stock exchanges of places where the Company's shares are listed and the Articles.

The Company shall be entitled to the income gained by the directors in violation of this Article; the director shall be liable for compensation if any loss is caused to the Company.

The provisions of the item (4) of the second paragraph of this Article shall apply to the conclusion of contracts or engagement in transactions with the Company by close relatives of the directors and senior management or enterprises directly or indirectly controlled by the directors and senior management or their close relatives, as well as persons who are otherwise related to the directors and senior management.

113 The directors shall comply with the laws, administrative regulations and the Articles, shall diligently perform their obligations to the Company, and shall fulfill their obligations with reasonable care generally due to managers in the best interests of the Company.

The directors shall diligently perform their following obligations to the Company:

- (1) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (2) to treat all shareholders fairly;
- (3) to understand the operation and management of the Company in a timely manner;
- (4) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (5) to provide the relevant information and materials required by the audit and risk management committee and shall not intervene the performance of duties by the audit and risk management committee;
- (6) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules, stock exchanges of places where the Company's shares are listed and the Articles.

114 In case a director fails to attend the meeting of the board of directors in person or by proxy of other directors for two consecutive times or attends less than three-fourths (3/4) of the total meetings of the board of directors within one year (except for special circumstances such as force majeure), he/she shall be deemed as unable to perform his/her duties, and the board of directors shall advise the general meeting of shareholders to replace such director.

115 A director may resign prior to the expiration of his/her service term by submitting a written resignation report to the Company, and the resignation shall take effect on the date of receipt of the resignation report by the Company. The Company will disclose the relevant information within two trading days.

In case the resignation of a director results in the number of members of the board of directors of the Company falling below the statutory quorum, then until the newly-elected director takes his/her office, the original director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulation, departmental rules and the provisions of the Articles.

- 116 The Company shall establish a system for managing the resignation of directors, specifying the safeguards for the recovery of liability and compensation for unfulfilled public commitments and other outstanding matters. When a director's resignation takes effect or his/her term of office expires, he/she shall complete all transfer procedures to the board of directors, and his/her obligation of loyalty to the Company and the shareholders shall not be automatically discharged upon the expiration of his or her term of office, but shall remain in effect for a reasonable period of time as stipulated by the Company. The obligations of a director arising from the performance of his/her duties during his/her term of office shall not be relieved or terminated by his/her departure from office.
- 117 The general meeting of shareholders may remove a director by a resolution, which shall come into effect from the date on which such resolution is made.

Where a director is removed from office prior to expiration of his/her term of office without reasonable cause, the director may demand compensation from the Company.

- 118 Unless provided under the Articles or duly authorized by the board, no director may act on behalf of the Company or the board in his/her own name. When acting in his/her own name, if a third party reasonably considers him/her to be acting on behalf of the Company or the board, such director shall declare his/her position and capacity in advance.
- 119 If a director performs the duties of the Company and causes damage to others, the Company will be liable for compensation; if the director acts with intent or gross negligence, he/she shall also bear the liability for compensation.

In case a director violates the provisions under laws, administrative regulations, departmental rules or the provisions of the Articles while performing his/her duties for the Company and causes in losses to the Company, such director shall be liable for compensation.

## **Section II Independent Director**

- 120 The independent directors of the Company shall conscientiously perform their duties in accordance with the laws, administrative regulations, regulations of the CSRC, the stock exchanges and the Articles, play a role in participating in decision-making, supervising and balancing, and providing professional advice in the board of directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of small and medium-sized shareholders.
- 121 Independent directors shall maintain independence. The following personnel shall not serve as independent directors:
- (1) persons working in the Company or its subsidiaries, and their spouses, parents, children and main social relations;

- (2) natural person shareholders directly or indirectly holding more than 1% of the issued shares of the Company or among the top ten shareholders of the Company, and their spouses, parents and children;
- (3) shareholders directly or indirectly holding more than five percent of the issued shares of the Company or persons among the top five shareholders of the Company, and their spouses, parents and children;
- (4) persons working in the subsidiaries of the controlling shareholder or de fact controller of the Company, and their spouses, parents and children;
- (5) persons who have major business dealings with the Company and its controlling shareholder or de fact controller or their respective subsidiaries, or who work in units with major business dealings and their controlling shareholder or de fact controller;
- (6) persons who provide financial, legal, consulting and sponsorship services for the Company, its controlling shareholder, de fact controller or their respective subsidiaries, including but not limited to, all project team members, review persons at all levels, report signing persons, partners, directors, senior executives and principal persons in charge of the intermediary agency providing services;
- (7) persons who have experienced any of the conditions listed in items (1) to (6) within the last twelve months;
- (8) other persons who are not independent as stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchanges where the Company is listed and the Articles.

The subsidiaries of the Company's controlling shareholders and de facto controllers in items (4) to (6) of the preceding paragraph do not include enterprises which are controlled by the same state-owned asset management organization as the Company and which do not constitute a relationship with the Company in accordance with the relevant regulations.

Independent directors shall conduct an annual self-examination for their independence and submit the self-examination information to the board of directors. The board of directors shall annually evaluate the independence of the incumbent independent directors and issue special opinions, which shall be disclosed together with the annual report.

122 An independent director of the Company shall fulfill the following conditions:

- (1) be qualified to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;
- (2) comply with the independence requirements stipulated in the Articles;

- (3) possess basic knowledge of the operation of a listed company and be familiar with relevant laws, administrative regulations and rules;
- (4) have at least five years of working experience in law, accounting or economics necessary for the fulfillment of his/her duty as an independent director;
- (5) possess good personal integrity and no major breach of trust or other adverse records;
- (6) other conditions as stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchange where the Company is listed and the Articles.

123 The independent directors of the Company, as members of the board of directors, shall owe a duty of loyalty and diligence to the Company and all shareholders, and shall prudently fulfill the following duties:

- (1) participating in the decision-making of the board of directors and express their definite opinions on the matters discussed;
- (2) supervising matters relating to potential material conflicts of interest between the Company and its controlling shareholders, de facto controller, directors and senior management and protecting the legitimate rights and interests of small and medium-sized shareholders;
- (3) providing professional and objective advice on the Company's operation and development, and promoting the improvement of the decision-making level of the board of directors;
- (4) other duties as stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchanges where the Company is listed and the Articles.

124 The independent directors shall exercise the following special powers and duties:

- (1) independently engaging intermediary organizations to conduct audits, consultations or verifications on specific matters of the Company;
- (2) proposing to the board of directors to convene an extraordinary general meeting of shareholders;
- (3) proposing the convening of a meeting of the board of directors;
- (4) openly soliciting shareholders' rights from shareholders in accordance with the law;
- (5) expressing independent opinions on matters that may jeopardize the interests of the Company or the small and medium-sized shareholders;

- (6) other powers and duties as stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchange where the Company is listed and the Articles.

The exercise by an independent director of the powers and duties set out in preceding paragraphs (1) to (3) shall be approved by a majority of all independent directors.

The Company shall disclose in a timely manner any exercise of the powers and duties listed in the first paragraph by an independent director. In the event that the aforesaid powers and duties cannot be properly exercised, the Company shall disclose the specific circumstances and reasons thereof.

In addition to fulfilling the above duties, the independent directors shall also fulfill the duties set out in Part II. C.1 Directors' Responsibilities in Appendix C1 of the Listing Rules of the Stock Exchange.

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

- (1) connected transactions that should be disclosed;
- (2) the proposal of the Company and related parties to change or waive their commitments;
- (3) in the event of a takeover of the Company, the decisions made and measures taken by the board of directors in relation to the takeover;
- (4) other matters as stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchange where the Company is listed and the Articles.

126 The Company shall establish a specialized meeting mechanism attended by all independent directors.

The Company shall convene specialized meetings of independent directors on a regular or irregular basis. Matters listed in items (1) to (3) in the first paragraph in Article 124 and Article 125 of the Articles shall be considered by the specialized meeting of independent directors.

The specialized meeting of independent directors may study and discuss other matters of the Company as necessary.

The specialized meeting of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convenor is not performing his/her duties or is unable to perform his/her duties, two or more independent directors may convene the specialized meeting on their own and elect a representative to preside over the meeting.

Minutes of specialized meetings of independent directors shall be prepared in accordance with the regulations, and the opinions of the independent directors shall be set out in the minutes. The independent directors shall sign to confirm the minutes.

The Company facilitates and supports the convening of specialized meetings of independent directors.

- 127 The Company shall formulate regulations on the management of independent directors, which shall specify the qualification, nomination, election and replacement, duties and methods of performing duties, obligations and responsibilities, and guarantees for the performance of duties of the independent directors, which shall take effect upon approval by the general meeting of shareholders.

### **Section III Board of Directors**

- 128 The Company shall establish the board of directors, and implement a decision-making system of collective consideration, independent voting and individual responsibility.
- 129 The board of directors shall be composed of seven to nine directors, including executive directors, non-executive directors, independent non-executive directors (also known as “**independent directors**”) and employee directors; non-executive directors and independent non-executive directors are collectively referred to as external directors.

