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**ARTICLES OF ASSOCIATION  
OF**

**Beijing Jingneng Clean Energy Co., Limited**

**北京京能清潔能源電力股份有限公司**

*(Incorporated in the People's Republic of China with limited liability)*

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*\* This document is originally prepared in Chinese and this English version is not formally adopted in the shareholders' general meeting of the Company and is for reference only. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.*

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## **CHAPTER 1 GENERAL**

### **ARTICLE 1**

To adapt to the requirements of the development of socialist market economy, establish the modern state-owned enterprise system with Chinese characteristics, and to safeguard legitimate rights and interests of Beijing Jingneng Clean Energy Co., Limited (the “Company”) and its shareholders, employees and creditors, and to regulate organization and acts of the Company, this Articles of Association is formulated pursuant to the Company Law of PRC (the Company Law), the Law of Enterprise State-owned Assets of the PRC, the Constitution of the Communist Party of China, the Securities Law of PRC (the Securities Law), the Guidelines for Articles of Association of Chinese Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), and other relevant provisions.

### **ARTICLE 2**

The Company is a joint stock limited company duly incorporated in accordance with the Company Law the Securities Law and other relevant state laws and regulations.

Approved by the Approval on State-Owned Equity Management Issues Relating to Beijing Jingneng Clean Energy Co., Limited (Preparing) (Guo Zi Chan Quan 2010 No. 757), issued by State-owned Assets Supervision and Administration Commission of the State Council on 3 August 2010, the Approval from Ministry of Commerce on Consent for Beijing Jingneng Energy Technology Investment Co., Ltd., to Change into Foreign Invested Joint Stock Company (Shang Zi Pi 2010 No. 822), issued by the Ministry of Commerce on 13 August 2010, with all shareholders of the original Beijing Jingneng Energy Technology Investment Co., Limited as the promoters, through the overall conversion of audited and confirmed book net assets of the original Beijing Jingneng Energy Technology Investment Co., as at 30 April 2010, and conducting overall alteration, the Company is established and registered at Beijing Administration for Industry and Commerce on 25 August 2010, with the Unified Social Credit Code (registration number 91110000101718150E) granted.

The promoters of the Company are Beijing Energy Investment Holding Co., Ltd., Beijing International Electric Engineering Co., Ltd., Beijing State Assets Management and Administration Center, Beijing District Heating (Group) Co., Ltd., Beijing Shenghui Science and Technology Development Co., Ltd., Beijing Enterprises Energy Technology Investment Co. Limited and BARCLAYS BANK PLC.

### **ARTICLE 3**

The registered Chinese name of the Company is 北京京能清潔能源電力股份有限公司; and the English name of the Company is BEIJING JINGNENG CLEAN ENERGY CO., LIMITED.

#### **ARTICLE 4**

Address of the Company: Room 118, No. 1 Zi Guang East Road, Badaling Economic  
Development  
Zone, Yanqing District, Beijing  
Postal code: 100028  
Telephone No.: 010-87407188/87407189  
Fax No.: 010-87407187

#### **ARTICLE 5**

The registered capital of the Company is RMB8,244,508,144.

#### **ARTICLE 6**

The chairman of the board of directors is the Company's legal representative.

The resignation of the chairman of the Company shall be deemed to constitute the simultaneous resignation of the legal representative.

Following the resignation of the legal representative, the Company shall appoint a new legal representative within 30 days from the date of such resignation.

#### **ARTICLE 7**

The Company shall bear the legal consequences arising from civil acts conducted by the legal representative on behalf of the Company.

Any restrictions on the powers of the legal representative stipulated in this Articles of Association or by the shareholders' meeting shall not be enforceable against bona fide counterparty.

If a legal representative incurs damage on another person through the performance of his duties, the Company shall bear the civil liability. After the Company has assumed the civil liability, it may seek indemnity from the legal representative at fault in accordance with applicable laws or the provisions of this Articles of Association.

#### **ARTICLE 8**

The Company is a perpetual joint stock limited company.

## **ARTICLE 9**

Each shareholder is responsible to the Company up to his subscribed shares. The Company is responsible for its debts up to its total assets.

## **ARTICLE 10**

From the effective date of this Articles of Association, this Articles of Association shall become a legally binding document which regulates the Company's organization and acts, the rights and obligations between the Company and shareholders, and amongst the shareholders, and shall be legally binding on the Company's shareholders, the Company, members of the Committee of the Communist Party of China (or Commission for Discipline Inspection), directors, senior officers.

According to this Articles of Association, one shareholder can sue the other shareholders, the shareholders can sue the Company's directors and senior officers. The shareholders can sue the Company. The Company can sue the shareholders, directors, and senior officers.

The term "senior officers" in this Articles of Association refers to the general manager, deputy general manager, secretary to the board of directors, chief accountant, general counsel and other personnel expressly appointed by the board of directors as the Company's senior officers. The term "general manager", "deputy general manager" shall refer to the "general manager" and "deputy general manager" in the Company law, and the term "chief accountant" shall refer to "chief financial officer" in the Company Law, and the term "general counsel" shall refer to the "general counsel" in the Measures for Administration of the Legal Advisors of the State-owned Enterprises (Order No. 6 of the SASAC).

## **ARTICLE 11**

In accordance with the provisions of the Constitution of the Communist Party of China, the company shall establish organizations of the Party, holding correct directions, managing overall situations and ensuring the implementations of the government's proposals and carrying out the activities of the Party. The Company shall provide the necessary conditions for the activities carried out by the Party Organization.

## **ARTICLE 12**

In compliance with the Constitution of PRC and other relevant provisions, the Company shall adopt democratic management system, legitimately organize labor union, conduct labor union's activities and protects the lawful rights and interests of the employees. The company shall provide the necessary conditions for the activities of its labor union.

#### **ARTICLE 13**

The Company may invest in other enterprises. However, it shall not become a capital contributor that shall bear joint liabilities for the debts of the enterprises invested, unless otherwise provided for by law.

### **CHAPTER 2 OPERATIONAL OBJECTIVES AND SCOPE**

#### **ARTICLE 14**

The operational objectives of the Company are: optimize industrial structure and improve enterprise efficiency with advanced technology and management experience, achieve good investment returns for the shareholders of the Company, and promote the development of clean energy and environmental protection.

#### **ARTICLE 15**

The Company's scope of business shall be in accordance with the items approved by the company registration authorities.

The Company's legally registered scope of operation shall be: power generation as approved operation item, heating service, investment consultancy and power supply as normal operation items.

### **CHAPTER 3 SHARES, REGISTERED CAPITAL AND TRANSFER OF SHARES**

#### **ARTICLE 16**

The Company shall have ordinary shares at all times. It may have other kinds of shares as needed, upon fulfilling the registration or filing procedures with the securities regulatory authority of the State Council in accordance with the law.

#### **ARTICLE 17**

The Company shares shall be in the form of share certificates.

All the shares issued by the Company shall have a par value which shall be RMB1 for each share.

The RMB mentioned in the preceding paragraph refers to the lawful currency of the PRC.

## **ARTICLE 18**

Company shares shall be issued based on the principles of openness, fairness and justice. Shares of the same class carry equal rights.

For the same class of shares of the same issuance, each share shall be issued at the same conditions and price. Subscribers shall pay the same price for any such shares subscribed.

## **ARTICLE 19**

The Company may issue shares to investors inside the PRC and investors outside the PRC upon fulfilling the registration or filing procedures with the securities regulatory authority of the State Council in accordance with the law.

For the purpose of the preceding paragraph, the term “investors outside the PRC” shall refer to investors from foreign countries or Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company. The term “investors inside the PRC” shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for the shares issued by the Company.

## **ARTICLE 20**

The shares issued by the Company to investors inside the PRC for subscription in Renminbi shall be referred to as “domestic investment shares”. The shares issued by the Company to investors outside the PRC for subscription in foreign currency shall be referred to as “foreign investment shares”. The overseas listed foreign investment shares shall be referred to as “overseas listed shares”.

The term “foreign currency” in the preceding paragraph shall refer to the lawful currency freely convertible in other countries or regions (except for RMB), which is recognized by state foreign exchange authority and acceptable to pay for the shares.

The overseas listed share issued by the Company which is listed in Hong Kong is referred to as H shares, namely, the RMB-denominated shares approved by the Hong Kong Stock Exchange for listing whose subscription and trading are in Hong Kong dollars. Upon fulfilling the registration or filing procedures with the securities regulatory authority of the State Council or agencies authorized by the State Council in accordance with the law, and with the consent from Hong Kong Stock Exchange, the domestic investment shares can be converted into H shares. No shareholders’ meeting is required to be convened for the approval of the conversion of domestic shares into H shares for listing and trading on overseas stock exchanges.

Upon fulfilling the registration or filing procedures with the securities regulatory authority of the State Council in accordance with the law, shareholders of the Company’s domestic investment shares may transfer his shares to an investor outside the PRC for listing and trading. The listing and trading of such shares overseas stock exchanges shall comply with the regulatory procedure, regulations and requirements of the foreign security markets.



## ARTICLE 21

Following approval of the authorities of the Company, the total number of ordinary shares that the Company may issue is 5 billion, of the 5 billion ordinary shares issued to the promoters at the time of establishment:

Beijing Energy Investment Holding Co., Ltd., subscribes and holds 4,287,400,000 shares, representing 85.748% of the total issued ordinary shares of the Company;

Beijing State Assets Management and Administration Center subscribes and holds 230,150,000 shares, representing 4.603% of the total issued ordinary shares of the Company;

Beijing International Electric Engineering Co., Ltd., subscribes and holds 27,600,000 shares, representing 0.552% of the total issued ordinary shares of the Company;

Beijing District Heating (Group) Co., Ltd. subscribes and holds 16,450,000 shares, representing 0.329% of the total issued ordinary shares of the Company;

Beijing Shenghui Science and Technology Development Co., Ltd., subscribes and holds 65,750,000 shares, representing 1.315% of the total issued ordinary shares of the Company;

Beijing Enterprises Energy Technology Investment Co. Limited subscribes and holds 219,200,000 shares, representing 4.384% of the total issued ordinary shares of the Company;

BARCLAYS BANK PLC subscribes and holds 153,450,000 shares, representing 3.069% of the total issued ordinary shares of the Company.

## ARTICLE 22

After the establishment of the Company, as approved by the Zheng Jian Xu Ke (2011) No. 635 issued by China Securities Regulatory Commission (the "CSRC") on 29 April 2011, the Company may issue no more than 2,464,285,500 H shares. State-owned shareholders shall sell no more than 246,428,550 state-owned shares at the time of issue of the H shares in accordance with relevant national regulations on reducing state-owned shares. Depending on market conditions, the Company may over-allot up to 328,421,500 H shares, which shall not account for more than 15% of the total ordinary shares that can be issued by the Company. If the over-allotment right is exercised, the state-owned shareholders of the Company shall transfer up to 32,842,150 state-owned shares to the National Social Security Fund Council in accordance with relevant national regulations on reducing state-owned shares. After establishment of the Company, the Company issued additional 1,149,905,454 ordinary shares, state-owned shareholders had sold 114,990,546 ordinary shares, totalling 1,264,896,000 ordinary shares, and the Company issued additional 327,508,000, 393,010,000 and 471,612,800 overseas listed shares (H shares) in 2013, 2014 and 2018, respectively, and issued 902,471,890 domestic shares in 2018.

After the above-mentioned issuance and offering, the capital structure of the Company comprises of 8,244,508,144 issued shares in total, all of which are ordinary shares.

#### **ARTICLE 23**

The domestic investment shares issued by the Company are centrally deposited at the China Securities Depository and Clearing Corporation Limited. The H shares of the Company are mainly under the central depository's custody, which belongs to Hong Kong Securities Clearing Company Limited and may also be held by shareholder in individual names.

#### **ARTICLE 24**

Unless otherwise provided in the law and administrative regulations, listing rules of the shares' listing place, or this Articles of Association, the shares of the Company shall be transferred according to law without any lien. The transferred share shall be registered in registration agency appointed by the Company.

#### **ARTICLE 25**

The Company shall not accept its shares as the subject of a pledge.

#### **ARTICLE 26**

The shares issued before the Company publicly issues any shares shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. Where laws, administrative regulations, the securities regulatory authorities of the State Council or the listing rules of the place where the Company's shares are listed provide otherwise for the transfer of the Company's shares held by shareholders or actual controllers, such provisions shall apply.

The directors and senior officers of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office, the shares as determined at their appointments transferred by any of them each year shall not exceed 25% of the total shares of the same class of the Company that he holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure. If the listing rules of the listing venue of the shares of the Company provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

If the shares are pledged during the transfer restriction period prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge right during such transfer restriction period.

