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**Articles of Association of
Jilin Province Chuncheng Heating Company Limited***

May 2025

(Amended in May 2020, February 2021, May 2022 and May 2025)

* For identification purpose only

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Note: within the marginal notes of these Articles of Association, “**Company Law**” represents the Company Law of the People’s Republic of China; “**Main Board Listing Rules**” or “**Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong**” or “**Hong Kong Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Articles of Association of Jilin Province Chuncheng Heating Company Limited

Chapter 1 General Provisions

Article 1 In order to safeguard the legitimate interests of Jilin Province Chuncheng Heating Company Limited* (the “**Company**”), its shareholders, employees and creditors, and regulate the organization and conduct of the Company, these Articles of Association are hereby formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China, (the “**Securities Law**”) and other relevant provisions.

Article 2 The Company is a joint stock company with limited liability established in accordance with the Company Law, the Securities Law and other relevant laws, administrative regulations of the PRC.

The Company was established by the way of promotion on May 30, 2018 with the approval by the State-owned Assets Supervision and Administration Commission of Changchun Municipal People’s Government of Jilin Province and was registered with Changchun Market Supervision and Administration Bureau and obtained the business license on the same date.

The Unified Social Credit Code of the Company is 91220101MA14W03575.

The promoters of the Company are Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司) and Changchun State-owned Capital Operation Group Co., Ltd.* (長春市國有資本運營集團有限責任公司).

Article 3 The Company’s registered names are:

Full name in Chinese: 吉林省春城熱力股份有限公司

Full name in English: Jilin Province Chuncheng Heating Company Limited*

* For identification purpose only

Article 4 The Company's address: No.28, Block B Nanhu Road Community (Hongcheng Xiyu), No. 998 Nanhu Road, Nangan District, Changchun City, Jilin Province

Postal code : 130022

Article 5 The legal representative of the Company is the chairman of the Board of Directors. Where the chairman of the Board of Directors resigns, such person shall be deemed to have resigned as the legal representative at the same time. Where the legal representative resigns, the Company shall appoint a new legal representative within 30 days from the date of resignation of the legal representative.

Article 6 The Company is a joint stock limited company with perpetual existence and is an independent legal entity. The Company shall undertake its liabilities with all of its assets, while the liability of a shareholder of the Company shall be limited to the shares subscribed by him.

Article 7 From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

Article 8 The Articles of Association are binding on the Company and its shareholders, members of the Party Committee (Committee for Discipline Inspection (CDI)), directors and senior management officers of the Company; all of whom are entitled, according to the Articles of Association, to make claims in respect of rights concerning the matters of the Company.

Pursuant to the Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders, directors and senior management officers; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors and senior management officers of the Company.

Article 9 "Senior management officers" referred to in the Articles of Association include general manager, deputy general manager, financial controller (also known as chief financial officer) and secretary to the board of directors of the Company.

Article 10 The Company establishes the grassroots organization of the Communist Party of China (hereinafter referred to as the "**Communist Party Committee**") in accordance with the Constitution of the Communist Party of China (hereinafter referred to as "**the Party Constitution**") to carry out the activities of the Party, set up working organs for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient funds to operate the Party organization.

Chapter 2 Objectives and Scope of Business of the Company

Article 11 The objectives of the Company are to implement national industrial policies in according with national laws and administrative regulations; ensure the maintenance and appreciation of values of state-owned assets and improve the operational efficiency of state-owned assets.

The business scope of the Company includes: new energy technology development; heating production and supply; heating engineering design and installation services; contract energy management; sales of cables, electrical equipment, household appliances, flooring, floor tiles, thermostats and heating accessories (the businesses which are prohibited by the laws, regulations and decisions of State Council may not be operated, and the businesses subject to approval according to laws may not be operated until being approved by relevant authorities)** The business scope referred to in the preceding paragraph shall be such items as audited by the relevant company registration authority.

The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its scope of business and handle relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.

Chapter 3 Shares and Registered Capital

Article 12 The number of shares issued by the Company is 466,700,000 shares. All shares issued by the Company are ordinary shares. Ordinary shares issued by the Company include domestic shares and foreign shares.

Article 13 The share of the Company is in the form of stock. The shares issued by the Company shall have par values denominated in Renminbi, with each share having a par value of RMB1.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.

Article 14 Shares of the Company shall be issued in a transparent, fair and equal manner and shall rank *pari passu* in all respects with the shares of the same class.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

Domestic shares and overseas-listed foreign shares issued by the Company are entitled to the same rights in any distribution in the form of dividend or any other forms. The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his/her equity to the Company.

Article 15 Foreign shares issued by the Company and which are listed in Hong Kong Stock Exchange shall be referred to as H shares. H shares are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Article 16 The Company, at the time of its establishment, issued 350,000,000 ordinary shares to its promoters, all of which are subscribed and held by the promoters of the Company. The capital was contributed by way of net assets converted into shares, among which:

Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司) subscribed and held 325,500,000 shares, representing 93% of the total number of ordinary shares issued by the Company at the time of its establishment;

Changchun State-owned Capital Operation Group Co., Ltd.* (長春市國有資本運營集團有限責任公司) subscribed and held 24,500,000 shares, representing 7% of the total number of ordinary shares issued by the Company at the time of its establishment.

Article 17 Subject to the approval of the China Securities Regulatory Commission (中國證券監督管理委員會) on 4 June 2019, the Company publicly issued 116,700,000 overseas-listed foreign shares to overseas investors, which was listed on the Hong Kong Stock Exchange on 24 October 2019. These overseas-listed foreign shares are all ordinary shares.

Upon the completion of the above issuance of overseas-listed foreign shares, the total number of the Company's shares shall be 466,700,000 shares. The shareholding structure of the Company shall be as follows: 466,700,000 ordinary shares, among which 325,500,000 shares shall be held by Changchun Heating Power (Group) Company Limited (長春市熱力(集團)有限責任公司), our promoter, representing 69.75% of our total ordinary shares capital; 24,500,000 shares shall be held by Changchun State-owned Capital Operation (Group) Co., Ltd.* (長春市國有資本運營集團有限責任公司), our promoter, representing 5.25% of our total ordinary shares capital; 116,700,000 shares shall be held by H shareholders, representing 25% of our total ordinary shares capital.

Article 18 The registered capital of the Company is RMB466,700,000.

Article 19 Shares of the Company shall be transferred according to law. Transfer of overseas-listed foreign shares listed in Hong Kong requires to be registered with the share registrar in Hong Kong entrusted by the Company.

All overseas-listed foreign shares listed in Hong Kong Stock Exchange which have been fully paid-up may be freely transferred in accordance with these Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any document of transfer and would not need to provide any reason therefor:

- (1) payment of a fee according to the expense standard in, and not exceed the price ceiling stipulated by the Hong Kong Listing Rules from time to time shall be made to the Company for the purpose of registering the instrument of transfer and other documents that relate to, or may affect, the title to the shares;
- (2) the document of transfer only relates to overseas-listed foreign shares listed in Hong Kong Stock Exchange;
- (3) the stamp duty on the instrument of transfer payable according to laws in Hong Kong has been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) when shares are proposed to transferred to joint holders, such jointly registered shareholders shall not be more than four;
- (6) the Company does not have any lien on the relevant shares.

If the board of directors refuses to register the transfer of shares, a notice of the refusal of registration of such transfer of shares shall be issued to the transferor and the transferee within two months upon the duly submission of transfer application.

All instruments of transfer shall be kept at the legal address of the Company or the address appointed by the board of directors from time to time.

Chapter 4 Increase, Reduction and Repurchase of Shares

Article 20 Based on its operating and development needs, the Company may, pursuant to the laws, regulations and the Articles of Association and with the approval by special resolution in the shareholders' general meeting, increase its capital in the following ways:

- (1) offering shares to non-specially-designated parties;
- (2) distributing bonus shares to its existing shareholders;
- (3) issuing shares to specially-designated shareholders;
- (4) conversion of capital reserve into share capital;

- (5) any other means which are stipulated by laws and administrative regulations and approved by the relevant regulatory authority.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant PRC laws and administrative regulations.