There shall be one chairman and one vice chairman (as necessary). The chairman and vice chairman shall be elected by the board of directors by a majority of all directors.

The board of directors shall include one employee director, who shall be democratically elected by the employees’ representative meeting, the employees’ general meeting or other forms of democratic election, without the need to be submitted to the general meeting of shareholders for consideration.

The board of directors shall include no less than one-third of independent directors and no fewer than three of them, including at least one accounting professional.

- 130 The board of directors, as the main body for the Company’s business decision-making, and plays the role of determining strategies, making decisions and preventing risks. Its specific functions and powers are as follows:
- (1) To formulate plans for implementing the decisions and arrangements made by the Central Committee of the Party and the State Council as well as major measures of the national development strategy;
  - (2) To convene the general meeting of shareholders and report its work to the general meeting of shareholders;

- (3) To implement the resolutions passed at the general meeting of shareholders;
- (4) To decide on the strategic planning and business planning of the Company;
- (5) To decide on the business plan, investment proposals of the Company and corporate financing which are not subject to the deliberation of the general meeting of shareholders as required under the Articles;
- (6) To determine plans for the annual financial budget and final account of the Company;
- (7) To formulate the profit distribution plan and the loss make-up plan of the Company;
- (8) To formulate plans for increasing or decreasing the registered capital of the Company;
- (9) To formulate plans for issuing corporate bonds or other securities and of listing of the Company;
- (10) To formulate plans for merger, division, spin-off, dissolution, liquidations, bankruptcy petitions, and alteration of form of the Company;
- (11) To formulate plans for major asset acquisition and sale by the Company, and acquisition of shares of the Company;
- (12) To decide on the establishment of the internal management body of the Company and the establishment or cancellation of branches of the Company;
- (13) To decide on the merger, division, reorganization and other matters of the subsidiaries of the Company;
- (14) To determine the Company's total salary budget and settlement, employee income distribution, the Company's annuities and other compensation and benefit policies and programs;
- (15) To decide on the employment or dismissal of the president, secretary to the board of directors of the Company, and their remuneration, rewards and penalties;
- (16) To employ or dismiss other management personnel of the Company and decide on their remuneration, rewards and penalties based on nomination by the president;
- (17) To formulate the basic management system of the Company;
- (18) To be responsible for the establishment and improvement of an internal management system, risk management system, compliance management system, accountability work system for illegal operation and investment, and ESG (Environmental, Social and

Governance) management system of the Company, and to conduct overall monitoring and evaluation of the Company's internal control, risk management and legal compliance management systems and their effective implementation;

- (19) To formulate plans for amendment of the Articles;
- (20) To formulate share incentive plan of the Company;
- (21) To be responsible for the market capitalization management, information disclosure and investor relations management of the Company;
- (22) To determine the person in charge of the Company's internal audit organization, review and approve the annual audit plan and major audit reports, and direct, inspect and evaluate the Company's internal audit work;
- (23) To propose to the general meeting of shareholders the appointment or replacement of the accounting firm providing audit services to the Company;
- (24) To hear the work report, of the president of the Company or the senior management personnel entrusted by the president; check the implementation of the resolutions of the board of directors by the president and other senior management personnel, and establish a sound accountability system for the president and other senior management personnel;
- (25) To decide on the establishment of the special committees of the board of directors;
- (26) To elect the chairman and vice chairman of the Company;
- (27) To consider and approve the external guarantee of the Company other than those which approval at the general meeting of shareholders is required under Article 50;
- (28) To consider and approve all financial assistance matters (including interest-bearing or interest-free loans, entrusted loans, etc.) of the Company that are not subject to the consideration and approval by the general meeting of shareholders. However, this does not apply if the funding target is within the scope of the Company's consolidated financial statements and the other shareholders of the holding subsidiary do not include the Company's controlling shareholder, de facto controller and their affiliates;
- (29) To determine the unbudgeted expenses of the Company;
- (30) To approve external donations and entrusted financial management that are not subject to the approval of the general meeting of shareholders;
- (31) To decide on the asset mortgages and pledges proposed by the Company for its own debts;

- (32) To consider and approve acquisition or sale of assets by the Company other than those approval at the general meeting of shareholder is required under the Articles;
- (33) To formulate major accounting policies and plans of change in accounting estimates of the Company;
- (34) To decide on major issues of the Company in terms of safety and environmental protection, maintenance of stability, and social responsibility;
- (35) To review the plans for the Company's major litigation, arbitration and other legal affairs;
- (36) To be responsible for the preparation of the Company's regular reports, the social responsibility report, and the ESG (environmental, social and governance) report;
- (37) to decide on material matters relating to the exercise of shareholders' rights in respect of enterprises financed by the Company;
- (38) To develop decision-making plans authorized by the board of directors and to supervise the exercise of such authorization;
- (39) To develop and review the Company's policies and practices on corporate governance;
- (40) To review and monitor the training and continuous professional development of directors and senior management;
- (41) To review and supervise the Company's policies and practices on compliance with legal and regulatory requirements;
- (42) To develop, review and monitor the code of conduct and compliance manual applicable to employees and directors;
- (43) To review the Company's compliance with the Code of Corporate Governance Guidelines in the Listing Rules of the Hong Kong Stock Exchange and disclosure in the corporate governance report;
- (44) Other functions and powers as provided by laws, administrative regulations, departmental rules or the Articles and granted by the general meeting of shareholders.

Any function abovementioned to be exercised by the board of directors or any transaction or arrangement made by the Company, in case it is required to be considered by the general meeting of shareholders under the listing rules of the place where the shares of the Company are listed, shall be submitted to the general meeting of shareholders for consideration.

Among all the matters abovementioned, those under items (8), (10), (19), (20) shall be passed by special resolution by the board of directors and the remaining shall be passed by ordinary resolution by the board of directors; and the matter under items (27) and (28) shall not only be adopted through general resolution by the board of directors but also be approved by at least two-thirds of the directors present at the meeting.

- 131 The board of directors may, in accordance with the relevant provisions, delegate part of its powers and functions to the chairman and general manager for exercise, and such delegation shall be implemented in accordance with the provisions of laws, administrative regulations, supervisory rules and normative documents where otherwise provided.

The board of directors shall be the responsible party for regulating the management of the delegation and shall not be exempted from the responsibilities stipulated in the laws, administrative regulations, supervisory rules and regulatory documents by virtue of the delegation.

- 132 The board of directors of the Company shall give an explanation to the general meeting of shareholders for any abnormal audit opinion made by the chartered accountant in relation to the financial report of the Company.

- 133 The board of directors shall formulate its rules of procedures, so as to make sure that the resolutions of the general meeting of shareholders are implemented and that its working efficiency is improved and its decisions are made reasonably.

The rules of procedures of the board of directors shall provide for the procedure of holding meetings of the board of directors and voting on such meetings. Such rules of procedures shall be attached to the Articles and shall be drafted by the board of directors and approved at the general meeting of shareholders.

- 134 When the board of directors decides on material operation and management issues, it shall be studied and discussed in advance by the Party Committee of the Company.

- 135 The chairman of the board of directors shall exercise the following functions and powers:

- (1) conveying the spirit of the Central Committee of the Communist Party of China and regulatory policies to the board of directors, informing the board of directors of the work that needs to be promoted and implemented, and urging rectification of problems pointed out by relevant supervision and inspection departments;
- (2) presiding over the general meeting of shareholders and convening and presiding over the meeting of the board of directors, and enabling each director to fully express his/her personal opinions and vote on the basis of full discussion;

- (3) supervising, inspecting the execution of resolutions of the board of directors; keeping abreast of the implementation of the resolutions of the board of directors in a timely manner and supervising and inspecting the implementation of the resolutions; making timely requests for rectification of the problems identified; and reporting the results of the inspections and the major problems identified at the next meeting of the board of directors;
- (4) organising the formulation and amendment of the basic management system of the Company and the rules and regulations for the operation of the board of directors, and submitting them to the board of directors for discussion and voting;
- (5) organizing and formulating the annual meeting plan of the board of directors, including the frequency and time of the meeting, and deciding to convene an interim meeting of the board of directors when necessary; determining the topics of meetings of the board of directors, and conducting preliminary review of relevant proposals to be submitted to the board of directors for discussion, to decide whether to submit them to the board of directors for discussion and voting;
- (6) signing documents for the appointment and dismissal of senior management of the Company in accordance with the resolutions of the board of directors, signing performance contracts and other documents with senior management on behalf of the board of directors, and signing other documents stipulated by laws, administrative regulations and authorized by the board of directors to be signed by the chairman of the board of directors;
- (7) organizing the drafting of the annual work report of the board of directors, and reporting the annual work to the general meeting of shareholders on behalf of the board of directors;
- (8) exercising special executive powers that are in compliance with laws, administrative regulations and in the interests of the Company within the functions and powers of the board of directors in case of force majeure or major or critical circumstances which make it impossible to convene a meeting of the board of directors in a timely manner, and reporting to the board of directors after the relevant events and approving as per procedures;
- (9) proposing candidates for the secretary to the board of directors and their remuneration and appraisal suggestions, and submitting to the board of directors to decide on the appointment or dismissal and remuneration; putting forward establishment plans or adjustment suggestions and candidate suggestions for each special committee, and submitting to the board of directors for discussion and voting;