## **ARTICLE 27**

If a director, senior officer of the Company, or a shareholder holding 5% or more of the shares of the Company sells the shares of the Company or other securities with the nature of shareholding within six months upon buying those shares, or buys the shares within six months after selling, all the gains arising thereof shall belong to the Company. Such gains shall be collected by the board of directors of the Company. However, except where a securities company holds more than 5% of the shares as a result of the underwriting of the purchase of the remaining shares after the sale, and where there are other circumstances stipulated by the securities regulatory authority of the State Council or the listing rules of the place where the company's shares are listed.

The shares or other securities in the nature of equity held by directors, senior management and natural person shareholders referred to in the preceding paragraph, include those held by their spouses, parents and children and those held using the accounts of others.

If the board of directors of the Company does not comply with the first paragraph of this article, the shareholders can request the board to do so within 30 days. If the board does not enforce such right within the said period, the shareholders are entitled to commence litigations in court in their own names for the interest of the Company.

If the board of directors of the Company does not comply with the first paragraph of this article, the responsible directors shall be jointly and severally responsible in accordance with the law.

## **CHAPTER 4 INCREASE, REDUCTION AND REPURCHASE OF SHARES**

### **ARTICLE 28**

According to operational and development needs, the Company may, according to the law and regulations and resolutions of shareholders' meetings, increase the capital pursuant to relevant provisions of this Articles of Association.

The Company may increase its capital by the following methods:

- (1) Issuance of shares to unspecified parties;
- (2) Issuance of shares to specified parties;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Conversion of common reserve into capital;
- (5) Other methods prescribed by the law, administrative regulations or by the relevant regulatory authorities.

Increasing capital by issuing new shares shall be carried out in accordance with the procedures specified in relevant State laws and administrative regulations after having been approved in accordance with this Articles of Association.

#### **ARTICLE 29**

The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be in accordance with the requirements of the Company Law, other related regulations and this Articles of Association.

#### **ARTICLE 30**

If the Company reduces its registered capital, a balance sheet and an inventory of assets should be prepared.

Where the Company reduces its registered capital, the Company shall notify the creditors and make a public announcement in accordance with provisions of the Company Law, repay its debts or provide corresponding guarantees as required by the creditors.

Where the Company reduces its registered capital, it shall reduce the capital contribution or shares in proportion to their respective shareholdings, unless otherwise provided by the law or this Articles of Association.

The reduced registered capital of the Company may not be less than the statutory minimum.

#### **ARTICLE 31**

The Company may, in the following circumstances and without violation of the requirements of laws, regulations, the rules of the places where the Company's shares are listed and this Articles of Association, repurchase its own issued outstanding shares according to legal procedure following the adoption of a pertinent resolution in accordance with the procedures provided for in this Articles of Association, and submission to and approval by the relevant State authorities:

- (1) Reduction of the Company's registered capital;
- (2) Merger with another company holding shares in the Company;
- (3) Using shares for the purpose of employee stock ownership plan or share incentive plan;

- (4) Acquisition of shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' meeting on the merger or division of the Company;
- (5) Using shares for the conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) As necessary for maintaining the value of the Company and safeguarding the rights and interests of shareholders;
- (7) Other circumstances where the law and administrative regulations so permit.

The Company shall not acquire its own shares unless in the aforesaid circumstances. In the event that the Company repurchases its own shares according to this article, the procedure, proportion and method of repurchase and disposal of repurchased shares shall be in compliance with the requirements of relevant laws, administrative regulations and the listing rules of the places where the Company's shares are listed.

#### **ARTICLE 32**

The Company may repurchase its Shares through public centralized trading or other ways recognized by laws, administrative regulations and the China Securities Regulatory Commission. If the share purchase is made under the circumstances stipulated in Items (3), (5) and (6) of paragraph 1 of Article 31 of the Articles of Association, centralized trading shall be adopted publicly.

#### **ARTICLE 33**

Repurchase of the Company's shares in accordance with Article 31 (1) and (2) of this Articles of Association shall be subject to approval at a shareholders' meeting. Repurchase of the Company's shares in accordance with Article 31 (3), (5) and (6) of this Articles of Association shall be approved at the board meeting attended by more than two thirds of the directors according to the provisions of the Articles of Association or with the authorization granted by the shareholders' meeting.

Unless otherwise provided in the laws, regulations or listing rules of the places where the Company's shares are listed, after the Company has repurchased its shares in accordance with Article 31 of this Articles of Association, such shares shall be cancelled within ten days after repurchase in the circumstance set out in item (1), or shall be transferred or cancelled within six months in the circumstances set out in item (2) and (4); and in the circumstances set out in item (3), (5) and (6), the total number of the Company's shares held by it shall not exceed ten percent of the total shares issued by the Company, and shall be transferred or cancelled within three years.

#### **ARTICLE 34**

Upon cancellation of the portion of shares bought back, the Company shall apply to the original company registration authority for registration of the change in registered capital.

The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled.

### **CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

#### **ARTICLE 35**

The Company's shares shall be in registered form.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly state such other particulars as required to be specified by the securities exchange(s) on which the Company's shares are listed.

The Company may take the form of overseas depository receipt or other derivations of share certificate to issue overseas listed shares in accordance with laws and securities registration and depository practice of the listing venue.

#### **ARTICLE 36**

The share certificates shall be signed by the legal representative. Where the signatures of other senior officers of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior officers. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. Under authorization of the board of directors, the Company may stamp on share certificate. The signature of legal representative or of other senior officers on the share certificates may also be in printed form. In the circumstance of paperless issuance and trading of the shares of the Company, provisions otherwise provided by local securities regulatory authorities of the listing venue shall apply.

#### **ARTICLE 37**

The Company shall make a register of shareholders on the basis of the certificates provided by the securities registrar. The register of shareholders shall be the sufficient evidence proving the holding of the shares of the Company by the shareholders. The shareholders enjoy rights and assume obligations as per the class of shares they hold; the same class of shares represents the same rights and the same obligations.

#### **ARTICLE 38**

The Company could close the register of members in accordance with provisions of applicable laws, regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### **ARTICLE 39**

When the Company convenes a shareholders' meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the convener of the board of director or shareholders' meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date, shall enjoy the relevant rights.

#### **ARTICLE 40**

The Company or its subsidiaries (including affiliates of the Company) shall not, by way of a gift, advance, guarantee, borrowings or otherwise, provide financial assistance to a person who acquires shares of the Company or its parent company, except for those with the employee share ownership plan implemented by the Company.

In the interests of the Company, the Company may, by resolution of the shareholders' meeting, or by resolution of the board of directors in accordance with this Articles of Association or the authorization of the shareholders' meeting, provide financial assistance for the acquisition of shares in the Company or its parent company, provided that the cumulative total amount of financial assistance shall not exceed 10% of the total amount of the issued share capital. Resolutions of the board of directors shall be passed by not less than two-thirds of all the directors.

### **CHAPTER 6 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

#### **ARTICLE 41**

The Company's shareholders are persons who lawfully hold shares of the Company and whose names have been entered in the register of shareholders.

Shareholder of every class shall enjoy equal rights in the distribution of dividend or distribution in any other form.

Where more than two persons are registered as joint shareholders of any share, they shall be deemed as joint holders of the relevant share, and shall be restricted by the following terms:

- (1) The Company needs not register more than four persons as joint shareholders for any shares;
- (2) All joint shareholders of any share shall bear the joint and several liabilities for the payable amount of the relevant share.

In the circumstance of joint shareholders:

- (1) In case of death of one of the joint shareholders, only the other surviving joint shareholder(s) shall be deemed as owner of the shares, but for the purpose of revising the register of shareholder, the board of directors is entitled to demand the surviving shareholder(s) to provide a death certificate as the board thinks fit.
- (2) For joint shareholders of any share, the person whose name stands first in the register shall be entitled to receive share certificate of the relevant shares, receive notice from the Company, attend the shareholders' meetings, or exercise voting of relevant shares, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders.

Where one of the joint shareholders delivers receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint shareholders, such receipt shall be deemed as valid receipt from such joint shareholders to the Company.

#### **ARTICLE 42**

Shareholders of the Company shall enjoy the following rights:

- (1) To receive dividends and other profit distributions on the basis of the number of shares held by them;
- (2) To request, convene, hold, participate or send proxy to attend shareholders' meeting and speak and exercise corresponding voting rights at the shareholders' meeting in accordance with the law;
- (3) To monitor, make suggestions or question the Company's operation;
- (4) To transfer, donate or pledge shares in his/her possession in accordance with the law, administrative regulations, listing rules in the territory where the Company's shares are listed, as well as provisions of this Articles of Association;
- (5) To inspect and duplicate the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of board meetings and financial and accounting reports, and the shareholders who meet the requirements could inspect the Company's accounting records and vouchers;
- (6) When the Company terminates or liquidates, receive its share of remaining assets of the Company according to the shares held;
- (7) If a shareholder opposes the merger or division of the Company at a shareholders' meeting, he may request the Company to buy back his shares;
- (8) Other rights under the law, administrative regulations, departmental regulations and this Articles of Association.



#### **ARTICLE 43**

Shareholders who request inspecting or duplicating the relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

When a shareholder requests to have access to or to duplicate the information mentioned in the preceding article, he shall present evidence to prove the class and amount of shareholding in writing. The Company shall comply with the shareholder's request after verifying his identity, and may charge reasonable fees for providing copies of the foregoing materials.

#### **ARTICLE 44**

If a resolution of the Company's shareholders' meeting or board meeting contravenes the law or administrative regulations, the shareholders can request the court to annul the decision.

If the convening procedure or voting method of a shareholders' meeting or board meeting contravenes the law, administrative regulations or this Articles of Association, or if the contents of the resolutions of such meetings contravenes this Articles of Association, the shareholders can request the court to cancel the resolution within 60 days from the date on which such resolution is passed. However, the convening procedure or voting method of a shareholders' meeting or board meeting with only minor deficiencies that does not have a material impact on the resolutions is excluded.

Where the board of directors, shareholders and other relevant parties dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the court. The relevant parties shall implement the resolution of the shareholders' meeting before the court makes a judgement or ruling, such as revocation of the resolution. The Company, its directors and senior management shall diligently perform their duties to ensure the normal operation of the Company.

In the event that the court makes a judgement or ruling on the relevant incidents, the Company shall fulfill its obligation of information disclosure in accordance with the laws, administrative regulations, and the regulations of the securities regulatory authorities of the State Council and the stock exchange where the Company is listed, fully explain the impacts, and actively cooperate with the enforcement of the judgement or ruling after it has become effective. Corrections to prior events shall be handled in a timely manner and the disclosure obligations shall be fulfilled.

#### **ARTICLE 45**

The resolution of the shareholders' meeting or the board of directors of the Company shall not be valid if any of the following circumstances exist:

- (1) Failure to convene a shareholders' meeting or a meeting of the board of directors to pass a resolution;

- (2) No votes were taken on the resolutions at the shareholders' meeting or the board of directors' meeting;
- (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 this Articles of Association;
- (4) The number of persons consenting to the resolution 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 this Articles of Association.

#### **ARTICLE 46**

If a director or senior officer other than members of Audit Committee contravenes the law, administrative regulations or this Articles of Association when carrying out his duties resulting in losses to the Company, shareholders individually or together holding 1% or more of the shares for 180 days continuously may request the Audit Committee in writing to commence litigation in the court. If a member of the Audit Committee contravenes the law, administrative regulations or this Articles of Association when carrying out its duties resulting in losses to the Company, the aforesaid shareholders may request the board of directors in writing to commence litigation at the court.

If the the Audit Committee or board of directors refuses to commence litigation upon receipt of the shareholder's written request under the preceding paragraph, or does not commence litigation within 30 days upon receipt of the request, or the situation is so urgent that with an immediate litigation it will cause irreparable losses to the Company, the shareholders so entitled under the previous paragraph may commence litigation directly at the court under their own names for the interest of the Company.

If any person intervenes with the lawful interests of the Company and result in losses suffered by the Company, a shareholder so entitled under the first paragraph may commence litigation at the court in accordance with the two preceding paragraphs.

If a director, supervisor or senior management of a wholly-owned subsidiary of the Company violates the laws, administrative regulations or provisions under this Articles of Association in the performance of his duty and incurs losses on the Company or if any other person infringes upon the lawful rights and interests of a wholly-owned subsidiary of the Company and incurs losses on the Company, shareholders individually or together holding 1% or more of the shares of the Company for 180 days continuously, may, in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law, request the board of supervisors and the board of directors of the wholly-owned subsidiary in writing to commence litigation in the court or commence litigation directly at the court under their own names. If a wholly-owned subsidiary of the Company does not have a board of supervisors or a supervisor but does have an audit committee, it shall follow the provisions of the first and second paragraphs of this Article.

#### **ARTICLE 47**

If a director or senior officer contravenes the law, administrative regulations or this Articles of Association, thereby damaging shareholders' interests, the shareholders can commence litigation in the court.