Article 21 Pursuant to the Articles of Association, the Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the Company Law, other relevant requirements and the Articles of Association.

Article 22 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right within 30 days from the date it receives the above notice or, in the case of a creditor who does not receive such notice, within 45 days from the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debts.

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

Article 23 The Company may not repurchase its shares except under one of the following circumstances:

- (1) reducing its registered capital;
- (2) merging with another company which holds the shares of the Company;
- (3) applying shares to employee stock ownership plans or equity incentives;
- (4) acquiring the shares upon request by shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company;
- (5) applying shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
- (6) safeguarding corporate value and shareholders' equity as the Company deems necessary.

Article 24 The Company may purchase its shares through the method of open and centralized trade, or other methods authorized by laws, administrative regulations and the CSRC. If the Company acquires its shares under the circumstances provided in subparagraphs (3), (5) and (6) of Article 23 of the Articles of Association, it shall be carried out by open and centralized trade.

Article 25 The Company must obtain the prior approval of the shareholders' general meeting, in the manner stipulated in the Articles of Association, before it can repurchase shares under the circumstances provided in subparagraphs (1) and (2) of Article 23 of the Articles of Association. If the Company acquires its shares under the circumstances provided in subparagraphs (3), (5) and (6) of Article 23 of the Articles of Association, subject to laws, regulations and the listing rules of the place where the Company's shares are listed, a resolution thereon may, pursuant to the mandate of the shareholders' general meeting, be resolved at a meeting of Board of Directors that is attended by not less than two-thirds of all directors.

Article 26 Shares lawfully repurchased by the Company under subparagraph (1) of Article 23 herein shall be cancelled within ten days from the date of repurchase; for those shares repurchased under subparagraphs (2) and (4) of Article 23 herein shall be transferred or cancelled within 6 months thereafter; and the shares acquired by the Company in accordance with subparagraphs (3), (5) and (6) of Article 23 herein shall not exceed 10% (or other ratios as prescribed by applicable laws, regulations and the listing rules) of the total issued share capital of the Company, and the shares repurchased shall be transferred or cancelled within three year.

Article 27 The Company shall not accept any share certificate of the Company as the subject of the pledge.

Article 28 The Company shall not provide gift, loan, guarantee, or any other financial assistance to any other party/parties to acquire the shares of the Company or its parent company, except when the Company implements employee stock ownership plans.

For the benefit of the Company, the Company, under laws, regulations and the listing rules of the place where the Company's shares are listed, may provide financial assistance to any other party/parties to acquire the shares of the Company or its parent company subject to the resolution of the shareholders' general meeting, or the resolution of the Board of Directors in accordance with the Articles of Association or under the authorization of the shareholders' general meeting, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total share capital in issue. Resolutions of the Board of Directors shall be approved by more than two-thirds of all directors.

Where a violation of the provisions of the preceding two subparagraphs causes losses to the Company, the responsible directors and senior management officer shall be liable for compensation.

Chapter 5 Share Certificates and Register of Shareholders

Article 29 Share certificates of the Company shall be in registered form.

Article 30 The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The documents of transfer and other documents in relation to the ownership of shares shall be registered with the share registrar entrusted by the Company.

Article 31 The share certificates shall be signed by the chairman of the Board of Directors. Where the stock exchange on which the Company's shares are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed or printed with the Company's seal under the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors of the Company or other relevant senior management officers on the share certificates may also be in printed form.

Under the conditions of paperless issuance and transactions, other requirements stipulated by the securities regulatory authorities and stock exchanges of the places where the shares of the Company are listed shall prevail.

Article 32 The Company shall establish a register of shareholders in accordance with the evidence provided by the securities registration authority according to laws.

The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company.

Article 33 Subject to the Articles of Association and other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of shareholders.

All instruments of transfer and other documents related to the ownership of any H shares or affecting the ownership of any H shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange.

Where two or more than two persons are registered as joint holders of any shares, they should be deemed as joint owners of such shares and subject to the following restrictions:

- (1) the restricted number of holders jointly registered shall not exceed four if the Company is entitled to restrict the number of shareholders of joint holders account;
- (2) all joint holders of any shares shall jointly and severally assume obligation for all amounts payable for relevant shares;

- (3) if one of the joint holders deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board of Directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and
- (4) in case of joint holders of any shares, only the joint holder that is listed first in the register of shareholders shall be entitled to take relevant shares, receive notices of the Company, and attend the shareholders' general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares. Any one of the joint holders may sign a proxy form, but if more than one joint holder attends the shareholders' general meeting in person or by proxy, the resolution made by the joint holder with priority shall be accepted as the sole resolution made on behalf of other joint holders (regardless of whether it is made in person or by proxy). In this respect, the priority of shareholders shall be determined according to the order of ranking of the joint holders of relevant shares in the register of shareholders.

Article 34 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its original register of holders of overseas-listed foreign shares outside China and appoint overseas agent(s) to manage such register. The original copy of register of holders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

Article 35 All transfers of overseas-listed foreign shares shall be carried out in general or common format, or any other written transfer instrument format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time); a written transfer document may be signed under hand or (where the transferor or transferee is a corporation) by the company's seal. In the event that the transferor or transferee of the shares of the Company is a recognized clearing house (the "**Recognized Clearing House**") as defined under the law of Hong Kong or its agent, a written transfer instrument may be signed in a machine-printed form.

All paid-up overseas-listed foreign shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board of Directors may refuse to recognize any instrument of transfer without giving any reason, unless:

- (1) a fee (for each instrument of transfer) of HK\$2.5 or any higher fee as agreed by the Hong Kong Stock Exchange has been paid to the Company to register the instrument of transfer of shares and other documents relating to or affecting the ownership of such shares;
- (2) the instrument of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;

- (4) the relevant share certificates and evidence reasonably required by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed 4;
- (6) the Company does not have any lien over the relevant shares; and
- (7) no transfer shall be made to minors or persons of unsound mind or others under legal disability.

If the Company refuses to register any transfer of shares, it shall provide the transferor and the transferee of the shares with a notification of refusal in relation to registration of shares within two months from the application for registration.

Article 36 Shares of the Company that have been issued before public offering shall not be transferred within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange.

The directors and senior management officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer every year during their terms of office shall not exceed 25% of the total number of the Company's shares in his or her possession. Such personnel shall not transfer the Company's shares in their possession within half a year after they have terminated their employment with the Company. Such restrictions shall comply with the relevant provisions of the Main Board Listing Rules if H Shares are involved.

Article 37 Where the laws, administrative regulations, departmental rules and securities regulatory rules in the place where the Company's shares are listed stipulate on the period of closure of the register of shareholders before the date of the general meeting or before the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 38 Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates and carries out other activities which would require the confirmation of the identification of shareholders, the convener of meetings of the Board of Directors or the shareholders' meetings shall decide the record date. Upon the close of such date, the shareholders who remain on the register shall enjoy the relevant rights.

Chapter 6 Rights and Obligations of Shareholders

Article 39 A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by him; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Article 40 Holders of shares of the Company shall have the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at shareholders' general meetings in proportion to the number of shares held in accordance with laws;
- (3) the right to supervise and manage the Company's business operations, and to put forward proposals and raise inquiries;
- (4) the right to transfer, give or pledge the shares held in accordance with laws, administrative regulations and the Articles of Association;
- (5) the right to inspect and copy the Articles of Association, the register of shareholders, minutes of General Meeting, resolutions of the Board of Directors, resolutions of the Board of Supervisors and financial and accounting reports. Shareholders individually or jointly holding more than three percent of the shares of the Company for more than 180 days in succession may request to inspect the accounting books and accounting vouchers of the Company;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company according to the number of shares held;
- (7) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;
- (8) any other rights required by laws, administrative regulations, departmental rules, Listing Rules of Hong Kong Stock Exchange or the Articles of Association.