- (10) holding meetings with external directors without the presence of executive directors one time annually, and strengthening communication with external directors outside the meetings, listening to the opinions of external directors and organizing external directors to conduct necessary work research and business training;
  - (11) organizing and formulating the Company's annual audit plan, reviewing important audit reports and submitting them to the board of directors for consideration and approval;
  - (12) organizing and carrying out strategic research, and hosting at least one strategic research or evaluation meeting attended by members of the board of directors and the management annually;
  - (13) exercising decision-making power on certain matters as authorized by the board of directors;
  - (14) other functions and powers provided by laws, administrative regulations and the Articles and by the board of directors.
- 136 If the Company has a vice chairman, the vice chairman of the Company shall assist the chairman. Where the chairman is unable or fails to perform his/her duties, the vice chairman shall perform the duties on behalf of the chairman. Where the vice chairman is unable or fails to perform his/her duties, a majority of the directors may jointly elect one director to perform the relevant duties.
- 137 There shall be at least four regular meetings of the board of directors every year and such meetings shall be convened by chairman of the board of directors by serving a notice in writing to all directors ten days before the date of the meeting.

The chairman, shareholders representing more than one tenth of the voting rights of the Company, more than one third of the directors, more than half of the independent directors, the president or special committees of the board of directors may propose a special meeting of the board of directors. The chairman shall convene and preside over the meeting of the board of directors within 10 days after receiving such proposal.

- 138 A notice to hold the special meeting of the board of directors shall be delivered by the means set out in Article 196 of the Articles; the notice generally shall be delivered to each director 10 days before the date of the meeting or at least five days before the date of the meeting, except for urgent and special circumstances.
- 139 A notice of a meeting of the board of directors shall contain:
- (1) the date, manner and venue of the meeting;
  - (2) the duration of the meeting;

- (3) the reasons for convening the meeting and the matters to be discussed at the meeting;
- (4) the date of the notice.

140 Meetings of the board of directors may be held only when more than half of the directors and more than half of the external directors are present at the meetings.

Each member of the board of directors shall have one vote for resolutions at the meetings of the board of directors, and directors may vote by written and open ballot.

Resolutions of the board of directors shall be divided into ordinary resolutions and special resolutions. An ordinary resolution of the board of directors shall be passed by more than half of the members of the board of directors. A special resolution of the board of directors shall be passed by more than two thirds of the members of the board of directors.

141 Directors shall attend any meeting of the board of directors in person. Where a director is unable to attend, he or she may authorise, in writing, another director to attend the meeting of the board of directors on his or her behalf. The instrument of proxy shall specify the name of the proxy, the matters that the proxy director is authorised to deal with, scope of authorisation and the validity period, and the proxy shall sign or affix his/her chop to such instrument. An external director shall not authorize non-external directors to attend meetings on their behalf, and an independent director shall not authorize a non-independent director to vote by proxy.

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

142 Where a director has a related relationship with the enterprise or individual involved in the matter to be resolved in the meeting of the board of directors, such director shall promptly report the related relationship in writing to the board of directors. A director with related relationship shall not exercise his/her voting right in respect of such resolution, or exercise his/her voting right on behalf of other directors. The related directors are not counted in the number of directors required to be present when the board of directors studies and decides on the proposal. For the resolution made by board of directors on the issue, a majority or two-thirds of all members of the board of directors (excluding related directors) shall be required to approve the resolution in accordance with the different categories of ordinary resolution and special resolution. Where the number of unrelated directors present at the meeting of the board of directors is less than three, the matter shall be referred to the general meeting of shareholders for consideration.

143 Except for force majeure factors, regular meetings of the board of directors must be held in the form of onsite meetings. In principle, the board of directors shall hold an extraordinary meeting in the form of an on-site meeting; resolutions can be passed on proposals by means of teleconferences, video conferences, or separate consideration through written materials, in the event of emergency where directors have enough information to vote.

144 The board of directors shall keep minutes of its decisions on the matters considered. Such minutes shall be true, accurate and complete. Directors attending the meeting and secretary to the board of directors shall sign their names on the minutes of the meeting.

Directors shall assume responsibility for the resolutions of the meetings of the board of directors. Where a resolution of a meeting of the board of directors violates laws, administrative regulations or the Articles of the Company and resolutions of the general meeting of shareholders and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to the Company for compensation. If a director can prove that he had expressed his opposition to such resolution when it was put to vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability. A director who abstains from voting may not be relieved from its liability in connection with the board resolution.

The meeting minutes of board of directors shall be kept as a file of the Company permanently.

145 The minutes of meetings of the board of directors shall contain the following information:

- (1) the date and venue of the meeting and name of the person convening the meeting;
- (2) names of the directors attending the meeting of the board of directors in person and as proxies;
- (3) agenda of the meeting;
- (4) summary of the statements made by the directors;
- (5) the method and result of voting for every resolution (with the number of votes for and against the resolution and the number of abstained votes).

#### **Section IV Special Committees of the Board of Directors**

146 The board of directors shall set up special committees to provide consultation and recommendations for the material decisions made by the board of directors. Such special committees shall include strategy and investment committee, audit and risk management committee, remuneration and appraisal committee, nomination committee, safety, health and environmental protection committee, etc. The board of directors may set up other committees and adjust the existing ones where need arises.

All such special committees shall be accountable to the board of directors and their members shall all be comprised of directors. In particular, the majority members of the strategy and investment committee shall be external directors, and its chairman shall be the chairman of the board of directors. The majority members of the nomination committee shall be independent directors, and its chairman shall be the chairman of the board of directors. All members of the remuneration and appraisal committee shall be external directors, and the majority members and the chairman shall be independent directors. In principle, the audit and risk management committee shall be comprised of three or more external directors, the majority members and the chairman shall be independent directors, and the chairman shall be an accounting professional. Employee directors who do not serve as senior management of the Company and have expertise in financial accounting, finance, risk management, auditing, legal and other areas may become members of the audit and risk management committee. The safety, health and environmental protection committee shall be chaired by the president.

The board of directors shall set up the rules of procedures for the special committees with respect to their methods of discussion and voting procedures.

147 The strategy and investment committee shall fulfill the following duties:

- (1) conducting research and providing recommendations on the Company's strategic planning and business planning;
- (2) conducting research and providing recommendations on major business or asset restructuring, merger, division, dissolution of the Company and its subsidiaries, as well as asset disposal and capital operations that require the decision-making of the board of directors;
- (3) conducting research and providing recommendations on mergers and acquisitions and reorganisations;
- (4) researching and formulating a market value management system, reviewing the annual work report on market value management, evaluating the effectiveness of market value management, and providing opinions and suggestions to the board of directors on matters related to market value management;
- (5) conducting research and providing recommendations on the construction of the Company's ESG management system, and receiving relevant work reports;
- (6) conducting research and providing recommendations on the Company's operation plan, investment plan and the matters which require the decision-making of the board of directors, such as main business adjustments, negative list of investment projects, property transfer, investment and financing;
- (7) other functions and powers delegated by the board of directors;

- (8) other matters stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchange where the shares of the Company are listed and the Articles.

148 The nomination committee of the Company shall fulfill the following duties:

- (1) formulating the standards, procedures and methods for election of directors and senior management of the Company and submitting the same to the board of directors for consideration;
- (2) identifying individuals suitably qualified to become directors, selecting and nominating individuals for directorship or making recommendations to the board of directors in this regard, reviewing the candidates for directors and president and making recommendations;
- (3) reviewing the structure, size and composition (including the skills, knowledge and experience) of the board of directors at least annually and making recommendations on any changes to the board of directors proposed to support the Company's corporate strategy;
- (4) assessing the independence of independent non-executive directors;
- (5) making recommendations to the board of directors on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the president;
- (6) selecting and reviewing the candidates for other members of the management proposed by the president and their qualifications, and making recommendations to the board of directors;
- (7) proposing the human resources retention scheme and making recommendations to the Company;
- (8) identifying candidates in the domestic and overseas labour markets as well as within the Company and making recommendations to the board of directors;
- (9) other functions and powers delegated by the board of directors;
- (10) other matters stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchange where the shares of the Company are listed and the Articles.

The board of directors shall record the opinions of the nomination committee and the specific reasons for no adoption in the board resolutions, and disclose them if it does not adopt or fully adopt the opinions of the nomination committee.