#### **ARTICLE 48**

Shareholders of the Company shall have the following obligations:

- (1) Comply with law, administrative regulations and this Articles of Association;
- (2) Pay for the shares based on the shares subscribed and the method of subscription;
- (3) Cannot ask the Company to redeem its registered capital except as prescribed by the law or administrative regulations;
- (4) Cannot abuse his rights as a shareholder to harm the Company's or other shareholders' interests; cannot abuse the legal personality of the Company and the limited liability of the shareholders to harm the interests of creditors;
- (5) Other responsibilities required by the law, administrative regulations and this Articles of Association.

A shareholder of the Company who abuses his rights as a shareholder and causes losses to the Company or other shareholders shall be liable for compensation in accordance with the law. If a shareholder of the Company abuses the Company's independent legal person status and the limited liability of the shareholders to evade debts and therefore seriously harms the interests of the creditors of the Company, he shall be held jointly and severally liable for the debts of the Company.

#### **ARTICLE 49**

The controlling shareholders and actual controllers of the Company shall exercise their rights and fulfil their obligations in accordance with the laws and administrative regulations, the securities regulatory authorities of the State Council and the stock exchanges where the Company is listed, so as to safeguard the interests of the listed company.

#### **ARTICLE 50**

The controlling shareholders and actual controller of the Company shall comply with the following requirements:

- (1) Exercise shareholders' rights in accordance with the law, and do not abuse the right of control or take advantage of connected relationships to undermine the legitimate rights and interests of the Company or other shareholders;
- (2) Strictly fulfill the public statements and undertakings made and shall not change or waive them without permission;
- (3) Strictly fulfill its information disclosure obligations in accordance with the relevant regulations, proactively co-operate with the Company in the information disclosure, and to inform the Company in a timely manner of any material events that have occurred or are intended to occur;
- (4) Shall not occupy the funds of the Company in any way;

- (5) Shall not force, instruct or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) Shall not make use of the Company's undisclosed material information to gain benefits, not to disclose in any way the undisclosed material information relating to the Company, and not to engage in insider trading, short-term trading, market manipulation and other illegal and unlawful behaviours;
- (7) Shall not harm the legitimate rights and interests of the Company or other shareholders by means of unfair related-party transactions, profit distribution, asset restructuring, external investment or any other means;
- (8) Ensure the integrity of the Company's assets, the independence of its personnel, financial independence, organisational independence and business independence, and not to affect the Company's independence in any way;
- (9) Other provisions of laws, administrative regulations, the CSRC, the Stock Exchange and the Articles of Association.

Where a controlling shareholder or an actual 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 of Association relating to the duties of loyalty and diligence of directors shall apply.

A controlling shareholder or an actual controller of the Company who instructs a director or a senior management to engage in an act that is detrimental to the interests of the Company or the shareholders shall be jointly and severally liable with such director or senior management.

#### **ARTICLE 51**

The controlling shareholders and actual controllers who pledge the shares of the Company held by them or under their effective control shall maintain the Company's control and the stability of production and operation.

#### **ARTICLE 52**

The controlling shareholders and actual controllers who transfer their shares in the Company shall comply with the restrictive provisions on share transfers set out in the laws, administrative regulations, the regulations of the securities regulatory authorities of the State Council and the stock exchanges in which the Company is listed, as well as their undertakings in respect of restrictions on share transfers.

## **CHAPTER 7 SHAREHOLDERS' MEETING**

### **SECTION 1 GENERAL PROVISIONS ON SHAREHOLDERS' MEETING**

#### **ARTICLE 53**

The shareholders' meeting of the Company consists of all shareholders. The shareholders' meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

#### **ARTICLE 54**

The shareholders' meeting shall exercise the following functions and powers:

- (1) Elect and replace directors, and make decisions on matters in relation to the salary of the relevant directors;
- (2) Review and approve the reports of the board of directors;
- (3) Review and approve the profit distribution plan and loss compensation plan of the Company;
- (4) Decide on increasing or reducing the registered capital of the Company;
- (5) Decide on merger, division, winding up, liquidation or changing the form of the Company;
- (6) Pass resolutions on the issuance of bonds or listing plan of other securities by the Company;
- (7) Pass resolutions on the employment and dismissal of accounting firms that undertakes the Company's auditing business by the Company;
- (8) Amend this Articles of Association;
- (9) Review and approve the external guarantee issues which shall be reviewed at the shareholders' meeting as prescribed in Article 55 of this Articles of Association;
- (10) Review purchases and sales of significant assets within a year exceeding 30% of the latest audited total assets of the Company;
- (11) Review and approve changes in the usage of raised funds;
- (12) Review share incentive plans and employee stock ownership plan;
- (13) Review proposals of the shareholders who hold individually or collectively 1% or more of the Company's shares;

- (14) Review the Company's external donations and sponsorships whose single amount reaches 0.1% or more of the Company's latest audited net assets and are included in profit or loss for the current period;
- (15) Review other matters to be approved at the shareholders' meeting as prescribed by the law, administrative regulations, department regulations, listing rules of the local stock exchange where the Company's shares are listed or this Articles of Association.

The shareholders' meeting may authorize the board of directors to resolve on the issuance of the corporate bonds.

#### **ARTICLE 55**

The following external guarantees of the Company must be reviewed and passed at the shareholders' meeting:

- (1) Any external guarantee by the Company or its subsidiary and any subsequent external guarantee, whose total amount is more than 50% of the Company's audited net assets;
- (2) Any external guarantee by the Company and any subsequent external guarantee, whose total amount is more than 30% of the Company's latest audited total assets;
- (3) Any external guarantee by the Company within one year whose amount is equal to or more than 30% of the Company's latest audited total assets for the most recent period;
- (4) To provide external guarantee to entities with more than 70% debt equity ratio;
- (5) A single external guarantee whose amount exceeds 10% of the latest audited net assets;
- (6) To provide guarantee for shareholders, actual controller and its associates;
- (7) Other external guarantees which shall be passed at the shareholders' meeting as prescribed by the local stock exchange where the Company's shares are listed and this Articles of Association.

The term "external guarantees" in this article refers to the guarantees provided by the Company to others, excluding the guarantees provided by the Company to its subsidiaries.

#### **ARTICLE 56**

Except when the Company is under a special circumstance such as a crisis, the Company shall not, without an approval by a special resolution at a shareholders' meeting, enter into a contract to handover all or part of the management of important matters of the Company to a person other than to a director or other senior officer.

#### **ARTICLE 57**

The shareholders' meetings shall include annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings shall be convened once a year and shall be held within six months from the end of the preceding fiscal year.

#### **ARTICLE 58**

The board of directors shall convene an extraordinary shareholders' meeting within two months upon the occurrence of any of the following circumstances:

- (1) The number of directors is less than the number provided for in the Company Law or less than two-thirds prescribed in the Articles of Association of the Company;
- (2) The losses of the Company that have not been made up reach one-third of the total share capital of the Company;
- (3) Shareholders who individually or together hold more than 10% of the shares of the Company required in writing an extraordinary shareholders' meeting to be convened;
- (4) Whenever the board of directors considers necessary;
- (5) When the Audit Committee suggests a meeting;
- (6) Other circumstances prescribed by the law, administrative regulations, departmental regulations or this Articles of Association.

#### **ARTICLE 59**

The venue to hold a shareholders' meeting of the Company shall be the domicile of the Company or other specific location informed by the convener of the shareholders' meeting.

The shareholders' meeting shall have a venue and be held on-site. The Company, under the premise of ensuring the legality and validity of the shareholders' meeting, through various ways and means, including the provision of modern information technology means such as communication and voting platforms in the form of internet, shall provide convenience for shareholders attendance. A shareholder who participated in a shareholders' meeting in the aforesaid manners shall be deemed to have been present at the meeting.

## **SECTION 2**

### **PROPOSING AND CONVENING OF SHAREHOLDERS' MEETING**

#### **ARTICLE 60**

The board of directors shall convene a shareholders' meeting within the prescribed timeframe. Independent directors are entitled to propose an extraordinary shareholders' meeting to the board of directors with the approval of a majority of all the independent directors. Concerning the above request, the board of directors shall, in accordance with the law, administrative regulations and this Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the board of directors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within 5 days upon making the decision. If the board of directors does not agree to convene an extraordinary shareholders' meeting, it shall explain the reasons and make an announcement accordingly.

#### **ARTICLE 61**

The Audit Committee is entitled to propose an extraordinary shareholders' meeting to the board of directors, which shall be made in writing. Concerning the above request, the board of directors shall, in accordance with the law, administrative regulations and this Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the board of directors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within 5 days of the decision. Any changes made to the original request in the notice shall be agreed by the Audit Committee.

If the board of directors disagrees to convene the extraordinary shareholders' meeting, or does not reply within 10 days upon receipt of the proposal, it shall be deemed as failing or not discharging its duties to convene the shareholders' meeting. The Audit Committee shall then be entitled to convene and hold the meeting itself.

#### **ARTICLE 62**

Shareholders holding more than 10% of shares (individually or together with others) shall be entitled to request for an extraordinary shareholders' meeting according to the following procedures.

- (1) Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid shareholders may request the board of directors to convene an extraordinary shareholders' meeting. Concerning the above request, the board of directors shall, in accordance with the law, administrative regulations and this Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary shareholders' meeting within 10 days upon receipt of the proposal. Shares held by the above shareholders shall be calculated as at the date of submitting the written request.
- (2) If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within 5 days upon making the decision. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.



- (3) If the board of directors disagrees to convene the extraordinary shareholders' meeting, or does not reply within 10 days upon receipt of the proposal, shareholders individually or together holding more than 10% of the shares of the Company are entitled to request the Audit Committee to hold an extraordinary shareholders' meeting in writing.
- (4) If the Audit Committee agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within 5 days upon making the decision. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.
- (5) If the Audit Committee does not issue the notice of shareholders' meeting within the prescribed period, it shall be deemed as the Audit Committee not convening and not holding the shareholders' meeting. Then the shareholders who individually or together hold more than 10% of the shares for more than 90 days consecutively may convene and hold the meeting themselves. Before publicly announcing the resolution(s) of the shareholders' meeting, the convening shareholders shall hold no less than 10% of the shares of the Company. When the convening shareholder issues the notice for shareholders' meeting and publicly announces the resolution(s) of the shareholders' meeting, they shall submit the relevant proof materials to the CSRC sub-office at the Company's residence and the stock exchange.

#### **ARTICLE 63**

Where the Audit Committee or shareholders convenes a meeting in accordance with the provisions of this section, a written notice shall be sent to the board of directors and filed with the securities regulatory authorities where the Company is located and relevant stock exchange. The board of directors and the board secretary shall cooperate. The board of directors shall provide the register of shareholders on the shareholding record date. All reasonable fees incurred for the meeting shall be borne by the Company, and be deducted from the amounts due to the director(s) who breaches the duty.

### **SECTION 3 PROPOSALS AND NOTICES OF SHAREHOLDERS' MEETING**

#### **ARTICLE 64**

The contents of the proposals to be raised shall be within the scope of duties of the shareholders' meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and this Articles of Association.

#### **ARTICLE 65**

When a shareholders' meeting is held by the Company, the board of directors, the Audit Committee or shareholders who individually or together holding not less than 1% of the shares of the Company may propose resolutions to the Company.

Shareholders who individually or together holding not less than 1% of the shares of the Company may submit ad hoc proposals in writing to the convener of the shareholders' meeting 10 days before the holding of the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days upon receipt of the proposals, announce the contents of the ad hoc proposals, and submit ad hoc proposals to the shareholders' meeting for approval. However, the ad hoc proposal that is in violation of laws, administrative regulations or the provisions of the Articles of Association, or is not within the terms of reference of the shareholders' meeting shall be excluded.

Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the shareholders' meeting, cannot revise the proposals stated in the notice of shareholders' meetings or add new proposals.

If a notice of shareholders' meeting does not specify the proposed resolutions or does not comply with Article 64 herein, no voting for decision should be held at the shareholders' meeting.

#### **ARTICLE 66**

Where an annual shareholders' meeting is convened by the Company, it shall issue a written notice 20 clear business days prior to the meeting to notify all the registered shareholders of the matters proposed to be considered as well as the date and place of the meeting. Where an shareholders' meeting is convened by the Company, it shall issue a notice 15 natural days or 10 clear business days (whichever is longer) prior to the meeting to notify all the registered shareholders. The "business day(s)" mentioned in the Articles of Association shall be the statutory business days announced by the Hong Kong government.

When calculating the time limit of the notice shall exclude the date of the meeting and the date of issuing the meeting notice.

#### **ARTICLE 67**

The notice of a shareholders' meeting shall include the followings:

- (1) time, venue and duration of the meeting;
- (2) the matters and proposals to be submitted for consideration at the meeting;
- (3) a conspicuous statement that all ordinary shareholders (including shareholders of preferred shares with restored voting rights) and shareholders who hold shares with special voting rights are entitled to attend at the shareholders' meeting, and may appoint a proxy in writing to attend and vote at the meeting and vote on his/her behalf and such proxy is not necessarily be a shareholder of the Company;
- (4) the record date for shareholders who are entitled to attend the shareholders' meeting;
- (5) name and telephone number of the contact person for the meeting;
- (6) time and procedures of the voting through network or by any other means;
- (7) other contents stipulated in laws, administrative regulations, competent departmental rules, regulatory rules of the place where the Company's shares are listed and this Articles of Association.