The request for inspecting and duplicating relevant information shall be made in accordance with the requirements of the Company Law, the Securities Law and other laws and regulations.

Article 41 If the content of a resolution of the shareholders' general meeting or the Board of Directors of the Company violates laws or administrative regulations, shareholders shall have the right to request a People's Court to hold it invalid.

If the summoning procedure or voting method of a shareholders' meeting or a meeting of the board of directors violates laws, administrative regulations and the Articles of Association, or the content of a resolution violates these Articles of Association, a shareholder shall have the right to request the People's Court to revoke the relevant resolution within sixty days from the date on which the resolution was made, except where the procedures for convening a meeting of the shareholders' general meeting or the Board of Directors or the voting method only have some minor defects, which produce no substantial effect on the resolution.

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

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

Article 42 If a director or senior manager, other than a member of the Audit Committee, violates any provisions of laws, administrative regulations or these Articles of Association in the course of performing his/her duties with the Company and causes losses to the Company, any shareholder who has held, individually or in the aggregate, more than one percent of the shares of the Company for more than one hundred and eighty consecutive days may, in writing, request the Audit Committee to institute legal proceedings in the People's Court; and if a member of the Audit Committee violates any provisions of laws, administrative regulations or these Articles of Association in the course of performing his/her duties with the Company and causes losses to the Company, the said shareholder may, in writing, request the Board of Directors to institute legal proceedings in the People's Court.

If the Audit Committee or the Board refuses to initiate a legal proceedings upon receipt of a written request from a shareholder as stipulated in the preceding paragraph, or fails to initiate a legal proceeding within thirty days from the date of receipt of the request, or if the situation is urgent and the interests of the Company will be irreparably harmed if a legal proceeding is not initiated immediately, the shareholders as stipulated in the preceding paragraph shall have the right to initiate legal proceedings in their own names directly to the People's Courts for the benefit of the Company.

In the event that a third party infringes upon the lawful rights and interests of the Company and causes damage to the Company, the shareholders specified in the first paragraph of this Article may institute legal proceedings in a People's Court pursuant to the first two paragraphs of this Article.

Article 43 If the director or senior management personnel violates the provisions of laws, administrative regulations or these Articles of Association to the detriment of the interests of shareholders, shareholders may institute legal action in People's Court.

Article 44 Holders of shares of the Company shall assume the following obligations:

(1) to abide by the laws, administrative regulations and the Articles of Association;

- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw their share capital contribution, except as provided in laws, regulations and Listing Rules of the Hong Kong Stock Exchange;
- (4) not to abuse the rights of shareholders to the detriment of the Company or other shareholders; and not to abuse the Company's independent status as a legal person and the limited liability of shareholders to the detriment of the interests of the Company's creditors;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause damage to the Company or other shareholders shall be liable for compensation in accordance with the law. Where shareholders of the Company abuse the Company's independent status as a legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Article 45 The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations and the provisions of the CSRC and the stock exchanges to safeguard the interests of the listed company.

Article 46 If controlling shareholders or de facto controllers pledge the shares of the Company held by them or under their effective control, they should maintain the stability of the Company's control and production and operation.

Article 47 If controlling shareholders or de facto controllers transfer the shares of the Company held by them, they shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, the regulations of the CSRC and the stock exchanges and their undertakings in relation to the restriction on the transfer of shares.

Chapter 7 Shareholders' General Meetings

Article 48 The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with laws.

Article 49 The shareholders' general meeting shall have the following functions and powers:

- (1) to elect and remove directors and to determine matters relating to the remuneration of the directors;
- (2) to consider and approve the reports of the Board of Directors;

- (3) to consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (4) to resolve on increase or reduction in the Company's registered capital;
- (5) to resolve on the issue of corporate debentures;
- (6) to resolve on the merger, demerger, dissolution, liquidation or change of form of business of the Company;
- (7) to amend the Articles of Association;
- (8) to decide the engagement, re-appointment or dismissal of the accounting firms that undertakes the Company's auditing business;
- (9) to consider and approve the external guarantees subject to the approval of the shareholders' general meeting;
- (10) to consider the purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;
- (11) to consider the share incentive plan and Employee Share Ownership Scheme;
- (12) to consider and approve any other matters to be resolved thereby as required by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association;
- (13) to consider and approve other matters as required by the listing rules of the stock exchange of the locality on which the Company's shares are listed.

The shareholders' general meeting may authorize or delegate the Board of Directors to transact the matters authorized or delegated by it, including but not limited to carrying out the following matters at the annual general meeting:

1. subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board of Directors to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board of Directors to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of shares;
2. to authorize the Board of Directors, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the

determination of the value, interest rate, term, targeted group and use of proceeds of the bond(s), as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits.

Article 50 The provision of external guarantees by the Company shall be considered and approved by the Board of Directors. The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be resolved by the shareholders' general meeting.

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

If a director or senior management officer violates a provision on the approval authority or consideration procedure for the provision of external guarantees as specified in laws, administrative regulations or the Articles of Association, thereby causing the Company to sustain a loss, he shall be liable for damages and the Company may institute a legal action against him or her in accordance with the law.

Article 51 The following guarantees provided to third parties by the Company shall be subject to consideration and approval at general meetings:

- (1) any guarantee provided after the total amount of guarantees provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;
- (2) any guarantee provided after the total amount of guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets;
- (3) a guarantee provided to a party whose asset-liability ratio is higher than 70%;
- (4) a single guarantee, the amount of which exceeds 10% of the latest audited net assets;
- (5) a guarantee provided to shareholders, de facto controller and their connected/related parties;
- (6) other provisions of guarantees that are required to be submitted to the general meeting for approval as prescribed by the laws, the HKEx Listing Rules and the Articles of Association.

The provision of guarantee to third parties other than as mentioned above shall be subject to the consideration and approval of the board of directors as authorized by the general meeting.

Article 52 Unless the Company is in danger or other special circumstances, the Company shall not, without the approval of the shareholders' general meeting by means of special resolutions, enter into any contract with any party (other than the directors and senior management officers) pursuant to which such party shall be in charge of management of the whole or any substantial part of the Company's business.

Article 53 A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

Shareholders' general meetings shall be convened as and when necessary. The Board of Directors shall convene a shareholders' general meeting within 2 months from the occurrence of any of the following circumstances:

- (1) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;
- (3) where any shareholder(s) holding individually or collectively 10% or more of the Company's shares request(s);
- (4) when deemed necessary by the Board of Directors;
- (5) when proposed by the Audit Committee;
- (6) other situations stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the locality where the Company's shares are listed or the Articles of Association.

Article 54 The Board of Directors shall convene shareholders' general meetings within the time limit as required.

Article 55 Where the Audit Committee propose to the Board of Directors to convene an extraordinary general meeting, it shall put forward such proposal to the Board of Directors in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within ten days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. In the event of any change to the original proposal set forth in the notice, the consent of the Audit Committee is required.

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to give a reply within ten days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the extraordinary general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Article 56 Where shareholders individually or jointly holding more than 10% of the Company's shares request the Board of Directors to convene an extraordinary general meeting, they shall put forward such request to the Board of Directors in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within ten days upon receipt of the request in accordance with laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. In the event of any change to the original request set forth in the notice, the consent of the shareholders is required.

If the Board of Directors does not agree to convene the extraordinary general meeting or fails to give a reply within ten days after receipt of the request, shareholders individually or jointly holding more than 10% of the Company's shares may propose to the Audit Committee to convene an extraordinary general meeting, they shall put forward such request to the Audit Committee in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the request. In the event of any change to the original request set forth in the notice, the consent of the shareholders is required.