149 The remuneration and appraisal committee of the Company shall fulfill the following duties and make recommendations to the board of directors:

- (1) formulating the appraisal standards for directors and senior management and conducting appraisal, formulating and reviewing the remuneration policies and plans for directors and senior management including the mechanism for determining remuneration, decision-making process, payment and stop-payment recourse arrangements, etc.;
- (2) formulating or changing the equity incentive plan and employee share ownership plan, and the grant of incentives to the participants and fulfilment of conditions for exercising the rights by the participants;
- (3) the share ownership plan for the directors and senior management in its subsidiaries to be spun off;
- (4) reviewing and approving the payment of compensation to executive directors and senior management for loss or termination of employment or appointment so as to ensure that such compensation conforms with the contractual terms or is otherwise fair and reasonable and not excessive;
- (5) reviewing and approving the compensation arrangements in relation to the dismissal or removal of directors as a result of misconduct so as to ensure that such arrangements conform with the contractual terms or is otherwise reasonable and appropriate;
- (6) studying the Company's payroll budget and settlement, employee income distribution, annuity and other remuneration and benefits policies and plans, and making recommendations to the board of directors;
- (7) other functions and powers delegated by the board of directors;
- (8) other matters stipulated by laws, administrative regulations, regulations of the CSRC, the stock exchange where the shares of the Company are listed and the Articles.

The board of directors shall record the opinions of the remuneration and appraisal committee and the specific reasons for no adoption in the board resolutions, and disclose them if it does not adopt or fully adopt the opinions of the remuneration and appraisal committee.

150 The Company does not have the supervisory committee or supervisors, and the audit and risk management committee of the board of directors exercises the powers and functions of the supervisory committee as stipulated in the Company Law.

The audit and risk management committee shall fulfill the following specific duties:

- (1) appointing, removing, supervising and evaluating related work of external auditors

1. making recommendations to the board of directors on the appointment, re-appointment and removal of external auditors.
  2. evaluating the independence and professionalism of external auditors, especially the impact of the provision of non-audit services by external auditors on their independence; reviewing and supervising the external auditors' independence and objectivity, and the effectiveness of audit process; submitting to the board of directors an evaluation report on the performance of the external auditors engaged and a report on the committee's performance of supervisory duties, and making recommendations on an annual basis; formulating and implementing policies on the engagement of external auditors to provide non-audit services.
  3. discussing and communicating with external auditors on the audit scope, audit plan and audit methods, and major audit issues before the audit work begins.
  4. reviewing the annual management proposal issued by external auditors and urging the management to implement corrective actions based on the audit results.
- (2) reviewing and inspecting the work related to financial auditing
1. reviewing the Company's financial accounting reports and providing opinions on the authenticity, accuracy and completeness of the financial accounting reports.
  2. reviewing the Company's accounting policies and accounting estimate change program, and providing opinions to the board of directors.
  3. reviewing the audit results provided by the external auditors to the management, any material queries raised by the external auditors regarding accounting records, financial accounts or monitoring systems, and the response made by the management.
  5. committee members shall liaise with the board of directors and senior management, and meet with the Company's external auditors at least twice a year.
  6. the committee shall pay attention to any significant or unusual matters reflected or required to be reflected in the financial reports and accounts, and shall appropriate attention to any matters raised by the Company's accounting and financial reporting staff, compliance inspectors or auditors.
- (3) guiding, supervising and evaluating the work related to internal audit
1. guiding and supervising the construction and implementation of internal audit system, reviewing the Company's annual internal audit plan and key audit tasks, and supervising their implementation after approval by the board of directors.

2. reviewing the internal audit work report at the end of each year, supervising and evaluating the effectiveness of internal auditors, and reporting to the board of directors on the progress and quality of internal audit, as well as major issues identified.
  3. studying major audit conclusions and rectification work, supervising the rectification of issues identified in internal audit, state-owned assets supervision and special supervision and inspection, and promoting the application of results.
  4. making recommendations to the board of directors on the appointment or dismissal of the Company's chief accountant and head of the internal audit department.
- (4) guiding, supervising and evaluating the work related to risk management, internal control and compliance management
1. inspecting the implementation of relevant laws, administrative regulations and rules and policies by the Company, providing guidance on the construction of corporate risk management system, internal control system, compliance management system, and illegal operation and investment accountability system, and ensuring that the management has established an effective system.
  2. evaluating the effectiveness of the Company's financial monitoring and risk management, internal control, compliance management, and accountability systems for irregular operations and investments on an annual basis, and studying important review results on risk management and internal control matters and management's response to the review results.
  3. reviewing the internal control self-assessment report and the internal control audit report issued by external auditors, and communicating with external auditors on the issues identified during internal control audits and their enhancement methods.
- (5) other daily audit, supervision and evaluation related work
1. being responsible for control and daily management of related party transactions of the Company, confirming the list of related parties, and in the event that the Company intends to enter into material related party transactions with related parties, reviewing the related party transaction matters, forming written opinions and submitting them to the board of directors for consideration.
  2. coordinating communication between the internal audit department and external auditors, and cooperating with external audit work, serving as the main representative and being responsible for monitoring the relationship between the Company and external auditors.

3. checking the implementation of board resolutions and the exercise of board authorizations.
  4. organizing post-evaluation of investment projects in accordance with the Company's regulations and providing opinions to the board of directors.
  5. supervising the duties and behaviors of directors and senior management, requesting them to correct their actions when such behaviour is detrimental to the interests of the Company; proposing accountability or dismissal for directors and senior management who violate laws, administrative regulations, state-owned asset supervision systems, the Articles and resolutions of the general meeting of shareholders.
  6. filing lawsuits against directors and senior management in accordance with the relevant provisions of the Company Law.
- (6) fulfilling the relevant duties under the Corporate Governance Code of the Hong Kong Stock Exchange.
- (7) other matters authorized by the board of directors of the Company and other matters involved in relevant laws and administrative regulations.
- 151 The following matters shall be submitted to the board of directors for consideration upon approval by more than half of the members of the audit and risk management committee:
- (1) disclosure of financial information contained in financial accounting reports and periodic reports, and internal control evaluation report;
  - (2) appointment or dismissal of the accounting firm responsible for the Company's annual audit;
  - (3) appointment or dismissal of the chief accountant of the Company;
  - (4) changes in accounting policies and accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
  - (5) other matters prescribed by laws, administrative regulations, regulations of the CSRC, the stock exchange where the shares of the Company are listed and the Articles.
- 152 The audit and risk management committee shall hold at least one meeting every quarter.

When two or more members of the committee propose or when the convener considers necessary, an extraordinary meeting may be convened. A meeting of the audit and risk management committee shall only be held with the presence of more than two-thirds of its members.

Resolutions of the audit and risk management committee shall be passed by more than half of the members of the audit and risk management committee.

Voting on resolutions of the audit and risk management committee shall be conducted on the basis of one vote per member.

The resolutions of the audit and risk management committee shall be recorded in the minutes of meetings in accordance with rules, which shall be signed by members of the audit and risk management committee who attended the meeting.

153 The safety, health and environmental protection committee of the Company shall fulfill the following duties:

- (1) guiding, reviewing and evaluating the implementation of the Company's safety, health and environmental protection plan, and proposing solutions and giving advice to the board of directors regarding key issues with respect to the safety, health and environment of the Company;
- (2) other functions and powers delegated by the board of directors;
- (3) other matters prescribed by laws, administrative regulations, regulations of the CSRC, the stock exchange where the shares of the Company are listed and the Articles.

## **Chapter 6 Secretary to the Board of Directors and the Permanent Working Body of the Board of Directors**

154 The Company shall have one secretary to the board of directors, which is usually a full-time position. The age at the time of the first appointment as the secretary to the board of directors shall meet the requirement of at least a three-year term.

The secretary to the board of directors shall be one of the senior management personnel of the Company, who shall possess relevant professional knowledge and experience in law, finance, management and other related fields necessary for the performance of his/her duties, and shall have sufficient time and commitment to perform his/her duties. The secretary to the board of directors shall attend as non-voting delegate important decision-making meetings such as board meetings and work meetings of the president, meetings of special committees of the board of directors, and meetings of the CPC Committee to study and discuss major operation and management issues.