## **ARTICLE 68**

If a shareholders' meeting shall discuss the election of directors, the notice of shareholders' meeting shall disclose full information of the candidates for directors. It shall at least include the following:

- (1) Personal particulars such as: education background, work experience and other appointments;
- (2) Whether he/she has any connected relationship with the Company or the controlling shareholder and actual controller of the Company;
- (3) The number of shares of the Company he/she held;
- (4) Whether he/she is subject to any punishment by CSRC and other relevant securities regulatory authorities and sanctions by the stock exchange.
- (5) Other information subject to disclosure as required by the securities regulatory authorities and the listing rules of the places where the Company's shares are listed.

Each candidate of director shall be individually proposed.

## **ARTICLE 69**

Notice of shareholders' meeting shall be served to any shareholder (whether has voting right on shareholders' meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his registered address as shown in the register of members, or by publication on the Company's website or other website designated by stock exchange where the Company's shares are listed. For holders of domestic-invested shares, the notice of a shareholders' meeting may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published on one or more newspapers or periodicals designated by the securities regulatory authority under the State Council 15 days or 10 clear business days (whichever is longer) (the extraordinary shareholders' meeting) or 20 clear business days (the annual shareholders' meeting) before the date of convening such meeting. Once the announcement is published, all holders of domestic shares shall be deemed to have received the notice of the shareholders' meeting of shareholders.

## **ARTICLE 70**

After issuance of the notice for the shareholders' meeting, the shareholders' meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make a public announcement giving reasons within 2 days before the scheduled date, unless otherwise prescribed in listing rules of the listing venue (if so, the latter shall prevail).

## **ARTICLE 71**

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 such notice shall not invalidate the meeting and the resolutions passed at the meeting.

## **SECTION 4 CONVENING SHAREHOLDERS' MEETING**

## **ARTICLE 72**

All shareholders on the register of members on the shareholding record date shall be entitled to attend the shareholders' meeting, and vote in accordance with the provisions of relevant law, regulations and this Articles of Association.

Any shareholder entitled to attend and vote at a shareholders' meeting have the right to appoint one or more persons (who may not be a shareholder) as his proxies to attend and vote on his behalf.

Such proxies may exercise the following rights as entrusted by the shareholder:

- (1) The shareholder's right to speak at the shareholders' meeting;
- (2) The right to demand by himself or jointly with others, in demanding a poll;
- (3) Unless otherwise provided in the applicable listing rules or other securities laws and regulations, the right to vote may be exercised either by a show of hands or on a poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights on a poll.

The board of directors of the Company or other conveners shall take necessary precautions to ensure the normal order of the shareholders' meeting. With respect to acts of interfering with shareholders' meetings, picking quarrels and provoking trouble and infringing upon the legitimate rights and interests of shareholders, measures will be taken to restrain such acts and reported to the relevant authorities for investigation and action in a timely manner.

## **ARTICLE 73**

An individual shareholder who attends the shareholders' meeting in person shall present valid proof which can confirm his identity or other valid document or proof of his identity. The person who attend the meeting on behalf of the others should produce his/her valid identity document and shareholders' power of attorney.

If a shareholder is a legal person, it shall attend the meeting by its legal representative or a proxy authorized by the legal representative. Where the legal representative attends the meeting in person, he/she shall present valid identity proof and proof of his/her qualification as the legal representative. Where a proxy attends the meeting on behalf of the legal person shareholder, the proxy shall present valid identity proof and a written power of attorney issued by the legal representative of the legal person shareholder in accordance with the law.

If a shareholder is a recognized clearing house (or its agent), the shareholder shall be entitled to appoint a person to serve as its representative at any shareholders' meeting. Such authorized person are entitled to attend the meeting on behalf of the recognized clearing house (or its agent) and are entitled to statutory rights equivalent to other shareholders, including rights to speak and vote.

#### **ARTICLE 74**

The instrument appointing a proxy shall be in writing under the hand of the appointing Shareholder or his attorney duly authorized in writing; where the appointing shareholder is a legal person, such instrument shall be under its seal or under the hand of its director or attorney duly authorized.

The instrument issued by the shareholder to authorize another person to attend the shareholders' meeting shall state the following contents:

- (1) Name of the principal, and the class and number of shares held in the Company;
- (2) Name of the proxy;
- (3) Shareholders' specific indication, including indications of consent, objection or abstention concerning each proposal on the shareholders' meeting agenda;
- (4) Date of signing of instrument and term of validity;
- (5) Signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal person shall be affixed;

#### **ARTICLE 75**

Where the instrument is signed by another person authorized by the entrusting party, the authorization letter or other document authorizing the signatory shall be notarized. The notarized authorization letter or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

## **ARTICLE 76**

An registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain the names of attendants (or names of organizations), identity card numbers, the number of shares held or representing the voting rights and names (or name of organizations) of the proxies.

## **ARTICLE 77**

The convener shall examine legality of the shareholders' qualifications according to the register of members provided by the securities registrations and clearing organizations. The names of shareholders and the number of shares with voting rights shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the shares held with voting rights.

## **ARTICLE 78**

If the shareholders' meeting requests the directors and senior management to attend the meeting, the directors and senior management shall attend the meeting and accept the shareholders' questions.

## **ARTICLE 79**

The shareholders' meeting shall be convened and presided over by the chairman of the board of directors. Where the chairman of the board of directors is unable to discharge the duty or will not discharge his duty, the meeting shall be convened and presided over by the vice chairman of the board (if there are two or more vice chairmen, the one elected by more than one half of the directors shall preside). Where the vice chairman of the board is unable to discharge the duty or will not discharge the duty, more than one half of the directors shall designate a director to convene and preside over the meeting. Where more than one half of the directors cannot designate a director to preside over the meeting, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the attendant shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

If a shareholders' meeting is convened by the Audit Committee, the convenor of the Audit Committee shall preside over the meeting. If the convenor of the Audit Committee is unable to or will not discharge his duties, more than one half of the member of the Audit Committee shall nominate a member of the Audit Committee to preside over the meeting.

If a shareholders' meeting is convened by the shareholders themselves, the convener will nominate a representative to conduct the meeting. If for any reason the shareholders are unable to elect a chairman, the attendant shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

In a shareholders' meeting, if the chairman of the meeting contravenes the meeting procedures, making the meeting impossible to proceed, with consent from more than one half of the attendant shareholders with voting rights, the shareholders may nominate one person to serve as the chairman and continue with the shareholders' meeting. If for any reason the shareholders are unable to elect a chairman, the attendant shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

#### **ARTICLE 80**

The Company shall stipulate the rules of procedures for the shareholders' meeting and specify in details the procedure for convening and voting at the shareholders' meeting, including notification, registration, reviewing of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, public announcements as well as principles of authorization to the board of directors by the shareholders' meeting, and the content of the authorization should be clear and specific. The rules of procedures for the shareholders' meeting shall be appended to this Articles of Association. They shall be stipulated by the board of directors and approved by the shareholders' meeting.

#### **ARTICLE 81**

In the annual shareholders' meeting, the board of directors shall report their work during the past year to the shareholders' meeting, which shall include the performance of independent non- executive directors.

#### **ARTICLE 82**

Directors and senior management members shall explain and answer the enquiries and suggestions from shareholders at the shareholders' meeting.

#### **ARTICLE 83**

The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of voting shares, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

#### **ARTICLE 84**

The shareholders' meeting shall have minutes prepared by the secretary to the board of directors. The minutes shall state the following contents:

- (1) Time, venue and agenda of the meeting and names of the convener;
- (2) The name of the meeting chairman and the names of the directors, managers, and other senior management members attending or present at the meeting;
- (3) The numbers of shareholders (including domestic-invested shareholders and overseas shareholders (if any)) and proxies attending the shareholders' meeting, number of voting shares they represent and the percentages of their voting shares to the total share capital of the Company for each shareholder;

- (4) The process of review and discussion, summary of any speech and voting results of each proposal;
- (5) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;
- (6) Names of vote counters and scrutinizer of the voting;
- (7) Other contents to be included as specified in this Articles of Associations.

#### **ARTICLE 85**

The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, secretaries to the board of directors, conveners or their representatives and the meeting chairman sitting in on the meeting shall sign on the minutes. The minutes shall be kept together with the registration record of attendant shareholders, authorization letters of proxies, valid record on internet voting and other means of voting, for a period of no less than 10 years.

#### **ARTICLE 86**

The convener shall ensure that the shareholders' meeting be conducted continuously until final resolutions are made. If the shareholders' meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to resume the shareholders' meeting or directly terminate that shareholders' meeting immediately followed by a timely public announcement and report in accordance with the laws, regulations or listing rules of the place where the Company's shares are listed.

### **SECTION 5 VOTING AND RESOLUTIONS AT SHAREHOLDERS' MEETINGS**

#### **ARTICLE 87**

Resolutions of the shareholders' meeting include ordinary resolutions or special resolutions.

Ordinary resolution at a shareholders' meeting shall be passed by more than one half of the voting shares held by shareholders (including their proxies) attending the shareholders' meeting.

Special resolution at a shareholders' meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting.



## **ARTICLE 88**

When shareholders (including proxies) vote at the shareholders' meeting, they shall exercise their voting rights according to the number of voting shares that they represent. Each share shall carry one voting right.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' meeting.

Subject to and conditional upon compliance with applicable laws, regulations and/or requirements of the listing rules of the place where the Company's shares are listed, the board of directors, independent directors, shareholders holding more than 1% of the shares with voting rights, or investor protection institutions established in accordance with laws, regulations, and provisions of the China Securities Regulatory Commission may solicit for the voting rights from shareholders. When soliciting shareholder's voting rights, specific voting intentions and other information must be fully disclosed to the persons being solicited. Solicitation of voting rights at any consideration, whether in direct or indirect form, is prohibited. Except for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights. When the shareholders' meeting considers related party transactions, the related party shareholders shall not participate in the voting if so specified in the applicable law, regulations or listing rules of the place where the Company's shares are listed. His/her shares held with voting rights will not be counted within the total number of valid votes. The public announcement on the voting results of the shareholders' meeting shall fully disclose the voting results of the non-related party shareholders.

In accordance with the applicable laws, regulations and listing rules of the place where the Company's shares are listed, where any shareholder shall abstain from voting for any particular resolution, or is restricted to vote only for or against such resolution, any votes in violation of such requirement or restriction by the shareholders (or their proxies) shall not be counted in the voting results.

## **ARTICLE 89**

Voting at shareholders' meeting will record the name of the voter.

## **ARTICLE 90**

As for the powers to be exercised by the shareholders' meeting of shareholders, except for such matters as set out in paragraphs (1), (2), (3), (6), (7), (9), (11), (14) and (15) in Article 54 or other matters in need of going through the special resolutions in accordance with the laws, administrative regulations or this Articles of Association, the other matters shall be passed by ordinary resolutions at a shareholders' meeting.

## **ARTICLE 91**

As for the powers to be exercised by the shareholders' meeting of shareholders, such items as set out paragraphs (4), (5), (8), (10) and (12) in Article 54 or matters required by the laws, administrative regulations or this Articles of Association, or such matters resolved by the shareholders' meeting by ordinary resolutions to be of significant impact to the Company and thereby shall be passed by special resolutions, shall be passed by special resolutions at a shareholders' meeting. And such matters set out in paragraph (13) shall respectively apply the above mentioned provisions on the ordinary resolutions and special resolutions in accordance with the specific content of shareholder's proposals.

## **ARTICLE 92**

The physical meetings of the shareholders' meeting shall not end any earlier than that held through network or by any other means. The presider of the meeting shall declare the voting and result of each resolution at the meeting, and announce whether the resolution has been adopted in light of the voting result.

## **ARTICLE 93**

If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange re-counting of the votes. If the chairman of the meeting does not arrange re-counting of the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have be entitled to request re-counting of votes immediately after such announcement, the chairman of the meeting shall immediately arrange re-counting of the votes.

## **CHAPTER 8 PARTY COMMITTEE**

### **ARTICLE 94**

The Company shall establish the Communist Party Committee of Beijing Jingneng Clean Energy Co., Limited (Clean Energy Party Committee) and the Discipline Inspection Committee of Communist Party of Beijing Jingneng Clean Energy Co., Limited (Clean Energy Discipline Committee). In principle, the chairman of the board of directors of the Company and the secretary of the Party Committee shall be the same person, and one full-time deputy secretary shall be assigned in charge of Party-related work. Eligible members of the Party Committee can join the board of directors and the management team through legal procedures, while eligible Party members of the board of directors and the management team can also join the Party Committee in accordance with the relevant rules and procedures.