Where the Audit Committee fails to issue the notice of shareholders' general meeting within the prescribed time, it shall be deemed that the Audit Committee will not convene and preside over the shareholders' general meeting, in which case, shareholders individually or jointly holding more than 10% of the Company's shares for more than ninety consecutive days may convene and preside over the general meeting on its/his/her/their own.

Before announcing any resolution of the shareholders' general meeting, the shareholder(s) who convene(s) the meeting shall has/have a shareholding of no less than 10%.

Article 57 Where the Audit Committee or the shareholder(s) decide(s) to convene a shareholders' general meeting on its/his/her/their own, the Audit Committee or such shareholder(s) shall notify the Board of Directors in writing.

Article 58 For shareholders' general meetings convened by the Audit Committee or shareholder(s), the Board of Directors and the secretary to the Board of Directors shall work in a cooperative manner. The Board of Directors shall provide the register of shareholders of the date of record.

Article 59 Where the Audit Committee or shareholder(s) decide(s) to convene the shareholders' general meeting on its/his/her/their own, the Company shall bear all necessary expenses in relation to the meeting.

Article 60 In the event that the Company convenes a shareholders' general meeting, the Board of Directors, the Audit Committee and shareholders individually or jointly holding more than 1% of the Company's shares are entitled to submit proposals to the Company.

Article 61 To convene a shareholders' general meeting, the Company shall notify all shareholders of the time, place and matters to be considered at the meeting 21 days before the date of meeting; an extraordinary general meeting shall be notified to all shareholders 15 days before the date of meeting.

Article 62 Shareholders individually or jointly holding 1% or more of the Company's shares can make a provisional motion in writing to the convener 10 days before the date of shareholders' general meeting; the convener shall notify other shareholders within 2 days after the receipt of such proposal and table the provisional motion to the general meeting for consideration, unless the provisional motion is in violation of any laws, administrative regulations, the HKEx Listing Rules, or the Articles of Association or fails to fall into the scope of duties of the shareholders' general meeting.

Except as provided for in the preceding paragraph, the convener shall not amend the proposals already specified in the notice of the shareholders' general meeting or add new proposals after the notice of the shareholders' general meeting has been issued.

The contents of the motion shall fall within the scope of duties of the general meeting, with clear topics and specific resolutions, and shall comply with the relevant requirements of the laws, administrative regulations, the HKEx Listing Rules and the Articles of Association.

Proposals not stated in the notices of shareholders' general meeting or not in compliance with the provisions of the Articles of Association shall not be voted on and resolved by the shareholders' general meeting.

The notice of a shareholders' general meeting served on the holders of overseas-listed foreign shares may be published through the designated websites of the Hong Kong Stock Exchange and the Company. Upon the publication of the announcement, all holders of overseas-listed foreign shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Article 63 Notice of a shareholders' general meeting shall include the following:

- (1) the time, place and duration of the meeting;
- (2) submit the matters and proposals to be approved at the meeting;
- (3) contain conspicuously a statement that all shareholder of ordinary shares are entitled to attend the shareholders' general meeting and appoint one or more proxies in writing to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;
- (4) specify the time and place for lodging proxy forms for the relevant meeting;

- (5) other requirement stipulated in listing rules of the place where the Company's shares are listed.

Article 64 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 65 All shareholders of ordinary shares whose names appear on the register of shareholders on the record date are entitled to attend and vote at a shareholders' general meeting and exercise their rights to speak and vote pursuant to relevant laws, regulations, the HKEx Listing Rules and Articles of Association. Shareholders may attend the shareholders' general meeting in person or appoint a proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand, whether on his own or together with others, a poll;
- (3) the right to vote by show of hands or on a poll; however, where more than one proxy has been appointed by shareholders, the proxies may only vote on a poll.

Article 66 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person, either under seal or under the hand of a director or attorney duly authorized.

Article 67 The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy proposes to vote. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

Where such shareholder is a Recognized Clearing House (or its nominees) as defined by the relevant regulations enacted in Hong Kong from time to time, it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting provided that, if more than one person are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized, and the power of attorney shall be signed by the person authorized by the Recognized Clearing House. The person(s) so authorized will be entitled to attend meetings (without being required to present share certificate, notarized authorization and/or further evidence of duly authorization) to exercise the same power (including the right to speak and vote) on behalf of the Recognized Clearing House (or its nominees) as if such person were an individual shareholder of the Company.

Article 68 Any form issued to a shareholder by the Board of Directors of the Company for the purpose of appointing a proxy of shareholder shall be in such form which enables the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting.

Save as provided above, the aforesaid proxy form shall also contain the following: name of the appointor, class and number of shares of the Company his/she holds, number of shares represented by and name of the proxy; instruction of voting from the shareholder, including the instruction on voting for, against or abstain from voting on each resolution included in the agenda of the shareholder's meeting; date of appointing a proxy and the effective period for such appointment; signature (or seal) of the appointor. Where the appointor is a corporate shareholder, the instrument shall be under the seal of the legal entity.

Individual shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual shareholders shall produce effective proof of identity and proxy form.

Corporate shareholder should attend the Company's meeting by its legal representative or proxy appointed by the legal representative. Where corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce the identification proof and effective proof of capacity as a legal representative. A proxy attending a meeting on behalf of the legal representative shall produce the identification proof, the power of attorney issued by the legal representative of the corporate shareholder.

Article 69 Where the appointor has deceased, incapacitated to act, withdrawn the appointment or the power of attorney or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 70 A shareholders' general meeting shall be convened and presided by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his duties, the meeting shall be convened and presided over by the vice chairman of the Board of Directors; where both the chairman and the vice chairman of the Board of Directors are unable to attend the meeting, one director of the Company shall be elected by more than half of the directors to convene and preside over the meeting.

A shareholders' general meeting convened by the Audit Committee itself shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his duties, one member of the Audit Committee shall be elected jointly by more than half of the members of the Audit Committee to preside over the meeting.

A shareholders' general meeting convened by the Shareholders themselves shall be presided over by the convener or a representative elected by the convener.

When a shareholders' general meeting is held and the chairman violates the rules of procedure which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman so as to carry on with the shareholders' general meeting, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder (including proxy thereof) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.

Article 71 Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than one-half of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

To adopt a special resolution, two-thirds or more of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

A shareholder (including his proxy) attending the meeting shall vote in favor of or against each resolution relating to every matter which has been put to vote at the relevant meeting or cast abstention vote. If a shareholder or his proxy casts abstention vote or abstains from voting, any vote cast by such shareholder or his proxy shall not be counted in the voting results of the Company.

Article 72 Shareholders (including proxies) exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one votes upon voting at the shareholders' general meeting. However, shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

Where any shareholder is, under the applicable laws and regulations and the HKEx Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution at any general meeting, any votes cast by such shareholders (or their proxies) in contravention of such requirement or restriction shall not be counted.

Article 73 The following matters shall be resolved by ordinary resolutions at a shareholders' general meeting:

- (1) work reports of the Board of Directors;
- (2) plans formulated by the Board of Directors for distribution of profits and for making up losses;
- (3) appointment or removal of members of the Board of Directors, and their remuneration and manner of payment thereof;

- (4) matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolution.

Article 74 The following matters shall be resolved by special resolutions at a shareholders' general meeting:

- (1) increase in or reduction of the Company's registered capital;
- (2) demerger, merger, dissolution and liquidation of the Company;
- (3) change of corporate form of the Company;
- (4) the purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;
- (5) amendment to the Articles of Association;
- (6) consideration and implementation of share incentive scheme;
- (7) any other matters prescribed by the laws, administrative regulations or the Articles of Association, and those approved as an ordinary resolution at a shareholders' general meeting that may have material impact on the Company and are required to be approved by a special resolution;
- (8) other matters required by the HKEx Listing Rules to be adopted by special resolution.

Article 75 Directors and senior management officers shall attend the shareholders' general meeting as non-voting participants if being requested. The directors and senior management officers who attend the meeting or attend the meeting as non-voting participants shall make replies or explanation in respect of inquiries of shareholders at the shareholders' general meeting, except for those matters in relation to business secrets of the Company which cannot be made public.