155 The secretary to the board of directors of the Company shall fulfill the following specific duties:

- (1) organizing and carrying out corporate governance research; assisting the chairman in drafting rules and regulations concerning major plans, and the formulation or revision of the operation of the board of directors;
- (2) implementing corporate governance related systems, and managing related affairs;
- (3) organizing and preparing for the general meeting of shareholders, board meetings and meetings of special committees, preparing proposals and relevant materials and scrutinising the completeness thereof, preparing and signing meeting minutes according to the facts, drafting meeting resolutions, and maintaining meeting resolutions, minutes and other materials;
- (4) being responsible for the information disclosure of the Company; assisting in the work of the information disclosure of the Company; organizing and formulating policy on management of corporate information disclosure; supervising the Company and the relevant information disclosure obligor to comply with the relevant regulations on information disclosure; being responsible for the confidentiality of the information disclosure of the Company and management of insider information; immediately reporting and disclosing to the stock exchange in case of the disclosure of non-public material information;
- (5) being responsible for the management of investor relations; establishing smooth communication mechanisms with investors, actively collecting and analyzing market judgments on the investment value of listed companies and expectations for their operations, and continuously improving the transparency and accuracy of information disclosure;
- (6) being responsible for organizing the formulation of Company's market value management related systems, evaluating the effectiveness of market value management, and assisting the board of directors and chairman in organizing market value management related work;
- (7) being responsible for coordinating the review and decision-making of major operation and management matters of the Company by different governance entities;
- (8) being responsible for liaising with directors, organizing the provision of information and materials to directors, arranging director research, communicating and coordinating with relevant functional departments and its subsidiaries to support the operation of the board of directors and the performance of director duties;
- (9) being responsible for daily communication between the board of directors and state-owned asset and securities regulatory authorities, coordinating information communication among the Company and actual controllers, intermediaries, media, etc;

- (10) following up on the implementation of resolutions of the board of directors and decision-making matters authorized by the board of directors, reporting to the chairman in a timely manner, and reporting important progress and significant situations to the board of directors;
  - (11) organizing public opinion monitoring and analysis, paying closely attention to various media reports and market rumors, actively verifying the true situation, reporting to the board of directors in a timely manner if it is found that any of these may have a significant impact on investors' decision-making or the trading price of shares of the listed company and urging the Company and other relevant entities to respond to inquiries from the stock exchange in a timely manner;
  - (12) organizing directors, senior management personnel of the Company to conduct training on relevant laws, administrative regulations and relevant provisions of the securities regulatory authorities;
  - (13) assisting the board of directors of the Company in formulating its capital market development strategy, and the planning or implementation of the Company's capital market refinancing or mergers and acquisitions;
  - (14) supervising directors and senior management personnel to abide by laws, administrative regulations, relevant provisions of the stock exchange and the Articles of the Company, and earnestly fulfilling their commitments; reminding the Company, directors and senior management personnel and reporting to the stock exchange immediately and truthfully if knowing the Company, directors, supervisors and senior management personnel has made or may make resolutions in violation of relevant regulations;
  - (15) being responsible for the management of changes in the Company's shares and derivatives;
  - (16) organizing the preparation and submission of documents required to be issued by the board of directors;
  - (17) other functions and powers stipulated by laws, administrative regulations and the requirements of the stock exchange where the shares of the Company are listed or delegated by the board of directors.
- 156 During the period when the office of the secretary to the board of directors of the Company is vacant, the board of directors shall designate one director or senior management member to perform the duties of the secretary to the board of directors and make an announcement in a timely manner. Meanwhile, it shall determine the candidate for secretary to the board of directors as soon as possible. Before the Company designates an acting secretary to the board of directors to perform the duties of the secretary to the board of directors, the chairman of the Company shall perform such duties in place of the secretary to the board of directors.

If the vacancy remains unfilled for more than 3 months, the chairman shall perform the duties in place of the secretary to the board of directors and the appointment of the secretary to the board of directors shall be completed within 6 months after the acting duties.

The Company shall have a securities affairs representative to assist the secretary to the board of directors in performing his or her duties.

- 157 Directors, president and the relevant internal departments of the Company shall support the secretary to the board of directors in performing his or her duties in accordance with laws, and offer the requisite guarantee with respect to organisational structure, staff support and funding. All relevant departments of the Company shall provide active assistance to the permanent working body of the secretary to the board of directors.
- 158 The Company shall formulate the rules of procedure for the secretary to the board of directors, which specifically provides for the qualifications, work methods, work procedures with respect to the position of a secretary to the board of directors, and shall become effective after the approval of the board of directors.
- 159 The board of directors shall set up an office of the board of directors to act as the permanent working body of the board of directors. The office of the board of directors is responsible for theoretical research on corporate governance policies and related affairs, preparing for meetings of the board of directors and that of special committees under the board of directors, providing professional support and services for the board of directors, and coordinating and guiding the establishment of board of directors of subsidiaries.

## **Chapter 7 Management Team**

- 160 The Company shall have a management team. The management team is the executive body of the Company, performing the functions of planning operations, implementing policies and strengthening management, and is under the management of the board of directors and the supervision of the audit and risk management committee.

The management team is taken charge by the president. Other members in the management team shall provide assistance to the president, and may perform any function delegated by the president.

The management team includes one president, several vice presidents, one chief accountant, one chief engineer, one chief economist, one general counsel, one chief supervisor of work safety and other personnel in the management team selected by the board of directors.

- 161 The term of office of a president shall be three years, and may be renewed if the president continues to be engaged upon the expiry thereof.

A president may resign prior to the expiry of his or her term of office.

A director may serve concurrently as a president or vice president.

- 162 The provisions of the Articles relating to the circumstances under which a person may not serve as a director and the termination management system shall be also applicable to the management members.

The provisions of the Articles regarding the fiduciary and diligent obligations of directors shall be also applicable to the management members.

- 163 No person who holds any position other than a director and other administrative personnel in an entity which is the controlling shareholder or actual controller of the Company may serve as a senior management personnel of the Company, unless there is an exemption approved by the CSRC. If the senior management personnel of the controlling shareholder serves concurrently as a director or a senior management personnel of the Company, such senior management personnel shall ensure that he/she can devote sufficient time and energy to undertaking the work in the Company.

The senior management personnel of the Company only receives remuneration from the Company, and shall not be paid by the controlling shareholders.

- 164 The president of the Company shall be accountable to the board of directors, report to the board of directors and exercise the following functions and powers:

- (1) taking charge of the operation and management of the Company, organising the implementation of the resolutions of the board of directors and reporting to the board of directors;
- (2) organizing the drafting of the development plan, annual business plan, investment plan and investment and financing proposal, of the Company, etc. and organising their implementation after approval;
- (3) organizing the drafting of plans for the establishment or dissolution of internal management bodies and branches within the Company;
- (4) organizing the drafting of plans for annual financial budget and final account of the Company;
- (5) organizing the drafting of plans for the merger, division, reorganization, spin-offs, dissolution, liquidation, bankruptcy application and change of corporate form of the Company's subsidiaries;
- (6) organizing the drafting of asset disposal, property transfer, capital operation and other plans;

- (7) organizing the drafting of plans for fund mobilization and utilization, external donations and sponsorship of the Company;
  - (8) organizing the drafting of the Company's payroll budget and settlement, employee income distribution, annuity and other remuneration and benefits policies and plans, and providing opinions on the remuneration plan of the persons-in-charge of subsidiaries in accordance with relevant regulations;
  - (9) formulating the basic management system of the Company;
  - (10) formulating general rules and regulations of the Company;
  - (11) proposing to the board of directors on engagement or dismissal of members of the Company's management team;
  - (12) deciding on the engagement engaging or dismissal of persons other than those whose engagement or dismissal shall be decided by the board of directors; and
  - (13) deciding to engage or dismiss the accounting firm responsible for the annual audit of subsidiaries;
  - (14) making recommendations on matters related to the exercise of shareholder rights in the invested enterprises;
  - (15) exercising decision-making power on certain matters authorized by the board of directors;
  - (16) any other functions and powers delegated by the board of directors.
- 165 The Company implements a system of President's Executive Meetings and Special Topic Meetings. The Company shall formulate Rules of Work for the President, which shall be implemented upon approval by the Board of Directors.
- 166 Rules of procedure for the presidents shall include:
- (1) the conditions for and the procedures and attendees of the work meeting and special meeting of the president;
  - (2) the use of the Company's funds and assets, the authority to enter into material contracts, and the system of reporting to the board of directors; and
  - (3) any other matters which are deemed to be necessary by the board of directors.

- 167 Where the senior management causes damage to others in the course of performing their duties, the Company shall be liable for compensation; where the senior management acts with willful or material default, they shall also be liable for compensation.

Senior management who violates laws, administrative regulations, departmental rules or the Articles in the course of performing their duties and causes losses to the Company shall be liable for compensation.

- 168 Senior management of the Company shall faithfully perform their duties and safeguard the maximum interests of the Company and all shareholders.

Senior management of the Company shall be liable for compensation in accordance with the law for any damage caused to the interests of the Company and public shareholders as a result of their failure to faithfully perform their duties or breach of their integrity obligations.

## **Chapter 8 Financial Accounting System, Profit Distribution, Auditing and Legal Counsel System**

### **Section I Financial Accounting System**

- 169 The Company shall establish its financial accounting system in accordance with laws and administrative regulations and provisions of relevant State department.
- 170 The fiscal year of the Company shall be the same as the calendar year, beginning on January 1 and ending on December 31 of each calendar year.

The Company shall prepare a financial report at the end of each fiscal year which shall be audited by an accounting firm in accordance with laws. The Company's financial statements shall be prepared in accordance with the PRC accounting standards and regulations, and may also be prepared in accordance with international accounting standards or the accounting standards of the place(s) where such shares are listed if necessary. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, an explanation for such differences shall be stated in the notes appended to such financial statements

- 171 The Company shall submit and disclose its annual report to the local offices of the CSRC and the relevant stock exchange(s) within four (4) months after the end of each fiscal year, its interim report to the local offices of the CSRC and the relevant stock exchange(s) within two (2) months after the end of the first six (6) months of each fiscal year, and disclose its quarterly report as per the time specified by the stock exchange.