The number of positions of secretary, deputy secretary and committee members of the Party Committee of the Company and the Discipline Inspection Committee of the Company shall be established in accordance with the reply given by the superior party committee, and members for all positions shall be selected by election. During the adjournment of the party representative congress, the superior party committee may appoint the secretary, deputy secretary and the secretary of the Discipline Inspection Committee when necessary.

### **ARTICLE 95**

The Party Committee of the Company shall, in accordance with the Constitution of the Communist Party of China and other party rules, perform its duties.

- (1) To ensure and supervise the thorough implementation of the guidelines and policies of the Party and the State, decisions and deployment made by the Party Central Committee, the Party Committee of the Municipal Party Committee and the Government, the State-owned Assets Supervision and Administration Commission and the Beijing Energy Holding Co., Ltd throughout the Company.
- (2) To adhere to the principles of the Party exercising leadership over officials, the selection of operating managers by the board of directors, and the exercise of power as regards to the right of officials' appointment by the operating managers in accordance with laws. The Party Committee of the Company shall recommend nominees to the board of directors or the general manager, or contemplate and/or give suggestions on the candidates nominated by the board of directors or the general manager. The Party Committee of the Company, together with the board of directors, shall observe the proposed candidates and discuss jointly to provide opinions and suggestions thereon. To perform the duty of exercising leadership over talents and proceed with the strategy of reinvigorating enterprises through human resource development.

- (3) To study and discuss the stable reform and development, substantial operational and management issues of the Company as well as material issues relating to the interests of the employees, and provide advice and recommendations.
- (4) To take full responsibility to comprehensively strengthen the Party's discipline, lead the Company's ideological and political work, united front work, spiritual civilization construction as well as corporate culture construction, and work of mass organizations such as the trade union and the Communist Youth League. Play a leading role in building a Party with a clean and honest image, support the Discipline Inspection Committee of the Company in fulfilling its responsibility of supervision in practice.

#### **ARTICLE 96**

In determining the substantial operational and management issues of the Company, the board of directors and management team shall first seek opinions from the Party Committee of the Company.

#### **ARTICLE 97**

The work of the Party Organization and the construction of itself shall proceed in compliance with the relevant provisions of the Constitution of the Communist Party of China.

### **CHAPTER 9 BOARD OF DIRECTORS**

#### **SECTION 1 DIRECTORS**

#### **ARTICLE 98**

Directors shall be elected by the shareholders' meeting and serve a term of three years for each session. A director may serve consecutive terms if re-elected upon the expiry of his term, unless otherwise stipulated by the relevant laws, regulations and listing rules of the place where the Company's shares are listed.

A director's term of service commences from the date he takes up the appointment, until the current term of service of board of directors ends. If a director's term of service expires but a new director is not yet appointed, the original director shall continue to carry out the director's duties according to the laws, administrative regulations, departmental regulations and this Articles of Association until the newly elected director's appointment comes into effect.

A director's post may be assumed by general manager or other senior management members. But the total number of general managers or other senior management members who also assume directorship in the company, plus the number of directors as staff representative, shall not exceed one half of the total number of directors.

A director needs not be shareholder of the Company.

#### **ARTICLE 99**

The directors, both collectively and individually, are expected to fulfill fiduciary duties and duties of skill, care and diligence to a standard at least in compliance with the standard established by the laws of Hong Kong.

#### **ARTICLE 100**

Where unless otherwise provided by relevant laws and regulations, a director can be removed by ordinary resolution passed on a shareholders' meeting before the expiry of his term of office (but such removal does not prejudice the director's claim for damages pursuant to any contract).

#### **ARTICLE 101**

If a director is unable to attend board meetings in person for two consecutive meetings, and does not appoint other directors to attend board meeting on his behalf, he shall be deemed as failing to carry out his duties. The board of directors shall propose to the shareholders' meeting to replace him.

#### **ARTICLE 102**

A director may resign before expiry of his term of service. When a director resigns, he shall submit a written resignation notice to the Company, and the resignation shall take effect on the date when the Company receives the notice of resignation. The Company shall disclose the relevant circumstances within 2 trading days. Relevant laws and regulations and the listing rules of the place where the Company's shares are listed shall apply where otherwise provided.

If the number of the directors fall below the minimum statutory requirement due to a director's resignation, before the re-elected directors take office, the former directors shall still fulfill their duties as directors in accordance with the laws, administrative regulations, departmental rules and the provisions of this Articles of Association.

#### **ARTICLE 103**

When a director's resignation takes effect or his term of service expires, the director shall complete all transfer procedures with the board of directors. His fiduciary duty towards the Company and the shareholders shall not expire after the end of his term of service and will be still in effective for a reasonable period specified by this Articles of Association.

A director's liability arising from the performance of his or her duties during his or her tenure of office shall not be waived or terminated by his or her departure from office.

#### **ARTICLE 104**

The shareholders' meeting may resolve to remove a director, and the removal shall take effect on the date the resolution is made.

If a director is removed before the expiration of his or her term of office without a valid reason, the director may request the Company to compensate him or her.

#### **ARTICLE 105**

In the absence of specification in this Articles of Association or legitimate authorization by the board of directors, no director shall act in his personal capacity on behalf of the Company or the board of directors. When a director acts in his personal capacity, but a third party may reasonably believe that the director is representing the Company or the board of directors, that director shall declare his stance and capacity in advance.

#### **ARTICLE 106**

The Company will be held responsible for any damages caused to others by a director in the performance of his or her duties for the Company; the director shall also be held responsible for damages if he or she is willful or grossly negligent.

If a director breaches the laws, administrative regulations, departmental regulations or this Articles of Association when carrying out his duties and causes loss to the Company, he shall be held responsible for damages.

### **SECTION 2 INDEPENDENT DIRECTORS**

#### **ARTICLE 107**

The Company shall have independent directors. Independent directors refer to such directors of the Company that serves no duties other than the directors' duties, has no relationship with the Company or its substantial shareholders (referring separately or aggregately such shareholders who hold more than 5% of the total number of voting shares) that may hinder their independent objective judgments, and satisfies the requirements on independence by the listing rules of the place where the Company's shares are listed.

Unless otherwise provided in this section, the relevant provisions set out in Chapter 13 of this Articles of Association shall apply to the qualifications and obligations of independent directors.

#### **ARTICLE 108**

No less than one-third members of board of directors and no less than three members of the board of directors of the Company shall be independent directors; among which, at least one of the independent directors must have appropriate professional qualifications or accounting or related financial management expertise. At any time the number of independent directors fails to meet the minimum number required by this Articles of Association due to either disqualification of independence or other circumstances which may put such independent directors inappropriate to perform their duties, the Company shall appoint additional independent directors to meet the requirement.

At least one of the independent directors of the Company shall ordinarily reside in Hong Kong.

#### **ARTICLE 109**

An independent director shall have the same term of office as other directors of the Company, and may be re-elected upon expiry of the term given that the consecutive terms shall be no more than six years.

#### **ARTICLE 110**

The Company shall formulate working rules of independent directors, which will specify the qualification, nomination, election and replacement and rights and obligations, liabilities, and such system shall be approved at the shareholders' meeting.

#### **ARTICLE 111**

Matters relating to independent directors which are not covered in this section shall be dealt with according to the relevant laws, regulations or listing rules of the place where the Company's shares are listed.

### **SECTION 3 BOARD OF DIRECTORS**

#### **ARTICLE 112**

The Company shall set up a board of directors which shall be accountable to the shareholders' meeting.

#### **ARTICLE 113**

The board of directors shall compose of nine to thirteen directors. The board of directors shall have one chairman, and the shareholders' meeting shall decide whether or how to set up the post of vice chairman by an ordinary resolution at the shareholders' meeting. (The reference to vice chairman herein and thereafter within this Articles of Association is only applicable to circumstances where position(s) of vice chairman (or vice chairmen) is set up in the Company.)

When the number of employees of the Company reaches 300 or more, the board of directors shall include representatives of the Company's employees among its members. Employee representatives in the board of directors shall be democratically elected by the Company's employees through the employee representative meeting, employee meeting or other forms, and need not be submitted to the shareholders' meeting for consideration.

The chairman and vice chairman (or vice chairmen) of the board of directors shall be elected by more than one half of all the directors. The chairman and vice chairman (or vice chairmen) of the board shall serve a term of three years and may be re-elected upon the expiry of their terms.

## ARTICLE 114

The board of directors exercises the following functions and powers:

- (1) to be responsible for the convening of shareholders' meetings and report its work to the shareholders' meetings;
- (2) to implement resolutions of the shareholders' meetings;
- (3) to decide on the Company's operational direction, development strategies, medium and long term development plans, business plans and investment schemes and plans;
- (4) to decide the annual financial budgets and final accounts of the Company;
- (5) to decide the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposal for the Company to increase or decrease of its registered capital, issue bonds or other securities and listing thereof;
- (7) to formulate plans for mergers, divisions, dissolution and alteration of corporate form of the Company;
- (8) to formulate plans for the Company's substantial acquisitions and purchase of shares of the Company;
- (9) within the scope authorized by the shareholders' meeting, to decide, among others, the Company's external investment, purchase and sale of assets, provision of securities on the company's assets, matters on external guarantees, wealth management entrustment, related party transactions, external donations;
- (10) to decide on establishment of internal management organizations of the Company;
- (11) to determine the setup of the specialized committees under the board of directors, appoint or dismiss the chairman of such committees;
- (12) to appoint or dismiss general manager and secretary to the board of directors, and to decide on their remunerations, awards and punishment; in accordance with the nominations by general manager, to appoint or dismiss deputy general managers, chief accountant and general counsel and to decide on their remunerations, awards and punishment; to decide on employees' wages, benefits, awards and punishment;
- (13) to determine the basic management system of the Company;
- (14) to formulate proposals to amend this Articles of Association;
- (15) to formulate the stock option incentive plan and the employee stock ownership plan of the Company;

- (16) to consider the Company's external donations and sponsorships with a single amount of RMB3 million or more and less than 0.1% of the latest audited net assets included in the current period's profit and loss;
- (17) to manage information disclosure of the Company;
- (18) to propose to the shareholders' meeting on the appointment or replacement of the accounting firms which audit to the Company;
- (19) to listen to work reports of the general manager and review his/her work;
- (20) to appoint or replace the directors or supervisors (other than the employee representative directors or supervisors) in the Company's wholly owned subsidiaries; nominate candidate directors or supervisors (other than the employee representative directors or supervisors) in the consolidated subsidiaries and associates of the Company; and recommend candidates for senior management in wholly owned subsidiaries and consolidated subsidiaries;
- (21) to review and approve the matters on the Company's external guarantee which are not covered by Article 55 for review and consideration at a shareholders' meeting;
- (22) other powers authorized by the laws, administrative regulations, and department rules, listing rules of the listing place where the Company's shares are listed, this Articles of Associations and the shareholders' meetings.

In determining the substantial operational and management issues of the Company, the board of directors and management team shall first seek opinions from the Party Committee of the Company. The substantial operational and management issues of the Company include but not limited to:

- a. Development strategies and medium-term and long-term development plans of the Company;
- b. the business plans and operation plans;
- c. principal and directional issues relating to financial restructuring, assets transfer, capital operation and substantial investments;
- d. the merger, division, change of control and dissolution of the Company;
- e. issues relating the remuneration, performance appraisals and supervision of the senior management team;
- f. substantial and principal issues relating to the interests of the employees and need to be brought to the employees' representatives conference;
- g. substantial and principal arrangements relating to the Company's political responsibility and social responsibility, such as extremely significant safety in production and stability maintenance;



- h. substantial and principal issues which need to be reported to the relevant government and superior authorities; and
- i. other issues which need the involvement and determination of the Party Committee.

The above matters of authority exercised by the board of directors or any transaction or arrangement of the Company which shall be reviewed by a shareholders' meeting according to listing rules, shall be submitted to the shareholders' meeting for review.

Except for the board resolutions in respect of the matters specified in paragraphs (6), (7) and (14) which shall be passed by more than two-thirds of the directors, the board resolutions in respect of all other matters may be passed by more than one half of the directors. Matters authorized by the board of directors to the management by the board shall be passed by more than two-thirds of the directors.

#### **ARTICLE 115**

The board of directors shall formulate the rules of procedures for meetings of the board of directors to ensure implementation of the resolutions of the shareholders' meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for the board of directors stipulate the holding and voting procedures of the board of directors, and shall be appended to the Articles of Association. It shall be formulated by the board of directors and approved by the shareholders' meeting.

#### **ARTICLE 116**

The board of directors of the Company has set up an Audit Committee to exercise the duties and powers of the board of supervisors as stipulated in the Company Law. The board of directors may set up other specialized committees such as the Strategic Committee, Remuneration and Nomination Committee and Legal and Compliance Management Committee to advise the board of directors on major decisions.

Each specialized committee is responsible to the board of directors, and its members are consisted of directors. Among which, the majority members in the Audit Committee and Remuneration and Nomination Committee shall be independent directors. At least one member of the Audit Committee shall be an independent director with the proper qualification as required by the Hong Kong Listing Rules, or appropriate accounting or related financial management expertise. The board of directors may also set up additional specialized committee or adjust the existing committees if necessary. The board of directors shall separately formulate the scope of responsibilities and rules of procedures for each specialized committees under the board of directors.