Article 76 The chairman of the meeting shall determine whether a resolution at a shareholders' general meeting is passed based on the voting result. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

Article 77 At a shareholders' general meeting, the approach and procedures for nomination of directors are as follows:

- (1) the list of candidates for election as directors shall be submitted to the shareholders' general meeting by way of a proposal for a vote. Shareholders individually or collectively holding 1% or more of the total outstanding voting shares of the Company may, by way of a written proposal, put forward to the shareholders' general meeting about the candidates for directors. However, the number of candidates proposed shall comply with the provisions of the Articles

of Association, and shall not exceed the number to be elected. The aforesaid proposal put forward by shareholders to the Company should be delivered to the Company at least 10 days before the convening of the shareholders' general meeting.

- (2) within the number of members as specified by the Articles of Association and based on the number of proposed candidates for election, the Board of Directors may propose a list of candidates for directors, which shall be proposed in writing at a general meeting.
- (3) the Board of Directors shall provide shareholders with biographical details and basic information on the candidates for directors.

Article 78 If the chairman of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any attending shareholder or proxy who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted immediately.

Article 79 If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance lists of shareholders and proxy forms shall be kept at the address of the Company.

Chapter 8 Party Organization

Article 80 In accordance with the Constitution of the Communist Party of China and the Regulations on the Work of Basic Organizations of the State-owned Enterprises of the Communist Party of China (Trial) (《中國共產黨國有企業基層組織工作條例(試行)》) and other requirements, the Company establishes the Communist Party Committee and the Discipline Inspection Committee (hereafter referred to as the “**Discipline Committee**”) the establishment and term of the Communist Party Committee and the Discipline Inspection Committee of the Company shall be implemented in accordance with the relevant documents of the Party. The posts of secretary, deputy secretary and committee members of the Communist Party Committee and the Discipline Inspection Committee of the Company shall be set up subject to the approval of the Party organization at the higher level, and shall be elected in accordance with the relevant provisions of the Party Constitution and the relevant provision of the selection and appointment of enterprise leaders. The Communist Party Committee of the Company consists of 9 members, including 1 secretary and 2 deputy secretaries, including 1 full-time deputy secretary. The Discipline Inspection Committee of the Company consists of 5 members, including 1 secretary and 2 deputy secretaries.

The Communist Party Committee of the Company has a party and mass work department. The Discipline Inspection Committee of the Company has a discipline inspection and supervision department, which is equipped with a full-time and part-time Party staff. The institutional structure and manning quotas of the Party organization shall be incorporated into those of the Company and the Party affairs staff and management personnel adopt the two-way exchange mechanism and

enjoy the same-level treatment policy. The operating funds of the Party organization shall be drawn according to the regulations and shall be incorporated into the budget of the Company and shall be funded by the management expenses of the Company.

Article 81 The Company adopts a “Bidirectional Access, Cross appointment” leadership mechanism. Members of the Communist Party Committee who meet criteria may join the board of directors or senior management via process stipulated by laws and regulations, and vice versa.

Article 82 The Communist Party Committee of the Company performs the following duties:

- (1) to enhance the building of politics of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;
- (2) to thoroughly study and implement Xi Jinping’s Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party’s theory, thoroughly implement the Party’s line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organisation at a higher level in the Company;
- (3) to participate in the decision-making of major issues of the enterprise, put forward opinions and suggestions on major issues related to the reform, development and stability of the enterprise, and promote the implementation deployment of major decisions of the enterprise;
- (4) to support the shareholders’ general meeting, Board of Directors and management to perform their duties and rights in accordance with the law, form a scientific and democratic decision-making mechanism for checks and balances of power and coordination of operations to promote scientific decision-making and achieve the preservation and appreciation of value of state-owned assets;
- (5) to implement the principle of the Party being in charge of cadres and talents, establish and improve the talents selection and employment mechanism catering to the requirements of modern enterprise systems and the need of market competition, build a team of high-quality managers and talents, provide support of cadres and talents for the reform and development of the Company, strengthen the leadership and gate keeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company;
- (6) to satisfy subject responsibility regarding construction of an uncorrupted party, lead and support the Discipline Committee in fulfilling its responsibility for supervising and enforcing discipline and accountability, strictly implement the Anti-corruption Self-discipline Code of Conduct of the Community Party of China, Internal Supervision Provisions of the CPC, Disciplinary Sanction Provisions of the CPC and other rules and regulations, and strengthen

the management of and supervision over the key leaders, key positions and major issues, establish and improve the power supervision mechanism, improve the effectiveness of supervision, and promote Party self-governance exercised fully and with rigor into the grassroots level;

- (7) to strengthen the building of grass-root Party organisations and the Party member service, unit and lead officials and employees to devote themselves into the reform and development of the Company, establish and improve the democratic management system in the form of staff and workers' congress, wholeheartedly rely on the staff and workers, support the work of the workers' congress, promote publicity of the factory affairs and business, implement the staff and workers' right to know, to participate, to express and to supervise, persist on and improve the employee director system, and encourage employee representatives to participate in corporate governance in an orderly manner;
- (8) to strengthen the self-construction of Party organizations, guide the ideological and political work, the build of spiritual civilization of the Company, carry out unified front work, strengthen the construction of corporate culture, and lead mass organisations such as the Labour Union, Communist Youth League and Women's Organisation of the Company;
- (9) Other duties that shall be performed by the Communist Party Committee.

Article 83 The material operation and management matters shall be decided by the Board and the management after the research and discussion conducted by the Communist Party Committee. If the Communist Party Committee considers that other material matters are required to be decided by the Board and the management, such material matters may be proposed to the Board and the management.

Chapter 9 Board of Directors

Section 1 Directors

Article 84 Directors shall be elected or replaced at the shareholders' general meetings to hold for a term of 3 years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and re-appointment but the Independent Non-executive Directors should not hold office for more than 6 consecutive years except for the other requirements of relevant law, regulation and listing rules of stock exchange of the place where the share of the Company was listed.

Subject to the relevant laws and administrative regulations and without prejudice to any claim for damages under any contract, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office.

Employee representatives of the Board shall be democratically elected by the employees of the Company through the employee representatives' general meeting, employees' general meeting or other forms without submission to the shareholders' general meetings for consideration.

The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

Article 85 A director may resign before expiration of his term of office. The directors who resign shall submit to the Board of Directors a written report in relation to their resignation. The relevant information shall be disclosed within two days by the Board of Directors.

In the event that the resignation of any director during his term of office results in the number of members of the Board of Directors being less than the statutory minimum requirement, the said directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected directors assume their office.

Save for the circumstances referred to in the preceding paragraph, the resignation of a director becomes effective upon submission of his resignation report to the Board of Directors.

Subject to the relevant laws and regulations, as well as regulatory rules of the local authority where the Company's shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy, the appointed director should be subject to election by shareholders at the first general meeting after the appointment.

Any person appointed by the board of directors to fill a temporary vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election.

Article 86 A Director shall clear all transitional procedures with the Board of Directors on resignation or expiry of term and shall fulfil his fiduciary obligations against the Company and shareholders.

Article 87 If any director fails to attend in person or appoint other directors as his representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors may propose to replace such director at the shareholders' general meeting.

Article 88 The Company shall have independent non-executive directors. Except as otherwise provided in this section, the provisions relating to the qualifications and obligations of directors in Chapter 12 of the Articles of Association shall apply to independent non-executive directors. At least one independent non-executive director of the Company shall be an accounting professional. Independent non-executive directors shall carry out their duties honestly and faithfully, safeguard the Company's interest and in particular prevent encroachment of the rights and interests of public shareholders, in order to ensure the sufficient representation of the interests of all shareholders.