The aforesaid regular reports shall be prepared in accordance with the relevant laws, administrative regulations, and the provisions of the CSRC and the stock exchange.

- 172 The Company shall not establish any accounting books other than the statutory accounting books. No fund of the Company may be deposited into a bank account opened in the name of any individual.
- 173 When distributing the after-tax profits of the current year, the Company shall allocate ten percent (10%) of its profits to the statutory reserves. In the event that the accumulated statutory reserves of the Company have reached fifty percent (50%) of its registered capital, no further allocation is needed.

In the event that the statutory reserves of the Company are insufficient to make up the losses of the Company in the previous years, before allocating the statutory reserves in accordance with the provisions of the preceding paragraph, the Company shall first make up the losses by using the profits of the current year.

After having allocated the after-tax profits of the Company to the statutory reserves, the Company may, subject to approval of shareholders at a general meeting, further allocate funds to the statutory reserves.

The remaining profits shall, after making up for losses in the previous years and allocating funds to the statutory reserves, be distributed to shareholders on a pro rata basis in accordance with the number of shares held by the shareholders, save as otherwise provided in the Articles.

If the general meeting of shareholders distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the regulations to the Company; if losses are caused to the Company, the shareholders and responsible directors and senior management personnel shall be liable for compensation.

No profits shall be distributed with respect to the shares held by the Company itself.

- 174 The basic principles of profit distribution policy of the Company and the precise policy are as follows:
- (1) Taking full account of return to investors and distributing dividend to shareholders per annum in proportion to the distributable profit for the year attributable to the shareholders of the Company.
  - (2) Maintaining the continuity and stability of the Company's dividend distribution policy, while at the same time take care of the interest of the Company in the long term, the interest of the shareholders as a whole, as well as the sustainable development of the Company.
  - (3) Giving priority to dividend distribution in cash.

- 175 Dividend distribution policies of the Company are to be specified as follows:

- (1) Dividend shall be distributed in the following manner: the Company may distribute dividends in cash, in shares or in a combination of both cash and shares.
- (2) Specific conditions for and proportion, intervals of distributing dividends in cash: provided that the sustainable operation and long-term development of the Company are assured, if the Company's profit for the year and its cumulative undistributed profit are positive and the Company has no significant investment plans or other significant cash expenditures, or other similar matters, the Company may distribute dividend in cash after full appropriation to the statutory reserves and discretionary reserves, the total profit to be distributed in cash in the past three consecutive years will not be less than 30% of the average annual distributable profit realized in the past three years; the profit to be distributed in cash per annum will not be less than 10% of the distributable profit realized for that year. The Company may not distribute dividends in cash in the following exceptional circumstances.
  - (i) Where the auditing firm issues a non-standard unqualified audit opinion on the financial report of the Company for the year.
  - (ii) Where the operating net cash flow of the Company is negative.

When the aforesaid conditions of cash distribution are met, in principle, cash dividends shall be distributed once a year by the Company. And the Board of the Company can propose a distribution of interim cash dividends according to the Company's situation of profitability and capital needs.

- (3) Conditions for distributing dividends in shares by the Company:

Where the Company's business is in a sound condition, and the board of directors considers that the stock price of the Company does not match with its share capital size and distributing dividend in shares will be favourable to all shareholders of the Company as a whole, provided that the above conditions for cash dividends are fully met, the Company may propose dividend distribution in shares.

- 176 The statutory reserves of the Company may be used for making up losses or expanding the scale of its business operation or for conversion into additional registered share capital of the Company.

When using reserves to make up for the Company's losses, the discretionary reserves and statutory reserves should be used first; if the losses still cannot be made up, the capital reserves may be used in accordance with regulations.

Where the statutory reserves is converted into additional registered share capital, the balance of such reserves shall not fall below twenty-five (25%) of the Company's registered capital immediately prior to the conversion.

177 If any share capital is paid up by any shareholder before the demand for payment, the amount of such payment shall accrue interest. However, with respect to the advance payments of such share capital, the shareholder shall have no right to dividend declared thereafter.

178 The Company should appoint one or more collection agents abroad to collect dividends declared by the Company and other amounts payable in respect of its securities listed on the stock exchange, and the collection agents shall hold such amounts on behalf of the holders of such securities pending payment to such holders.

179 Procedures for considering the profit distribution plan of the Company

(1) The profit distribution plan of the Company shall be submitted to the board of directors for review after it is drafted by the management based on the actual profitability, cash flow, future operating plan and other relevant factors of the Company. The board of directors shall hold a thorough discussion with respect to the reasonableness of the profit distribution plan. Upon the review and adoption of the board of directors, the profit distribution plan shall be submitted to the general meeting of shareholders for review.

(2) When formulating a specific cash distribution plan, the Board shall study and identify with caution the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved in implementing the distribution of cash dividends, etc. Independent directors may collect opinions from minority shareholders for putting forward a profit distribution proposal which can be directly submitted to the Board for consideration.

(3) Prior to considering a profit distribution plan at the general meeting of shareholders of the Company, the Company shall take the initiative to communicate with shareholders, in particular minority shareholders through various channels, take the opinions and demands of minority shareholders into full consideration respond timely to the concerns of minority shareholders, and provide access to online voting to shareholders when holding a general meeting of shareholders of the Company.

(4) Where the Company, due to the special circumstances set out under Paragraph 2 of Article 175 above, fails to distribute dividends in cash, the board of directors shall make special explanations on the specific reasons for such failure, the accurate usage of the retained profits of the Company, projected investment earnings and other relevant issues, submit such explanations to the general meeting of shareholders for review, and disclose the same in those media designated by the Company.

180 Implementation of the profit distribution plan of the Company

After the profit distribution plan has been resolved at a general meeting of shareholders of the Company, or after the Company's board of directors formulated a specific plan based on the conditions and upper limit of the next year's interim dividend as reviewed and approved by the annual general meeting of shareholders, the dividend (or share) distribution shall be completed within two months.

181 Alteration of the Company's profit distribution policy

In case of force majeure events such as war, natural disasters, or changes to the Company's external operational environment resulting in material impact on its production and operation, or relatively significant changes to the Company's operational position, the Company may adjust its profit distribution policy.

The board of directors shall conduct specific discussion over adjustment to the Company's profit distribution policy, provide detailed reasons for such adjustment, form a written report, and then submit to the general meeting of shareholders for approval by way of a special resolution.

182 The payment by the Company of dividends or other amounts to the shareholders of domestic shares shall be calculated, declared and paid in RMB. The payment by the Company of cash dividends or other amounts to the shareholders of overseas listed foreign shares shall be calculated and declared in RMB but paid in foreign currency. The foreign currencies required for the payment by the Company to the shareholders of overseas listed foreign shares or other foreign shareholders shall be dealt with in accordance with the provisions of the relevant rules in the PRC on foreign exchange administration.

183 Unless otherwise provided for in the relevant laws or administrative regulations, if cash dividends or other amounts are paid in foreign currency, the applicable exchange rate shall be the average median rate of the relevant foreign exchange announced by the People's Bank of China during the week prior to the announcement of payment of such dividends and other amounts.

184 When distributing dividends to shareholders, the Company shall withdraw and, on behalf of individual shareholders, make payment of the tax payable on the dividend income in accordance with the tax laws and regulations of the PRC.

## **Section II Internal Audit and Legal Counsel System**

185 The Company shall implement an internal audit system that specifies the leadership system, duties and responsibilities, staffing, financial security, utilization of audit results and accountability for internal audit work.

The Company's internal audit system shall be implemented after approval by the board of directors and should be disclosed to the public.

- 186 The Company's internal audit organization shall conduct supervision and inspection of the Company's business activities, risk management, internal control, financial information and other matters; and conduct audit supervision of the operation and management activities and performance of branches and subsidiaries in accordance with relevant regulations.
- 187 The Company's internal audit organization shall be responsible to the board of directors and shall be subject to the management and guidance of the board of directors.

The chairman of the board of directors of the Company shall be the first person responsible for the internal audit work.

The internal audit organization shall be subject to the supervision and guidance of the audit and risk management committee in the course of supervision and inspection of the Company's business activities, risk management, internal control and financial information. The internal audit organization shall report directly to the audit and risk management committee in a timely manner if it discovers any relevant major issues or clues.

- 188 The Company's internal audit organization shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report and relevant information issued by the internal audit organization and reviewed by the audit and risk management committee.
- 189 When the audit and risk management committee of the Company communicates with external audit units such as accounting firms and State audit institutions, the internal audit organization shall actively cooperate and provide necessary support and collaboration.

The audit and risk management committee of the Company shall participate in the evaluation of the responsible person of internal audit.

- 190 The Company implements a general legal counsel system, exerts the role of the general legal counsel in legal review and control in operation and management, and promotes the Company's legal operation and compliance management.

### **Section III Engagement of Accounting Firms**

- 191 The Company shall engage an accounting firm that complies with the Securities Law and other relevant regulations to perform services such as auditing of financial statements, verification of net assets and other related consultancy services.