## ARTICLE 117

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

- (1) to preside over shareholders' meetings and to convene and preside over meetings of the board of directors;
- (2) to procure and check the implementation of resolutions of the board of directors;
- (3) to sign on share certificates, bond certificates and other securities issued by the Company;
- (4) organize the formulation of various rules and coordinate operation of the board of directors;
- (5) to sign on important documents of the board of directors and legally binding documents on behalf of the Company;
- (6) to exercise the powers and functions as the legal representative;
- (7) to nominate candidates for secretary to the board of directors, members and chairman of the specialized committee under the board of directors;
- (8) to listen to regular or provisional work reports of the company's senior management, and provide guidance opinion to implementation of the resolutions of the board of directors;
- (9) in case of emergency of catastrophic natural disasters and other force majeure, exercise the special right of disposal over the Company's affairs that are in line with the requirements of laws and interests of the Company, and report to the board of directors and the shareholders' meeting afterwards;
- (10) to act the part of powers of the board of directors within the mandate of the board of directors when the board of directors is not in session; and
- (11) other functions and powers authorized by the laws, administrative regulations, departmental rules, this Article of Associations and the board of directors.

#### **ARTICLE 118**

The vice chairman shall assist the chairman of the board of directors in work. When the chairman is unable to or does not carry out his duties, they shall be carried out by the vice chairman (if the Company has two or more vice chairmen, then these duties shall be carried out by the vice chairman nominated by more than one half of the directors). If the vice chairman is unable to or does not carry out his duties, more than one half of the directors shall nominate a director to carry out the duties.

#### **ARTICLE 119**

The board meetings include regular meetings and extraordinary meetings.

Regular meetings of the board of directors shall be held at least four times a year, about once every quarter. Meetings of the board of directors shall be convened by the chairman of the board by giving a notice to all directors 14 days before the meeting is held.

The Party Committee, chairman, specialized committee of the board of directors, any shareholder holding more than one-tenth voting rights, more than one third of the directors, or may propose the holding of an extraordinary meeting of the board of directors.

The chairman shall, convene and preside over the extraordinary meeting of the Board of Directors within 10 days upon receipt of the proposal, and shall give a notice to all directors five days before the meeting is held.

Where there is an urgent matter, the extraordinary board meeting may be held upon approval by the chairman, which is not subject to the requirement of meeting notice as set out in the paragraph 4 of this article, given that a proper notice shall be given to directors and general manager.

#### **ARTICLE 120**

The notice of board meetings may be delivered in the manners as set out in Article 189 of the Articles of Association.

Directors who have attended the meeting will be deemed to have been issued a notice of board meeting if he had not raised any issues of not having received such notice before or during the board meeting.

The board meetings may be held by means of telephone conference or other similar communications equipment. So long as all participating directors can hear the other directors and communicate, all such participation shall constitute presence at the meeting as if those directors were present in person.

## **ARTICLE 121**

A notice of board meeting shall include the following contents:

- (1) Date and place of meeting;
- (2) Period of the meeting;
- (3) Reasons and agenda;
- (4) Date of issuance of notice;
- (5) Method of holding the meeting.

## **ARTICLE 122**

For any major matters to be determined by the board of directors, sufficient information shall be provided to the directors and the directors are entitled to request supplementary materials. When more than one-fourth of the directors or two or more external directors (referring to such directors who have no executive positions in the Company) considers that the provided materials insufficient or the reasoning is unclear, they may jointly propose to defer the board meeting or defer the consideration on the relevant matters, the board of directors shall accept such suggestions accordingly.

## **ARTICLE 123**

Except for the consideration on the related party transactions by the board of directors as set out in Article 125, the board meeting shall not be held unless more than one half of the directors are present.

Unless otherwise provided in other articles herein, resolutions of the board of directors shall be passed by more than one half of all the directors.

As for the voting on a board resolution, each director shall have one vote only.

#### **ARTICLE 124**

The directors shall attend a board meeting in person. If a director is unable to attend for any reasons, he may appoint another director in writing to attend on his behalf. The authorization letter shall contain the name of the representative, the matters represented, scope of authorization and validity period. It shall be signed or sealed by the principal.

The appointed director who attends the meeting shall exercise the director's duties within the authorized scope. If a director does not attend a board meeting in person and does not appoint a representative to attend the meeting, he/she shall be deemed to have waived the voting rights in the meeting.

#### **ARTICLE 125**

When a director is connected to companies or individuals which is the subject of a resolution to be decided at a board meeting, the connected director shall promptly report in writing to the board of directors and shall not vote on that resolution, and shall not vote on behalf of other directors. That director's meeting can be held if more than one half of the independent directors attends. Resolutions made by the board meeting shall be passed by more than one half of the independent directors. If less than three independent directors attend the board meeting, the matter shall be submitted to the shareholders' meeting for consideration.

#### **ARTICLE 126**

The board meeting shall vote by way of disclosed ballot.

Provided that the directors can fully express their opinions at the extraordinary board meetings, such meetings can be held by means of delivery by hand, post, fax or other means of communication and resolutions could be passed thereof which shall be signed by the directors who attended the meeting.

#### **ARTICLE 127**

The board of directors shall keep minutes of its decisions on the matters discussed at the meeting. The directors who attended the meeting and the recorder shall sign the minutes of that meeting.

The directors shall be responsible for the decisions of the board of directors. Where a resolution of the board of directors is in violation of the laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting, the director shall be relieved from such liability.

The minutes of board meeting shall be kept as a company file for a period of no less than 10 years.

## **ARTICLE 128**

The minutes of the Board shall consist of the following:

- (1) date and venue of the meeting and the name of the convener;
- (2) the name of the Director present and name of Director (attorney) being appointed to attend on the other's behalf;
- (3) the agenda;
- (4) the main points of Directors' speeches;
- (5) the voting method of each resolution and the result (the result shall specify the number of votes for, against and abstaining).

## **ARTICLE 129**

The expenses reasonably incurred by directors for attending the meeting of Board shall be borne by the Company. Such expenses include the non-local transport fees from the director's location to the meeting venue (assuming the director resides at a location other than where the meeting venue locates) and the accommodation during the meeting.

## **CHAPTER 10 SECRETARY TO THE BOARD OF DIRECTORS**

### **ARTICLE 130**

The Company shall have one (1) board secretary. The Secretary shall be a senior management member of the Company.

### **ARTICLE 131**

The secretary to the board of directors shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the board of directors.

The primary responsibilities of the secretary of the board include:

- (1) assist the daily work operations of the board, continuously provide the board with the operation provisions on corporate operations under the law, regulations, policies and requirements of domestic and foreign regulatory agencies and ensure the board comprehend such provisions, and assist the directors and general manager perform duty under domestic and foreign law, regulations, the Articles of Association and any other relevant provisions;
- (2) organize board meeting and shareholders' meeting, prepare the relevant documentations, prepare the meeting minutes, ensure the meeting's decision-making processes in line with statutory procedures, and be fully aware of the implementation of the board's resolutions;

- (3) be responsible for arrangement and coordination of information disclosure, liaise with investors, and enhance the transparency of the Company's work operations;
- (4) participate in the arrangement of capital market financing;
- (5) liaise with intermediate agencies, regulatory authorities and media, and maintain good public relations; and
- (6) fulfill other tasks assigned by the Board of directors as well as the chairman.

The scope of responsibilities of the secretary to the board includes:

- (1) organize the meetings of the Board and the shareholders' meetings, prepare relevant documentations, prepare meeting minutes, ensure the accuracy of the meeting minutes, keep the meeting documents including the meeting minutes and take the initiative to fully comprehend the implementation of the related resolutions, report to the Board with suggestions on important issues.
- (2) ensure the board's decision-making on major issues in strict accordance with the prescribed procedures, organize and participate in the discussion meetings per the request of the board, make suggestions on related issues, and fulfill routine work per the request of the board or related committees of the board.
- (3) as the contact person between the Company and the securities regulatory authorities, take the responsibilities of preparing and timely submitting the documents requested by the regulatory authorities, and of organizing relevant tasks assigned by the regulatory authorities.
- (4) coordinate and organize the corporate information disclosure, improve the information disclosure system, participate in all the meetings related to information disclosure, and be fully aware of the major business decisions and related information timely.
- (5) be responsible for the confidentiality of the sensitive information on the Company's share price, and formulate effective confidentiality measures, take necessary remedial measures on the leakage of sensitive information of the share price of the Company should the leakage happens, in a timely manner explaining and clarifying accordingly, and inform overseas listing regulatory agencies and the China Securities Regulatory Commission.
- (6) coordinate and organize the Company's domestic and overseas marketing events, receive visitors on such events, liaise with investors, intermediate agencies and media, coordinate and reply to public enquiries, to ensure that investors are able to receive timely information disclosed by the Company, Compile summary reports on such events and important visits, and report on relevant matters to the China Securities Regulatory Commission.
- (7) be responsible for the maintenance of shareholders' register, directors' register, shareholdings of substantial shareholders and director share records as well as a name list of issued debenture holders of the Company.

- (8) assist directors and general manager perform duty in accordance with domestic and foreign law, regulations, Articles of Association and other relevant regulations. When knowing that the Company is making or to make a resolution in violation of any relevant provisions, the secretary has an obligation to timely remind the Company and has the right to truthfully reflect the situation to the China Securities Regulatory Commission and other regulatory agencies.
- (9) coordinate to provide information to the Company's Audit Committee and other regulatory agencies needed for performance of their supervisory functions, and assist the investigation relevant to the Company's chief accountant, directors and general manager on fulfillment of fiduciary.
- (10) perform such other functions and powers assigned by the Board of Directors and other functions required by the law in the listing place of the Company or stock exchange.

#### **ARTICLE 132**

Directors or other senior management members (except the chief account or general manager of the Company) may concurrently act as the secretary to the board of directors. No accountant(s) of the accounting firm that is pointed by the Company may concurrently act as secretary to the board of directors.

Provided that where the office of the secretary to the board is held concurrently by a director, and an act is required to be made by a director and the secretary to the board separately, the person who concurrently holds the offices of director and secretary to the board shall not perform the act in dual capacity.

#### **ARTICLE 133**

The Company's directors, general manager and related departments shall support the secretary to the board to perform his/her duties in terms of institutional setup, staff deployment, funding etc. if required. All relevant departments of the Company shall actively cooperate with the secretary to the board.

### **CHAPTER 11 GENERAL MANAGER**

#### **ARTICLE 134**

The Company shall have one management team, who under the steering of the board of directors implements the decisions of the board of directors and supervises the Company's daily work operations. Responsibility system shall be run within the management team.

The Company shall have one general manager and several deputy general managers to assist the general manager, one chief accountant and one general counsel. The general manager, deputy general managers, chief accountant and general counsel shall be hired and dismissed by the board of directors.



## **ARTICLE 135**

The term of office of the general manager shall be three years and shall be eligible to offer himself/herself for reappointment.

The general manager can submit his resignation before the expiry of his term of office. The procedure and concerning the general manager's resignation shall be regulated by the employment contract between the general manager and the Company.

A director may concurrently take the post of general manager or deputy general manager.

## **ARTICLE 136**

The Company's general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (1) lead the Company's production, operation and management, and report to the board of directors;
- (2) organize resources to carry out the Board's resolutions;
- (3) organize the implementation of the Company's annual business plan and investment plan formulated by the board of directors;
- (4) draft plans for the establishment of the Company's internal management structure;
- (5) draft the basic management system of the Company;
- (6) formulate detailed rules and regulations of the Company;
- (7) propose the appointment or dismissal of the Company's deputy general manager(s), chief accountant and the general counsel to the Board;
- (8) appoint or dismiss other management members other than those required to be appointed or dismissed by the Board;
- (9) propose employees' wages, benefits, awards and punishment plans and decide on the employees' recruitment and dismissal;
- (10) exercise other powers conferred by the Articles of Association or the board of directors.

In determining the substantial operational and management issues of the Company, the management team of the Company shall first seek opinions from the Party Committee of the Company.

#### **ARTICLE 137**

The Company's general manager shall attend the meetings of the board of directors. A non-director manager shall not have the right to vote at such meetings.

#### **ARTICLE 138**

The general manager shall formulate the detailed working rules of the general manager, which shall be submit to the board of directors for approval.

The working rules of the general manager include the following:

- (1) conditions, procedures and the number of participants for convening managers meeting;
- (2) respective duties and division of labor among general managers and other senior management;
- (3) limits of authority in using company funds and assets as well the signing of significant contracts, together with the reporting system to the board of directors;
- (4) other matters considered necessary by the board of directors.

#### **ARTICLE 139**

In the exercise of his/her functions and powers, the manager shall bear the duties of good faith and due diligence in accordance with the law, administrative regulations and the Company's Articles of Association.