The independent non-executive director of the Company shall satisfy the basic conditions set forth below:

- (1) to be qualified for directors of a listed company as provided in laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and other relevant regulations;
- (2) to comply with the requirements on independence as stipulated in the listing rules of the stock exchange where the Company's shares are listed;
- (3) to possess the basic knowledge of the operations of listed companies, and be familiar with relevant laws, administrative regulations, and rules and regulations;
- (4) having at least five years of working experience in legal, accounting or economic areas, or other experience indispensable for performing the duties as independent non-executive directors;
- (5) other requirements provided in the laws, administrative regulations, the listing rules of the stock exchange of the place where the shares of the Company are listed and Articles of Association.

Article 89 Any director who has withdrawn from his office without permission or who violates any laws, administrative regulations, departmental rules or the Articles of Association during the course of performing his duties prior to the expiration of his term of office, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss.

Article 90 No director shall act on behalf of the Company or the Board of Directors without the requirement of the Articles of Association or the lawful authorization of the Board of Directors, otherwise the directors shall be liable personally for the consequences and compensation arising therefrom. In the event that a director is acting in his own name, which may be reasonably deemed to be acting on the behalf of the Company or the Board of Directors by a third party, such director shall state his stance and identity in advance.

Section 2 Board of Directors

Article 91 The Company shall have a board of directors which shall consists of 7 to 11 directors, including 1 staff representative director, the number of independent non-executive directors shall not be less than 3 and shall be more than one-third of the actual number of the board of directors.

General manager and other senior management may also concurrently act as director, the number of general manager and other senior management who hold the offices of director shall not be more than half of the total number of directors of the Company.

The board of directors shall have one chairman, one vice chairman who shall be elected and removed by a majority of directors.

Number of controlling shareholders' senior management who concurrently hold the offices of the chairman or the executive director of the Company shall not be more than two. Directors are not required to hold shares of the Company.

Article 92 The Board of Directors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (1) to convene the shareholders' general meeting, and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (5) to formulate proposals for the increase or decrease of the registered capital of the Company, the issue of shares and corporate bonds or other securities, and the listing;
- (6) to formulate proposals for material asset acquisition or disposal, repurchase of the Company's shares, and merger, demerger, dissolution or change of corporate form of the Company;
- (7) to decide on the establishment of the Company's internal management structure;
- (8) to appoint or dismiss the Company's general manager and secretary of the Board of Directors, and to appoint or dismiss other senior management officers, such as the deputy general manager and the chief financial officer of the Company pursuant to the nominations of the general manager;
- (9) to decide on the matters relating to the remuneration of the aforesaid senior management officers;
- (10) to formulate the Company's basic management system;
- (11) to formulate proposals for amendment to the Articles of Association;
- (12) to decide on investment, acquisition or sale of assets, financing, connected person transactions, etc. as specified in the Listing Rules of Hong Kong Stock Exchange;
- (13) to decide on other major affairs of the Company, save for matters to be resolved at general meetings as required by the Company Law and the Articles of Association;
- (14) to exercise other functions and powers conferred by the laws and regulations, the Listing Rules of Hong Kong Stock Exchange, the Articles of Association or the general meetings.

The Board shall also be responsible for the following issues:

- (1) to formulate the Company's corporate governance system and to review and improve its corporate governance;
- (2) to review and supervise the training for and continuous professional development of directors and senior management;
- (3) to review and supervise the systems formulated and observation thereof by the Company and to make relevant disclosures as per the laws and relevant provisions of the securities regulatory authority of the place where the Company's shares are listed;
- (4) to work out the Company's code of conduct and relevant compliance manual for its employees and directors, and to review and supervise their behaviors.

The Board shall be responsible for the above corporate governance functions and may also assign its responsibilities to one or more special committees under it.

The board's resolutions must be passed by half or more of all directors.

When the decision on major affairs should be made by the Communist Party Committee of the Company in the course of study on the decision on major affairs by the Board of Directors, the Board of Directors should accept advises from the Communist Party Committee in priory.

Article 93 The chairman of the Board of Directors is entitled to the following functions and powers:

- (1) to preside over general meetings and to convene and preside over the board meetings;
- (2) to supervise and check on the implementation of resolutions passed at the meeting of the Board of Directors;
- (3) to sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company and to exercise the authorities of legal representatives;
- (4) to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide post-event reports to the Board of Directors after such event occurs, in the event of force majeure or an emergency in which it is impossible to convene a board meeting;
- (5) to define the systems necessary for the operation of the Board of Directors, and coordinate its operation;

- (6) to hear regular and non-regular performance reports from the Company's senior management officers, and to provide the Board of Directors with steering comments on the implementation of board resolutions;
- (7) to nominate a candidate for the general manager and the secretary to the Board of Directors of the Company;
- (8) to exercise any other functions and powers conferred by laws, regulations, the Articles of Association or the Board of Directors.

In the event that the chairman of the Board of Directors is unable to perform his duties, he may direct the vice chairman to perform his duties. In the event that the vice chairman of the Board of Directors is unable to or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

The Board of Directors may, if necessary, authorize the chairman of the Board of Directors to exercise part of the powers of the Board of Directors when it is in recess.

Article 94 The Board of Directors shall meet regularly and the meetings of the Board of Directors shall be held at least four times every year, and convened by the chairman of the Board of Directors. A 14 days' prior written notice for convening the meeting shall be given to all directors.

Under the following circumstances, an extraordinary meeting of the Board of Directors shall be held by the chairman within 5 days upon receipt of proposal:

- (1) when proposed by the shareholders representing one tenth or more of voting rights;
- (2) when proposed jointly by one-third or more of the directors;
- (3) when proposed by the chairman of the Board of Directors;
- (4) when proposed by more than two independent non-executive directors;
- (5) when proposed by the general manager.

Article 95 To hold regular meetings and extraordinary meetings of the Board, the Office of the Board shall deliver written notice of the meeting to all the directors, and the secretary to the Board the general manager by email, post, fax or person within fourteen days and five days in advance respectively. If not delivered by hand, the delivery shall be confirmed by calls and relevant records shall be made.

Where an extraordinary board meeting needs to be convened in emergency, it is not subject to the above time limit of notification and the above manner limit of notification but a reasonable notice for the meeting shall be given thereafter. The notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.

Article 96 The notice of meeting shall be deemed to have issued to a director if he is present at the meeting and does not raise the issue of non-receipt of such notice prior to or at the time of his arrival at the meeting.

Regular or extraordinary board meetings can be held by way of teleconference meeting or by virtue of other telecommunication device. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed as if they had participated in the meeting in person.

Article 97 The board meeting may not be held unless half or more of the directors are present.

Each director has one vote. Except for provided in laws, administrative regulations and the Articles of Association, resolutions of the Board of Directors shall be passed by more than half of all directors.

Article 98 A director shall attend the board meetings in person. If a director is not able to attend the meeting for any reasons, he may appoint in writing other directors to attend the meeting on his behalf. The name of the proxy, the subject which the proxy is related to, the scope of authorization and valid period shall be specified in the power of attorney, which shall be signed or sealed by the appointor.

The appointed director attending the meeting shall only exercise the rights within the scope of authorization. Should a director neither attend a board meeting nor appoint representative to attend on his behalf, the said director shall be deemed to have waived his right to vote at the meeting.

Article 99 Any material matters to be decided by the Board of Directors must be proceeded strictly according to specified procedures. A notice shall be given to all directors at the time required by the Articles of Association and sufficient information shall be given at the same time. The directors may request additional information. When one-fourth or more of directors or two or more of independent non-executive directors consider that the information and materials of the matters are insufficient or, they are unable to make a decision on the matters by other reasons, they may jointly propose to postpone the board meeting or delay the discussion of certain matters to be resolved in the board meeting, and the Board of Directors shall adopt the relevant proposal.