The term of the accounting firm engaged by the Company should be one year commencing at the conclusion of the prevailing annual general meeting of shareholders of the Company and ending at the conclusion of the forthcoming annual general meeting of shareholders of the Company, and can be renewed.

192 The engagement and dismissal of the accounting firm by the Company shall be decided by the general meeting of shareholders.

The board of directors shall not appoint an accounting firm prior to the decision of the general meeting of shareholders.

193 The Company shall ensure that the accounting firm it engages is provided with truthful and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting information. The Company shall not refuse to provide, conceal, or falsify such information.

194 The compensation of the accounting firm or the method of determining the compensation shall be decided by the general meeting of shareholders.

195 Where the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm in advance; where the general meeting of shareholders of the Company votes on the dismissal of an accounting firm, the accounting firm shall be allowed to express its opinions.

If the accounting firm offers to resign, it shall make a statement to the general meeting of shareholders as to whether the Company is involved in any inappropriate situations.

## **Chapter 9 Notice and Announcement**

196 Notice of the Company may be:

- (1) delivered in person;
- (2) sent by mail;
- (3) transmitted by fax or email;
- (4) given by announcement on a website designated by the Company and the stock exchange subject to the relevant laws, administrative regulations and the listing rules in the place where the shares of the Company are listed;
- (5) given by public announcement;
- (6) given by any other means as may be agreed upon by the Company and the addressee or as may be accepted by the addressee after receiving a notice; and
- (7) given by any other means recognized by the securities regulatory authority in the place where the shares of the Company are listed or provided in the Articles.

Unless otherwise provided herein, the term “public announcement” as used herein means, in the case of an announcement given to shareholders of domestic shares or required to be given in the PRC pursuant to the relevant rules and the Articles, an announcement published in newspapers or journals in the PRC, such newspaper or journal must be designated by the relevant laws and regulations of the PRC or by the securities regulatory authority under the State Council, and in the case of an announcement given to shareholders of foreign shares or required to be given in Hong Kong pursuant to the relevant rules and the Articles, such an announcement must be published in compliance with the relevant listing rules.

- 197 Notice given by the Company by way of announcement shall be deemed to have been received by all relevant persons once published.

Notice of the general meeting of shareholders convened by the Company shall be given to domestic shareholders by way of announcement, and notice of meetings shall be given to foreign shareholders in accordance with the manner prescribed by the listing rules of the place where the shares are listed.

Unless otherwise provided herein, all forms of notice given under the preceding article shall apply to notice of meetings of the board of directors.

- 198 In the case of delivery of a notice in person, the recipient shall sign or affix his or her seal to the receipt, and the signature date shall be the date of service; in the case of delivery by mail, the notice shall be deemed to be served on the forty-eighth hour of the date when it is delivered to the post office; in the case of delivery by fax or email or announcement on a website, the date on which the notice is sent shall be deemed to be the date of service; in the case of delivery by public announcement, the date of the first announcement shall be deemed to be the date of service.
- 199 In case the listing rules in the place where the Company’s shares are listed require the Company to send, mail, dispatch, release or announce or provide by any other means the Company’s relevant documents in both English and Chinese versions and if the Company has made appropriate arrangement to determine whether its shareholders wish to receive only the English or Chinese version, the Company may (according to the preference expressed by the shareholder) send either the English or Chinese version to the relevant shareholders to the extent permitted by applicable laws and regulations.
- 200 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting and resolution adopted thereat.

## Chapter 10 Party Committee

201 Pursuant to the Constitution of Communist Party of China and the Regulations of the Communist Party of China on the Work at Primary-Level Party Organizations of State-owned Enterprises (Trial) and with approval of higher-level Party organizations, the Company shall establish an organization of the Communist Party of China (“**Party**”) to carry out the activities of the Party. The Company shall establish a work institution of the Party with a complete and strong team of personnel responsible for the Party affairs and guarantee the working funds of the Party organization. Meanwhile, the Company shall establish the Discipline Committee in accordance with relevant regulations.

202 The Company shall establish the Party Committee, which shall have one secretary and several members. The chairman of the board of directors shall concurrently serve as the secretary of the Party Committee, and the party member president takes the Deputy Secretary to the CPC Committee. A special position of deputy secretary who mainly takes in charge of the work of Party building shall be set up. Generally, the special deputy secretary should join the board of directors and not take positions in the management team.

The Company shall adhere to and improve the leadership system of “two-way entry and cross-appointment”. Eligible members of the Party Committee may join the board of directors and the management through legal procedures, and eligible Party members in the board of directors and the management may join the Party Committee in accordance with relevant regulations and procedures.

203 The Party Committee of the Company shall play the role of leadership, and the political nucleus, and take charge of the direction and overall situation and ensure the implementation of policies, and discuss and decide material issues of the Company in accordance with relevant regulations. The major duties of the Party Committee of the Company shall be:

- (1) strengthening the political construction of the Party of the Company, adhering to and implementing the fundamental system, basic system and important system of socialism with Chinese characteristics, educating and guiding all party members to always be in the same political position, political direction, political principle, and political path with the Party Central Committee with Comrade Xi Jinping as the core;
- (2) thoroughly learning and implementing General Secretary Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, learning and publicizing the theories of the Party, implementing and executing the Party’s paths, principles and policies, supervising and ensuring the implementation of the major decisions and arrangements of the Party Central Committee and the resolutions of higher-level party organizations in the Company;

- (3) studying and discussing major operation and management issues of the Company, and supporting the board of shareholders, the board of directors and the management team in exercising their statutory duties or powers in accordance with the law;
- (4) strengthening the leadership and control of the talent selection and employment, and do a good job in the construction of the leadership team, cadre team, and talent team of the Company;
- (5) fulfilling the main responsibility of the construction of the Party's working style and a clean & honest administration of the Company, leading and supporting the establishment of an internal discipline inspection organization to perform the responsibility of supervision and discipline enforcement, strictly clarifying political discipline and political rules, and promoting the extension of full and strict governance over the Party to primary-level organizations;
- (6) strengthening the construction of primary-level party organizations and party members, and uniting and leading employees to actively participate in the reform and development of the Company;
- (7) leading the ideological and political work, spiritual civilization construction, united front work, as well as the trade unions, the Communist Youth League, women's organizations and other group organizations of the Company;
- (8) conducting inspection as needed, establishing inspection body, and, in principle, carrying out inspection and supervision over the subordinate Party organizations in accordance with the Party's organizational hierarchy and the authority over cadre management;
- (9) discussing and deciding on other important matters within the scope of duties of the Party Committee.

## **Chapter 11 Labour and Democratic Enterprise Management**

- 204 The Company shall establish a remuneration management system and labour management system in accordance with the relevant laws, administrative regulations and the Articles, and shall be entitled to handle its internal employment, personnel and remuneration matters at its own discretion.
- 205 The Company shall implement the employment contract system, and employment contracts shall contain specific provisions relating to the employment, recruitment, dismissal, awards, punishment, remuneration, benefits, social insurance, labour discipline and labour protection, etc. of its employees.

206 The Company shall, in accordance with the relevant laws and administrative regulations, carry out democratic management through the employee representative assembly or in other forms. The Company shall protect the lawful rights and interests of its employees.

The Company shall, in accordance with the Trade Union Law of the PRC, provide necessary conditions for activities to be organized by the trade union, and allocate funds to be used by the trade union in accordance with the relevant rules.

207 The layoff, diversion and settlement plans of employees in the merger, spin-off, restructuring, dissolution, and bankruptcy implementation plans of the Company shall be examined and adopted by the employee representative assembly.

## **Chapter 12 Merger, Division, Dissolution and Liquidation**

### **Section I Merger and Division**

208 Merger of the Company may be implemented in two forms, merger by absorption or merger by new establishment.

Absorption means that a company absorbs and merges with another company and the absorbed company will be dissolved. Where two or more companies merge into a new company, the original companies will be dissolved.

209 If the consideration to be paid by the Company for the merger does not exceed 10% of the Company's net assets, it may not be subject to resolution of the general meeting of shareholders, unless otherwise provided for in the Articles.

If a merger of the Company pursuant to the preceding paragraph is not resolved by the general meeting of shareholders, it shall be subject to resolution of the board of directors.

210 In the case of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a detailed inventory of assets. The Company shall inform its creditors of the intended merger within ten (10) days following the date on which the merger resolution is adopted, and publish an announcement in a newspaper recognised by the stock exchange in the place of listing of the Company's shares or the National Enterprise Credit Information Publicity System within thirty (30) days.

The creditors shall have the right to claim full repayment of their debts or provision of a corresponding guarantee from the Company within thirty (30) days from the date of receipt of the notice or, within forty-five (45) days from the date of the first public announcement for those who have not received the notice.

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

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

In the case of a division of the Company, a balance sheet and a detailed inventory of its assets shall be prepared. The Company shall inform its creditors of the intended division within ten (10) days following the date on which the division resolution is adopted, and publish an announcement in a newspaper recognised by the stock exchange in the place of listing of the Company's shares or the National Enterprise Credit Information Publicity System within thirty (30) days.