### **CHAPTER 12 GENERAL COUNSEL**

#### **ARTICLE 140**

The Company adopts a general counsel system to further exert the function of general counsel of the Company in legal review and supervision of operation and management, thereby facilitating the legal operation and compliance management of the Company.

The general counsel is a senior management member of the Company appointed by the board of directors and is the specific leader of the Company's rule of law efforts. The general counsel shall be responsible for legal affairs of the Company by coordinating and handling legal affairs in decision- making, operation and management of the Company. The general counsel reports directly to the general manager or chairman of the board of directors and is accountable to the board of directors.

## **ARTICLE 141**

Significant matter to be discussed and considered at a decision-making meeting of the Company which is subject to legal review and verification must be submitted to the general counsel for legal review in advance. If the general counsel considers that such matter involves material risks, submission to the decision-making meeting shall be deferred.

The general counsel shall attend the meetings of the party committee and the board of directors and participate in the general manager's work meetings to provide independent legal opinions on legal issues related to the matters under consideration.

## **CHAPTER 13 QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS AND OTHER SENIOR MANAGEMENT**

## **ARTICLE 142**

A person may not serve as a Director, general manager or any other senior management members of the Company if any of the following circumstances applies:

1. a person without capacity or with restricted capacity for civil acts;
2. a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation; or two (2) years have not elapsed since the expiration of the probation period for suspended sentence;
3. a person who is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date the completion of the insolvency and liquidation of the company or enterprise;
4. a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license and being ordered to close;
5. a person who has a relatively large amount of debts due and outstanding is listed as defaulter subject to enforcement by the court;
6. a person who is prohibited to enter the securities market by the CSRC and the aforesaid prohibition period has not yet expired;
7. a person who is publicly recognized by the stock exchange as unsuitable to serve as a director, senior management, etc. of a listed company and the aforesaid prohibition period has not yet expired;
8. other circumstances prescribed by the law, administrative regulations or departmental regulations or rules of security regulators and exchange(s) in the territory where the Company's shares are listed.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or employment shall be invalid. If any of the circumstances in this Article occurs during a director's term of office, the Company shall remove him or her from his or her position and stop him or her from performing his or her duties.

## ARTICLE 143

Directors and senior management members shall comply with laws, administrative regulations, and this Articles of Association 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, with the following duties of loyalty to the Company, directors:

1. shall not exploit his position to accept bribes or other illegal income, misappropriate the Company's property;
2. shall not misappropriate the Company's funds;
3. shall not deposit assets or funds of the Company into accounts held in their own names or in the name of any other individual;
4. shall not enter into contracts or transactions with the Company directly or indirectly without reporting to the board of directors or the shareholders' meeting and being approved by a resolution of the board of directors or the shareholders' meeting in accordance with the provisions of this Articles of Association;
5. shall not, take advantage of his/her position to seek business opportunities that should belong to the Company for himself/herself or for any other person, except when it is reported to the board of directors or the shareholders' meeting and approved by a resolution of the board of directors or the shareholders' meeting, or when the Company is unable to utilize the business opportunity in accordance with the laws, administrative regulations or the provisions of this Articles of Association;
6. shall not operate business similar to the Company's for himself/herself or for any other person without reporting to the board of directors or the shareholders' meeting and being approved by a resolution of the board of directors or the shareholders' meeting;
7. shall not accept commissions for transactions with the Company as their own;
8. shall not disclose Company secrets without authorization;
9. shall not make use of their related-party relationship to damage the Company's interests;
10. shall have other duties of loyalty prescribed by laws, administrative regulations, departmental rules and the Articles of Association.

Any income obtained by a director in violation of this article shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

The provisions of item (4) of paragraph 2 in this Article shall apply to contracts or transactions entered into with the Company by close family members of the directors and senior management members, enterprises directly or indirectly controlled by the directors and senior management members or their close family members, and associates who have other affiliations with the directors and senior management members.

#### **ARTICLE 144**

Directors and senior management members shall comply with the provisions of laws, administrative regulations, and this Articles of Association, and they shall have a duty of diligence to the Company. In performing their duties, they should exercise the level of reasonable care that is typically expected of managers, always acting in the best interests of the Company, and, with the following duties of diligence to the Company, directors:

1. shall be prudent, scrupulous and diligent in exercising the authority conferred by the Company to ensure that the business activities of the Company comply with the laws, administrative regulations and various national economic policy requirements of the state, and that the business activities do not go beyond the scope of business activities specified in the Company's business license;
2. shall treat all shareholders equally;
3. shall keep abreast of the Company's business operation management status;
4. shall sign confirmation in writing for periodic reports of the Company, and ensure that the information disclosed by the Company is true, accurate, and complete;
5. shall provide accurate information and materials to the Audit Committee, and shall not interfere with the performance of duties by the Audit Committee;
6. shall have other duties of diligence prescribed by laws, administrative regulations, departmental rules and these Articles of Association.

#### **ARTICLE 145**

The fiduciary duties of the Directors, general manager and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

#### **ARTICLE 146**

Where a Director, general manager and other senior management members of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his/her service contract with the Company), he shall disclose the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal thereof is otherwise subject to the approval of the Board.

Unless the interested director or senior management of the Company has disclosed such interest to the board of directors as required under the preceding paragraph hereof and the matter has been approved by the board of directors at a meeting where he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the director or senior management concerned.

A director or senior management of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a Connected Person of that director or senior officer has an interest.

#### **ARTICLE 147**

The Company shall enter into a contract in writing with every director of the Company concerning his emoluments. Such contract shall be approved by the shareholders' meeting before it is entered into. The above-mentioned emoluments shall include:

1. emoluments in respect of his service as a director or senior officer of the Company;
2. emoluments in respect of his service as a director or senior officer of a subsidiary of the Company;
3. emoluments otherwise in connection with the management of the Company or any subsidiary thereof; and
4. funds as compensation for his loss of office or retirement to the aforementioned directors.

A director may not sue the Company for benefits due to him/her on the basis of the above-mentioned matters, except under a contract as mentioned above.

#### **ARTICLE 148**

The Company shall be liable for any damages caused to others by a senior management member in the performance of his or her duties for the Company; the senior management member who acts intentionally or with gross negligence, he or she shall also bear liability for such damages.

If a senior management member breaches the laws, administrative regulations, departmental regulations or this Articles of Association when carrying out his or her duties for the Company and causes loss to the Company, he or she shall be liable for compensation.

#### **ARTICLE 149**

The senior management members of the Company shall carry out their duties honestly and faithfully, and protect the best interests of the Company and all of its shareholders as a whole. A senior management member of the Company shall be liable for compensation according to the law if he/she fails to perform his/her duties honestly and faithfully or in breach of his/her fiduciary duties, thereby causing damage to the interests of the Company and its public shareholders.

#### **ARTICLE 150**

The person who holds an executive position other than that of a director or a supervisor in the controlling shareholder of the Company shall not become a senior management member of the Company.

The senior management members shall only receive remuneration from the Company and shall not be paid by the controlling shareholders.

#### **ARTICLE 151**

The Company may establish a liability insurance system as needed for directors and senior management in order to reduce the risks which may arise from the ordinary performance of duties by such personnel.

### **CHAPTER 14 FINANCIAL ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS**

#### **ARTICLE 152**

The Company shall formulate its own financial and accounting systems in accordance with provisions of the law, administrative regulations and relevant state departments.

#### **ARTICLE 153**

The Company adopts the calendar year as its fiscal year, which shall begin in each year on 1 January and end on 31 December of the Gregorian calendar.

The Company shall prepare financial reports at the end of each fiscal year, and such reports shall be examined and verified according to laws.

#### **ARTICLE 154**

The board of directors of the Company shall place before the shareholders at each shareholders' meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Company to prepare.

#### **ARTICLE 155**

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual shareholders' meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this chapter.

At least 21 days before the annual shareholders' meeting, the Company shall deliver the aforementioned reports to each holder of overseas listed foreign shares with the postage-paid mail or other means (including through posting at the Company website or other websites designated by the relevant stock exchange) permitted by the Stock Exchange for the listing of the Company's shares, with the address subject to the registered address in the shareholders register.

#### **ARTICLE 156**

The Company shall publish two financial reports each fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year. Where the securities regulatory authority of the place where the company's shares are listed has other regulations, such regulations shall prevail.

#### **ARTICLE 157**

The Company shall not maintain any account books other than statutory account books. Accounts shall not be opened in the name of any individuals for the deposit of the Company's funds.

#### **ARTICLE 158**

The common capital reserve shall include the following funds:

1. the premiums obtained from the issue of shares in excess of the par;
2. other revenue required by the State Council's department in charge of finance to be included in the capital common reserve.



## **ARTICLE 159**

Where a company distributes its after-tax profits of the current year, it shall draw 10 percent of the profits as the Company's statutory common reserve. The Company may stop drawing if the accumulative balance of the common reserve has already accounted for over 50 percent of the Company's registered capital.

If the accumulative balance of the Company's statutory common reserve is not enough to make up for the losses of the Company of the previous year, the current year's profits shall first be used for making up the losses before the statutory common reserve is drawn therefrom according to the provisions of the preceding paragraph.

After the Company draws the statutory common reserve from the after-tax profits, it may, upon a resolution made by the shareholders' meeting, draw a discretionary common reserve from the after-tax profits.

After the losses have been made up and common reserves have been drawn, the remaining profits shall be distributed to in light of the proportions of shares held by shareholders, unless it is not permitted in the Articles of Association to distribute profits according to the proportions of shares held by shareholders.

If the shareholders meeting distributes the profits by violating the provisions of the preceding paragraph before the losses are made up and the statutory common reserves are drawn, the profits distributed must be refunded to the Company. If losses are caused to the Company, shareholders and responsible directors and senior management members shall be held responsible for damages.

No profit shall be distributed in respect of the Shares of the Company which are held by the Company.

## **ARTICLE 160**

The reserve of the Company is used to make up the Company's losses, increase the production operation of the Company or increase the Company's registered capital.

The Company's losses shall be first made up from the discretionary reserve fund and the statutory reserve fund; if the losses still cannot be covered, the capital reserve fund can be used in accordance with the regulations.

When legal reserve funds are converted into capital, the remaining balance of that reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

## **ARTICLE 161**

The Company may distribute dividends in one of the following forms (or in both forms):

1. cash;
2. shares.

As for cash dividends and other payments to domestic shareholders, the Company shall pay in RMB, and such payments to foreign shareholders will be RMB-denominated and declared and paid in foreign currency. The Company will, according to national provisions on foreign exchange management, deal with foreign currency matters for cash dividends and other payments to foreign shareholders.

Unless otherwise provided by the relevant laws and regulations, for the payment of cash dividends and other payments in foreign currency, the exchange rates shall apply the average closing price announced the People's Bank of China one calendar week before the declaration date of such cash dividends and other payments.

## **ARTICLE 162**

The Company shall appoint a receiving agent for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of overseas listed shares.

The receiving agent appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s), where the Company's shares are listed.

The receiving agent appointed by the Company for overseas shareholders of listed foreign shares listed on the Exchange shall be a trust company registered as under the Trustee Ordinance of Hong Kong.

## **ARTICLE 163**

After the shareholders' meeting has resolved on the plan to allocate profits, the board of directors shall complete the distribution of dividends (or bonus shares) within 2 months of the shareholders' meeting.

#### **ARTICLE 164**

The Company will give full consideration to the interests of shareholders and make the implementation of a reasonable profit distribution policy according to business situation and market environment. The Company's profit distribution policy shall to the greatest extent maintain continuity and stability, and give priority to cash dividends, with the specific profit-sharing ratio to be passed with a resolution in accordance with relevant laws and regulations at the shareholders' meeting.

### **CHAPTER 15 APPOINTMENT OF AN ACCOUNTING FIRM**

#### **ARTICLE 165**

The Company shall employ an independent accounting firm that complies with relevant state regulations to audit the annual and other financial reports of the Company, and provide services such as accounting statement, net asset tests and relevant consultation.

#### **ARTICLE 166**

The term of employment of an accounting firm employed by the Company shall start from the end of the annual shareholders' meeting until the end of the next annual shareholders' meeting.

#### **ARTICLE 167**

The Company shall commit to provide true and complete accounting evidences, books, financial and accounting reports and other accounting information to the accounting firm it employs without any refusal, withholding and misrepresentation.

#### **ARTICLE 168**

The hiring and dismissing of the accounting firm by the Company shall be determined by the shareholders' meeting. The board of directors cannot hire an accounting firm before the decision by the shareholders' meeting.

#### **ARTICLE 169**

The audit fee of an accounting firm shall be determined by the shareholders' meeting.

#### **ARTICLE 170**

Where the Company terminates or decides not to continue to appoint an accounting firm, it shall notify the accounting firm in advance. Where the shareholders' meeting votes on terminating the appointment of an accounting firm, the accounting firm is entitled to present its views. Where an accounting firm proposes its resignation, it shall explain to the shareholders' meeting whether there are any improper irregularities in the Company.