Article 100 The Board of Directors may approve the written proposals in lieu of convening meetings of the Board of Directors, but the draft of such proposals shall be delivered to each director through personal delivery, post, fax or e-mail. Such proposal will be passed as a resolution of the Board of Directors, only after it has been delivered to all directors by the Board of Directors, and signed and approved by the required quorum of the directors for decision-making and the signed document for approving such proposal has been delivered to the secretary to the Board of Directors by one of the aforesaid means. Such resolution shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

Article 101 The Board of Directors shall keep minutes of decisions on matters discussed at meetings. The attending directors and the minutes taker shall sign on the minutes of such meeting. Directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates laws, administrative regulations or the Articles of Association, thus causes the Company to suffer any material loss, the directors participating in the resolution are liable to compensate to the Company. However, directors who have proved to have cast a dissenting vote against the motion during the voting as recorded in the minutes shall be exempted from such liability.

Section 3 Special Committees under the Board of Directors

Article 102 The Board of Directors shall establish four special committees, such as Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee, and the personnel composition and rules of procedure of which shall be resolved separately by the Board of Directors. Where necessary, the Board of Directors may establish other special committees. These special committees are ad hoc committees under the Board of Directors which provide advices or advisory opinions for the Board of Directors on material decisions. The special committees shall not make any decision in the name of the Board of Directors. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board of Directors. The four special committees are as follows:

- (1) Audit Committee whose major duties include: the Company does not have a Board of Supervisors, Audit Committee exercises the functions and powers of the Board of Supervisors as stipulated in the Company Law; to guide, examine and supervise the construction of the Company's systems and mechanisms in respect of financial control, risk management and internal control; to make recommendations to the Board on the appointment, reappointment or change of such intermediaries as accounting firms, and their remuneration and terms of appointment; to review and supervise whether the external auditors are independent and objective and whether audit procedures are effective; to formulate and implement policies on non-audit services provided by the external auditors; to supervise and review the integrity of the Company's financial reports, annual reports, accounts, interim reports and quarterly reports (if any), and to review major opinions on relevant financial reporting set out in the statements and reports; to consider the Company's financial and accounting policies and relevant changes, and to provide relevant opinions to the Board; to make recommendations to the Board on the appointment and dismissal of the person in charge of the Company's internal audit institutions; to supervise the formulation and implementation of the Company's internal audit system; to evaluate and supervise the integrity and effectiveness of the Company's audit system; to keep good communication with the Company's internal and external audit institutions, and to ensure it has sufficient resources to carry out its internal audit function in the Company at a proper position and supervise its effectiveness.

- (2) Remuneration Committee whose major duties include: to propose recommendations to the Board with respect to the overall remuneration policies and structures for the directors and senior management of the Company and the establishment of formal and transparent procedures for formulation of remuneration policies; to give advice to the Board on certain remuneration packages of all executive directors and senior management, including non-monetary benefits, pension rights and compensation amounts (including the compensation for the loss or termination of office or appointment), and the remuneration of non-executive directors; to review and approve the recommendations on remuneration of management with reference to the corporate goals as approved by the Board from time to time; to review and approve the compensation that should be paid to executive directors and senior management for any loss or termination of their office or appointment, so as to ensure the said compensation conforms to the terms of relevant contract; in case of any inconformity, the said compensation shall be fair and reasonable and will not result in excessive burden to listed companies; to review and approve the compensation arrangement in connection with dismissal or removal of relevant directors for their misconduct, so as to ensure such arrangement conforms to relevant contract terms; in case of any inconformity, relevant compensation shall be reasonable and appropriate; to ensure that any director or any of his/her associates does not participate in the determination of his/her own remuneration.
- (3) Nomination Committee whose major duties include: to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board at least every year, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to extensively search for qualified candidate directors, to make initial examination of candidate directors and general managers, and to offer suggestions to the Board on relevant selection; to review the independency of independent non-executive directors; to study and make recommendations on the standards and procedures for the selection of candidate directors and general managers; and to give advice to the Board on the appointment or reappointment of directors or the general manager and the succession planning for directors (including the chairman) and the general manager.
- (4) The Strategy Committee whose major duties include: to study and make recommendations on the Company's long-term strategic development plan; to study and make recommendations on major investment and financing plans that are subject to Directors' approval according to the Article of Association of the Company; to study and make recommendations on major capital, assets and management projects that are subject to Directors' approval according to the Article of Association of the Company; to study and make recommendations on other major issues affecting the Company's development; to review the implementation of the above items; to exercise part of the power on behalf of the Board within their terms of reference and report to the board during the period of the close of the Board meeting.

Chapter 10 Secretary to the Board of Directors of the Company

Article 103 The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management officer of the Company and shall be nominated by the chairman and appointed or removed by the Board of Directors.

Article 104 The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience. The secretary to the Board of Directors is responsible for the Board of Directors, who shall be mainly responsible for promoting the improvement of corporate governance level and properly implementing information disclosure of the Company and investor relations related work. His major duties include:

- (1) to ensure that the Company has complete organizational documents and records; to keep and manage shareholder's information; to assist the directors in addressing the routine tasks of the Board of Directors;
- (2) to ensure the proper maintenance of the Company's register of shareholders, and to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (3) as the contact person of the Company with the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities and ensure that the Company prepare and submit the reports and documents required by the power authorities according to laws, and for accepting and organizing the implementation of any assignment from the regulatory authorities;
- (4) to organize and arrange for the board meetings and general meetings, prepare meeting materials, handle relevant meeting affairs, be responsible for keeping minutes of the meetings and ensure their accuracy, keep meeting documents and minutes and take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the Board of Directors;
- (5) to be responsible for coordinating and organizing the Company's disclosure of information, to establish and improve the information disclosure system, to participate in all of the Company's meetings involving the disclosure of information, and to keep informed of the Company's material operation decisions and related information in a timely manner;
- (6) to be responsible for keeping price-sensitive information of the Company confidential and to work out effective and practical confidentiality systems and measures. Where there is any disclosure of price-sensitive information of the Company due to any reason, necessary remedial measures shall be taken; timely explanation and clarification shall be made; and relevant reports shall be submitted to the regulatory authorities of securities;

- (7) to deal with and coordinate public relationship among the Company and related regulatory authorities, intermediaries and news media;
- (8) to coordinate the provision of relevant information necessary for the Audit Committee of Board of Directors of the Company and other auditing authorities to discharge their duties;
- (9) to exercise other functions and powers as conferred by the Board of Directors, as well as other functions and powers as required by laws and regulations, and the stock exchange of the place where the Company's shares are listed.

Chapter 11 The General Manager and Other Senior Management Officers

Article 105 The Company shall have one general manager who shall be removed by the Board of Directors, a number of deputy general managers who shall be nominated by the general manager and appointed and removed by the Board of Directors. A director may serve concurrently as the general manager, deputy general manager or other senior management officers.

Article 106 The general manager shall serve a term of three years, and may be reelected for successive terms.

Article 107 The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and report to the Board of Directors;
- (2) to organize the implementation of the resolutions of the Board of Directors, the Company's annual business plans and investment plans;
- (3) to draft the Company's basic management system and the plan for establishment of the Company's internal management organization;
- (4) to propose to the Board of Directors the employment and dismissal of the deputy general managers and other senior management officers such as chief financial officer;
- (5) to employ and dismiss the personnel other than those determined to be employed and dismissed by the Board of Directors according to relevant requirements;
- (6) to propose to convene extraordinary board meetings;
- (7) to decide the Company's other issues within the scope of the authority of the Board of Directors;
- (8) to exercise other functions and powers as conferred by these Articles of Association and the Board.

Senior management officers other than the general managers shall assist the general manager in his works and may exercise part of the functions and powers entrusted by the general manager.

When the decision on major affairs should be made by the Communist Party Committee of the Company in the course of study on the decision on major affairs by the general manager, the general manager should accept advises from the Communist Party Committee in priory.

Article 108 The general manager shall attend the board meetings.

Article 109 In the exercise of his powers, the general manager shall comply with the laws, administrative regulations and the Articles of Association, and fulfill his duties in good faith and diligence.