213 The companies resulting from the division shall assume joint liability for the debts of the Company before the division, except where the Company has reached a written agreement on debt settlement with the relevant creditors before the division.

214 Where a merger or division of the Company involves changes to matters which require registration, such changes shall be registered in accordance with laws with the relevant company registration authority; if the Company is dissolved, cancellation of the registration of the Company shall be filed in accordance with laws; where a new company is incorporated, the registration of the incorporation of the company shall be filed in accordance with laws.

The change in the increase or decrease of the registered capital of the Company shall be registered in accordance with laws with the relevant company registration authority.

## **Section II Dissolution and Liquidation**

215 The Company may be dissolved if:

- (1) the business period stipulated in the Articles expires or other reasons for dissolution occur;
- (2) the general meeting of shareholders has resolved to do so;
- (3) it is required as a result of a merger or division of the Company;
- (4) the Company is revoked of its business license, ordered to be closed down or deregistered in accordance with laws;
- (5) the Company encounters severe difficulties in its operation and management, and its continued existence may cause material harm to shareholders' interest, and if the problems could not be resolved through other means, the shareholders representing more than 10% of the voting rights of all the shareholders of the Company may apply to the People's Court for dissolution of the Company.

The Company shall, within ten days of the occurrence of the reasons for dissolution as stipulated in the preceding paragraph, disclose the reasons for dissolution on the National Enterprise Credit Information Publicity System.

216 The Company may continue in existence by amending the Articles or upon a resolution of the general meeting of shareholders under any of the circumstances prescribed in item (1) or (2) of Article 215 of the Articles and it has not distributed the assets to its shareholders.

Any amendment to the Articles or resolution of the general meeting of shareholders under the preceding paragraph shall be subject to the approval of shareholders with two-thirds or more of the voting rights present at the general meeting of shareholders.

217 In the case of dissolution of the Company under items (1), (2), (4) and (5) of Articles 215, the Company shall be liquidated.

The directors, who are the liquidation obligors of the Company, shall form a liquidation committee to carry out the liquidation within fifteen days from the date when the event of dissolution occurs.

The members of the liquidation committee shall be composed of directors, unless it is otherwise provided in the Articles or otherwise elected by the general meeting of shareholders.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the Company or the creditors.

If the Company is declared bankrupt in accordance with law, bankruptcy liquidation shall be carried out in accordance with the laws on enterprise bankruptcy.

218 The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) sorting of the Company's assets and preparing a balance sheet and a detailed inventory of assets of the Company;
- (2) informing creditors by notice or public announcement;
- (3) dealing with and liquidate relevant outstanding businesses of the Company;
- (4) settling the Company's outstanding tax liabilities and tax liabilities arising from the liquidation process;
- (5) settling claims and debts of the Company;
- (6) distributing the Company's remaining properties after satisfaction of the Company's debts;
- (7) participating in civil proceedings on behalf of the Company.

219 The liquidation committee shall inform the Company's creditors of the liquidation within ten (10) days following its establishment, and publish an announcement in a newspaper recognised by the stock exchange in the place of listing of the Company's shares or the National Enterprise Credit Information Publicity System within sixty (60) days. Creditors shall declare their claims to the liquidation committee within thirty (30) days from the date of receipt of the notice or, within forty-five (45) days from the date of the first public announcement for those who have not received the notice.

The creditors shall provide explanations relating to their claims and provide supporting materials when declaring their claims. The liquidation committee shall register the claims.

The liquidation committee shall not settle any debt with the creditors during the period of claim declaration.

220 After the liquidation committee has sorted the Company's assets and prepared a balance sheet and a detailed inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting of shareholders or the People's Court for confirmation.

The assets of the Company remaining after the payment of liquidation expenses, employee salaries, social insurance premiums and statutory compensatory amounts, outstanding taxes and the debts of the Company shall be distributed to shareholders in proportion to their respective shareholdings.

The Company shall remain in existence but shall not engage in any business activities which are not related to the liquidation during the liquidation. The assets of the Company shall not be distributed to shareholders before payments have been made in accordance with the preceding paragraph.

221 In the event that the liquidation committee, having sorted the Company's asset and formulated the balance sheet and a detailed inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, the committee shall apply to the People's Court for bankruptcy and liquidation of the Company in accordance with laws.

After the People's Court accepts the application for bankruptcy, the liquidation committee shall hand over matters regarding the liquidation to the bankruptcy administrator designated by the People's Court.

222 Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the general meeting of shareholders or the People's Court for confirmation, and be submitted to the company registration authority to apply for deregistration of the Company.

223 The members of the liquidation committee shall perform their duties of liquidation and shall be obliged to loyalty and diligence.

Any member of the liquidation committee who neglects to fulfill his/her liquidation duties, thus causing any loss to the Company, shall be liable for compensation. Any member of the liquidation committee who has caused any loss to the Company or the creditors of the Company by reason of any intentional or gross negligence of such member shall be liable for the compensation to the Company or the relevant credit.

### **Chapter 13 Amendments to the Articles**

- 224 Under any of the following circumstances, the Company shall amend the Articles:
- (1) where after an amendment to the Company Law or the relevant laws or administrative regulations, there is a conflict between the provisions of the Articles and those of the amended laws or administrative regulations;
  - (2) where there are changes in circumstances from the time when the provisions herein are formulated that cause discrepancies to what is stated herein;
  - (3) the general meeting of shareholders has decided to amend the Articles.
- 225 Where any amendment made by a general meeting of shareholders to the Articles involves any matters that need to be approved by the authorities, such amendment shall be submitted to the relevant authorities for approval. The Company shall register any changes in accordance with laws where matters requiring registration are involved.
- 226 The board of directors shall amend the Articles according to the resolution passed at the general meeting of shareholders regarding the amendment to the Articles and the opinions given by the relevant authorities.
- 227 Any amendments to the Articles that involve information to be disclosed as required by the laws and regulations, shall be publicly announced as required.

### **Chapter 14 Miscellaneous**

- 228 “Senior management personnel” referred to herein means the president, vice president, chief accountant, secretary to the board of directors, chief engineer, chief economist, general counsel, chief supervisor of work safety, and other management-level personnel employed by the board of directors of the Company. The “president” and “vice president” referred to herein means the manager and deputy manager provided in the Company Law. The “chief accountant” referred to herein means the financial director provided in the Company Law.
- 229 “Management team” referred to herein means the president, vice president, chief accountant, chief engineer, chief economist, general counsel, chief supervisor of work safety, and other management-level personnel employed by the board of directors of the Company.

230 “Controlling shareholder” referred to herein means a shareholder who holds more than 50% of the share capital of the Company, or (even if such shareholder holds less than 50% of the share capital) based on the shareholdings of the shareholder, such shareholder has substantial influence on the resolutions to be passed at the general meetings of shareholders.

“Substantial shareholders” referred to herein means shareholders who hold more than 5% of the shares of the Company, or who hold less than 5% of the shares but have material influence on the Company.

“Acting in concert” referred to herein means an agreement reached by two or more persons (whether in oral or written form), under which any of these persons acquires the voting rights of the Company with a view to obtaining or consolidating the control of the company.

“Actual controlling person” referred to herein means a natural person, legal person or other organizational entity that is actually able to control a company through an investment relationship, agreement or other arrangements.

“Affiliation” referred to herein means the relationship between the controlling shareholders, actual controlling persons, directors or senior management personnel of the Company and the enterprises directly or indirectly controlled by such persons, and other relationship that may result in a transfer of the interests of the Company, provided that there shall be no affiliation between enterprises controlled by the State solely by reason of them being under the common control of the State.

The “external guarantee” referred to in the Articles means the guarantee provided by the Company in favour of others, including the guarantee provided by the Company in favour of its controlled subsidiaries. The “the total amount of guarantee provided by the Company and its controlled subsidiaries” means the sum of the total amount of external guarantee provided by the Company in favour of others and the total amount of external guarantee provided by the Company’s controlled subsidiaries in favour of others, including those external guarantee provided by the Company in favour of its controlled subsidiaries.

231 Matters which have not been dealt with in the Articles shall be dealt with in accordance with relevant laws, administrative regulations and the listing rules of the jurisdiction where the Company’s shares are listed and taking into account the actual circumstances of the Company. If there is any conflict between the Articles and the newly promulgated laws, administrative regulations or the listing rules, such newly promulgated laws, administrative regulations or listing rules shall prevail.

232 The Articles shall be written in Chinese. Should there be any inconsistency between different language versions, the most recently approved Chinese version of the Articles registered with the company registration and management authority shall prevail.

- 233 In the Articles, unless otherwise specified herein, the terms “above”, “within”, “preceding” shall include the given figures, and the terms “below”, “less than”, “under”, “more than”, “exceed” shall not include the given figures.
- 234 The right to interpret the Articles shall rest with the board of directors of the Company.
- 235 The appendices to the Articles include the rules of procedure for shareholders’ general meetings and the rules of procedure for board of directors.