## **CHAPTER 16 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

### **SECTION 1 MERGER AND DIVISION**

#### **ARTICLE 171**

The merger of a company may be effected by way of merger or consolidation.

As for a corporate merger, both parties to the merger shall conclude an agreement with each other and formulate balance sheets and checklists of properties. The companies involved shall notify the creditors according to the Company Law, and shall make a public announcement on a newspaper recognized by the exchange of the place where the Company's shares are listed, and clear off its debts or provide corresponding guarantees as the creditors require.

In the case of a merger, the respective accounts payable and receivable will be inherited by the continuing company, or the newly formed company after the merger.

A merger may be conducted if the price paid for the merger does not exceed 10% of the company's net assets, unless otherwise provided for in this Articles of Association.

Where a merger of a company pursuant to the preceding paragraph is not resolved by the shareholders' meeting, it shall be resolved by the board of directors.

#### **ARTICLE 172**

As for the split-up of a company, the properties thereof shall be divided accordingly.

Balance sheets and checklists of properties of the Company shall be worked out. The companies involved shall notify the creditors according to the Company Law, and make a public announcement on a newspaper recognized by the exchange of the place where the Company's shares are listed.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached.

#### **ARTICLE 173**

Where any of the registered items is changed during the process of merger or split-up of a company, the Company shall go through modification registration with the Company registration authority. If it is dissolved, it shall be deregistered according to the law. If any new company is established, it shall go through the procedures for company establishment according to the law.

## **ARTICLE 174**

If the Company still has a loss after making up for it in accordance with paragraph 2 of Article 160 of this Articles of Association, it may reduce its registered capital to make up for the loss. If the registered capital is reduced to make up for the loss, the Company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from the obligation to pay the capital contribution or the share payment.

If the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 30 of this Articles of Association shall not apply, but an announcement shall be made in accordance with the provisions of the Company Law within 30 days from the date of the resolution on the reduction of the registered capital made by the shareholders' meeting.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it may not distribute profits until the accumulated amount of the statutory reserve fund and discretionary reserve fund reaches 50% of the Company's registered capital.

## **SECTION 2 DISSOLUTION AND LIQUIDATION**

### **ARTICLE 175**

The Company shall be dissolved under any of the following circumstances:

- (1) Any of the matters for dissolution as stipulated in this Articles of Association appears;
- (2) The shareholders' meeting decides to dissolve it;
- (3) It is necessary to be dissolved due to merger or split-up of the Company;
- (4) The Company is declared bankrupt according to the law for being unable to pay its due debts;
- (5) Its business license is canceled or it is ordered to close down or to be dissolved according to the law; or
- (6) The Company has great difficulties in operation or management and cannot be solved by any other means, so that the interests of the shareholders will be subject to heavy loss if it continues to exist. The shareholders who hold ten percent or more of the voting rights of all the shareholders of the Company may plead the People's court to dissolve the Company.

The Company shall, within 10 days of the occurrence of the causes for dissolution stipulated in the preceding paragraph, publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System.

## **ARTICLE 176**

Where the Company is dissolved according to the provisions of Article 175 (1), (2), (5) or (6) of this Articles of Association of Association, it shall carry out a liquidation. The directors shall be the persons responsible for the Company's liquidation and shall form a liquidation committee to carry out a liquidation within fifteen days from the date of the occurrence of the causes of dissolution. The liquidation committee shall consist of the directors, unless otherwise provided for in this Articles of Association or unless the shareholders' meeting resolves to elect another person. If the persons responsible for liquidation fail to perform their liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be held responsible for damages.

Where the Company is dissolved according to the provisions of Article 175 (4) of this Articles of Association of Association, the People's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

## **ARTICLE 177**

If the board of directors decides that the Company shall be liquidated (except the liquidation as a result of company's declaration of bankruptcy), the notice of the shareholders' meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board of directors is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation.

The functions and powers of the board of directors shall terminate immediately after the shareholders' meeting has passed the resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' meeting and shall make a report to the shareholders' meeting on the committee's income and expenditure as well as the business of the Company and the progress of the liquidation at least annually. It shall make a final report to the shareholders' meeting when the liquidation is completed.

## **ARTICLE 178**

The liquidation committee shall, within ten days as of its formation, notify the creditors, and shall, within 60 days, make a public announcement on newspapers or the National Enterprise Credit Information Publicity System recognized by the Exchange for the listing of shares of the Company. Creditors shall, within thirty days as of the receipt of the notice or within 45 days as of the publications of the public announcement in the case of failing to receiving the notice, declare credits against the liquidation committee.

To declare credits, a creditor shall explain the relevant matters and provide relevant evidential materials. The liquidation committee shall register the credits.

The liquidation committee shall not clear off any of the debts of any creditor during the period of credit declaration.

## **ARTICLE 179**

The liquidation committee exercises the following functions during the process of liquidation:

- (1) liquidating the properties of the Company, and preparing balance sheets and asset checklists;
- (2) informing creditors by notice or public announcement;
- (3) disposing and liquidating the businesses of the Company that have not been completed;
- (4) clearing off the outstanding taxes and the taxes incurred in the process of liquidation;
- (5) clearing off credits and debts;
- (6) disposing the residual properties; and
- (7) participating in the civil litigation on behalf of the Company.

## **ARTICLE 180**

The liquidation committee shall, after liquidating the properties of the Company and preparing balance sheets and checklists of properties, make a plan of liquidation, and report it to the shareholders' meeting or the People's court for confirmation.

The residual assets that result from paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed according to the proportions of equities held by the shareholders.

During the period of liquidation, the Company continues to exist, but may not carry out any business operation that is not for purpose of carrying out liquidation. Before the settlement of repayments as prescribed in the preceding article, the Company's property will not be distributed to shareholders.

## **ARTICLE 181**

In case of liquidation upon dissolution, if the liquidation committee notices that the properties of the Company is insufficient for clearing off the debts after liquidating the properties of the Company and preparing balance sheets and checklists of properties, it shall file an application to the People's court for bankruptcy and liquidation.

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

#### **ARTICLE 182**

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report and submit the same to the shareholders' meeting or the People's court for confirmation. And the Company should submit the aforementioned documents to the Company registration authority to apply for company de-registration.

#### **ARTICLE 183**

The members of the liquidation committee are under fiduciary duties and duties of due diligence in the performance of their liquidation duties.

The members of the liquidation committee shall be held responsible for damages for any losses caused to the Company as a result of their negligence in performing their liquidation duties; Where any person causes any loss to any creditor by intention or due to gross negligence, he shall make corresponding compensations.

### **CHAPTER 17 AMENDMENT TO ARTICLES OF ASSOCIATION**

#### **ARTICLE 184**

The Company may amend its Articles of Association in accordance with the law, administrative regulations and relevant provisions prescribed in this Articles of Association.

#### **ARTICLE 185**

In any one of the following circumstances, the Company shall amend its Articles of Association:

- (1) After amendment of the Company Law or relevant law or administrative regulations, the contents of the Articles of Association conflict with the law or administrative regulations;
- (2) The circumstances of the Company have changed so that they are different from the contents of the Articles of Association; or
- (3) The shareholders' meeting decides that the Article of Association should be amended.

#### **ARTICLE 186**

Amendments to the Articles of Association passed by resolutions at the shareholders' meeting, which require examination and approval by the competent authorities, shall be submitted to the competent authorities for approval. Any amendments requiring alteration registration shall be filed for alteration registration according to the law.

#### **ARTICLE 187**

The board of directors shall amend this Articles of Association according to the resolutions of the shareholders' meeting and the opinions of the relevant competent authority.



Notwithstanding the foregoing paragraph, in the following circumstances, the shareholders' meeting may pass a resolution to authorize the board of directors to amend this Articles of Association in line with the following principles:

- (1) Where as a result of the implementation of the shareholders' meeting's resolution, there is the need to make necessary non-substantive modifications (as required in accordance with the resolutions of the shareholders' meeting which involve amendments to the registered capital amount, shares capital, the company name and address in the Articles of Association), the board of directors shall has the right to modify this Articles of Association according to specific circumstances;
- (2) If the shareholders' meeting adopts this Articles of Association and files it to the competent institutions for approval, it is necessary to change the text or the order of articles, the board of directors is entitled to amend this Articles of Association in accordance with the requirements of the competent authority.

#### **ARTICLE 188**

Any amendment to this Articles of Association which involves information to be disclosed as required by the law, regulations or the listing rules of the place where the Company's shares are listed, shall be publicly announced as required.

### **CHAPTER 18 NOTICE**

#### **ARTICLE 189**

Notices of the Company may be served through means as follows:

- (1) delivery by hand;
- (2) by post;
- (3) by fax or email;
- (4) subject to the law, regulations and listing rules of the place where the Company's shares are listed, post at the Company's website or such website designated by relevant stock exchange;
- (5) by public announcement;
- (6) the prescribed means between the Company and the recipient or the confirmed means by such recipient; or
- (7) other means approved by the relevant regulatory agency of the listing place or as set out in this Articles of Association.

Where the Company issues a notice by public announcement, all relevant personnel shall be deemed to have received such notice once the public announcement has been made.

Unless the context otherwise requires, “announcement” referred to in this Articles of Association shall refer to (i) if issued to domestic shareholders or within the PRC in accordance with relevant regulations and this Articles of Association, the announcement published in such Chinese newspapers as specified by the Chinese laws and regulations or the State securities regulatory agency; and (ii) if issued in Hong Kong to holders of H shares in accordance with the relevant provisions or this Articles of Association, announcement being published in Hong Kong newspapers specified in relevant listing rules. All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by the Company to shall be in the English language, or accompanied by a certified English translation.

Under the premise of the Company’s observation to the relevant listing rules of the listing place, regarding the distribution of corporate communications to holders of the overseas listed shares, the Company may also electronically or at the company’s website or such website of the stock exchange post such information so as to send out such information to such holders, instead of such delivery by hand or postage prepaid mail.

#### **ARTICLE 190**

Unless otherwise provided in other articles of this Articles of Association, the notice means as set out in the preceding article may also be applicable to notices for shareholders’ meeting, meetings of board of directors.

#### **ARTICLE 191**

If the notice is served by hand, the date of service is the date of acknowledgement of receipt by signature or affixed seal on the service return slip. If the notice is sent by post, the date of service is the fifth working days from the date of delivery at the post office. If the notice is made via facsimile, e-mail or website or other electronic means, the date of service is the date of transmission. If the notice is made by public announcement, the date of service is the date of the first publication of the public announcement.

#### **ARTICLE 192**

Where relevant corporate documents must be in the English language and be accompanied by a Chinese version and be served through delivery, post, distribution, sending out, announcement or other means according to the requirements of listing rules of the place where Company’s shares are listed, in respect of shareholders who under proper arrangements by the Company confirm to receive such information only in English or Chinese version as well as to the extent of the applicable laws and regulations, the Company may send such documents in the English or Chinese version to relevant shareholders according to their prescribed wills.

## CHAPTER 19 SETTLEMENT OF DISPUTES

### ARTICLE 193

The Company shall comply with the following rules in settling disputes:

- (1) Whenever any disputes or claims arise from this Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between (i) the Company and its directors or senior officers; and (ii) a holder of overseas listed foreign shares and a director or the general manager or other senior officers of the Company, and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, general manager or other senior officers of the Company or the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

- (2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) The laws of PRC shall govern the arbitration of disputes or claims described in clause (1) above, unless otherwise provided by the law or administrative regulations.
- (4) The award of the arbitral body is final and shall be binding on the parties thereto.

## CHAPTER 20 SUPPLEMENTARY ARTICLES

### ARTICLE 194

#### DEFINITION

- (1) In this Articles of Association, “acting in concert” means the act of two or more people that in form of agreement (whether oral or written) reaching a consensus that, through take-over of the Company’s voting rights by any one of them to achieve the purpose of controlling the Company or to consolidate such control;
- (2) An “actual controller” means a person, though not a shareholder, but through investment relationship, agreement, or other arrangement, can actually control the activities of the Company;
- (3) “Associated relationship” is the relationship between the controlling shareholder, actual controller, directors, or senior officers, and enterprises directly or indirectly controlled by them, as well as other relationships which may possibly cause the transfer of the Company’s interests. However, enterprises owned by the State will not be regarded as having associated relationship only because they are owned by the State.

### ARTICLE 195

In this Articles of Association, the terms “not less than”, “within”, “not more than” and “previous” shall include the given figure, and the terms “more than half”, “under”, “beyond”, “exceeding”, “below”, “less than”, “not more than” and “more than” shall not include the given figure.

### ARTICLE 196

The term “accounting firm” as used in this Articles of Association shall have the same meaning as “auditor”.

### ARTICLE 197

This Articles of Association are in Chinese. If it conflicts with a version in any other language, the Chinese version which was most recently filed and registered at the company registration authority shall prevail.

### ARTICLE 198

The board of directors of the Company shall be responsible for the interpretation of this Articles of Association.