Article 110 The Company shall have one chief financial officer, who shall be appointed or removed by the Board of Directors. The chief financial officer shall be accountable to the Board of Directors and the general manager.

Chapter 12 Qualification and Obligations of Directors and Senior Management Officers of the Company

Article 111 The following persons may not serve as a director or senior management officer of the Company:

- (1) an individual who has no civil capacity or has restricted civil capacity;
- (2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, or have deprived of his political rights where less than five (5) years have elapsed since the date of such deprivation, or was sentenced to probation and it has not been more than two (2) years since the expiration of the probation period;
- (3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) persons who were legal representatives of a company or enterprise, which had its business license revoked due to a violation of the law and were ordered to close down, and who were personally liable for the revocation of business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- (5) persons with a comparatively large amount of personal debts due and unsettled and listed as a person subject to execution for breach of trust by the People's Court;

- (6) other situations stipulated by relevant laws and regulations of the place where the Company's shares are listed.

Article 112 Each director and senior management officer of the Company shall abide by laws, administrative rules and the Articles of Association, and perform its obligations of loyalty to the Company. Each director and senior management officer should abide by his fiduciary principles in the discharge of his duties, take measures to avoid conflicts between his own interests and those of the Company, and not to exploit his positions for improper benefits.

Directors and senior management officers bear the following obligations of loyalty to the Company:

- (1) without reporting to the Board of Directors or the general meeting and being approved by way of resolution by the Board of Directors or the general meeting in accordance with the Articles of Association, not to, directly or indirectly, enter into any contract, transaction or arrangement with the Company;
- (2) not to use his position to accept bribes or other illegal income;
- (3) not to expropriate the Company's property or misappropriate the Company's funds in any manner;
- (4) not to accept commissions in connection with the Company's transactions from others for personal gain;
- (5) not to take advantage of his position to seek for himself or others the business opportunities that should belong to the Company, unless such business opportunities have been reported to the Board of Directors or the general meeting and approved by the Board of Directors or by way of resolution at the general meeting, or the Company is prohibited from utilizing such business opportunities according to laws, administrative rules or the Articles of Association;
- (6) without reporting to the Board of Directors or the general meeting and being approved by the Board of Directors or by way of resolution at the general meeting, not to operate by himself or for others the similar businesses with the Company in any way;
- (7) not to open any bank account in his own name or other name for the deposit of the Company's assets or funds;
- (8) not to disclose the Company's secrets without authorization;
- (9) not to use his relationship to harm the interests of the Company;
- (10) other obligations of loyalty as required by laws, administrative rules, departmental regulations, the Listing Rules of the Hong Kong Stock Exchange, and the Articles of Association.

Any gain arising from the breach of this Article by the personnel mentioned in this Article shall belong to the Company. Such personnel shall be liable for compensation for any loss of the Company arising therefrom.

The provisions of the paragraph 2(1) of this Article shall apply to the contracts or transactions between the Company and the close relatives of directors and senior management officers, enterprises directly or indirectly controlled by directors, senior management officers or their close relatives, as well as related parties with other connections to directors and senior management officers.

Article 113 Each director and senior management officer shall abide by laws, administrative rules, and the Articles of Association, perform its obligations to the Company diligently, and exercise reasonable care as typically expected of managers in the best interests of the Company in the discharge of his duties.

Article 114 The fiduciary duties of a director and senior management officers of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the occurrence of the matter in question and the termination of his term of office and the circumstances and the terms under which the relationships between him and the Company are terminated.

Article 115 In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a director or senior management officer of the Company is in breach of his duties owed to the Company:

- (1) to claim against such a director or senior management officer for losses incurred by the Company as a result of his breach;
- (2) to rescind any contract or transaction entered into between the Company and such director, or senior management officer, or between the Company and a third party where such third party has known or should have known such director and senior management officer that represents the Company has breached his duties owed to the Company;
- (3) to account for the profits made by the director or senior management officer as a result of his breach;
- (4) to recover any monies received by the director or senior management officer which should have been received by the Company, including, without limitation, commissions;
- (5) to demand the return of the interest earned or which may have been earned by the director or senior management officer on any monies which should have been paid to the Company; and

(6) to request for judgment through legal proceedings that the properties acquired by directors and senior management officers through their breach of duties shall belong to the Company.

Chapter 13 Financial and Accounting System

Article 116 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant PRC authorities.

Article 117 The Company shall adopt the Gregorian calendar year for its accounting year, i.e. the accounting year shall be from 1 January to 31 December.

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

The financial statements of the Company shall be prepared in accordance with the laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, and the regulations of the Ministry of Finance of the State Council.

Article 118 The Company's Board of Directors shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent governmental authorities require the Company to prepare.

Article 119 The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

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

The financial report mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all other documents to be attached in accordance with the requirements of the PRC laws, other laws, and administrative regulations), the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow) or (under the condition of no violation of the PRC laws) financial highlights approved by the Hong Kong Stock Exchange.

The Company shall deliver or send such financial report (including each document to be contained in the appendices of the balance sheet as required by laws and regulations) to such shareholders by way of announcements, including announcement via the Company's website in compliance with the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory body where the Company's shares are listed no less than 21 days before the date of the annual general meeting.

Article 121 The Company shall publish its results announcement twice every financial year, that is, the interim results announcement shall be published within two months and the interim report shall be published within three months after the end of the first six months of each accounting year, and the annual results announcement shall be published within three months and the annual report (including the annual accounts and the auditor's report on such accounts) shall be published within four months after the end of each accounting year.

Chapter 14 Profit Distribution

Article 122 When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining after-tax profits shall be distributed by the Company to the shareholders in proportion to their respective shareholdings according to the resolutions adopted at the general meeting.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the Company.

No profits shall be distributed in respect of the Company's shares held by the Company.

Article 123 Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium to their par value;
- (2) the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital;
- (3) any other income required by the finance regulatory department of the State Council to be included in the capital reserve fund.

Article 124 The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or capitalization for capital increase of the Company.

To make up for the losses with reserve fund, the Company shall first use discretionary common reserve fund and statutory common reserve fund, and may use capital reserve fund to make up for the remaining losses in accordance with relevant regulations.

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

Article 125 The Company may distribute dividends in the form of (or a combination of both):

- (1) cash;
- (2) shares.

Article 126 Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

Article 127 The Company shall appoint a payment receiving agent for holders of overseas-listed foreign shares. The payment receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed foreign shares, and such payment shall be kept by the payment receiving agent on such shareholders' behalf for any payment to them.

The payment receiving agent appointed by the Company shall satisfy the requirements under the laws of the place where the Company's shares are listed or the rules of the relevant stock exchange.

The payment receiving agent appointed by the Company for holders of overseas-listed foreign shares listed in the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations of the PRC, the Company may exercise its right to confiscate the dividends which nobody has claimed only after 6 years or more of the declaration of such dividends.

If the Company ceases sending dividend warrants by post to a holder of overseas-listed foreign shares, it should provide that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

In relation to the exercise of right to issue warrants to bearer, no warrant thereof shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed. The Company has the power to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas-listed foreign shares who is untraceable under the following circumstances:

- (1) during a period of 12 years at least 3 dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the Hong Kong Stock Exchange of such intention.

Article 128 The cash dividends and other amount paid by the Company to the holders of domestic shares shall be paid in Renminbi. The cash dividends and other amount paid by the Company to the holders of overseas-listed foreign shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other amount by the Company to the holders of overseas-listed foreign shares shall be arranged in accordance with the provisions of the PRC in relation to foreign exchange administration.

Article 129 Unless otherwise provided in the relevant or administrative regulations, if the cash dividends and other payments are to be paid in Hong Kong dollars, the Company shall adopt the average mid-price of the relevant foreign exchange quoted by the People's Bank of China prevailing a calendar week before the date on which the dividends and other payments are declared as the exchange rate therefor.

Chapter 15 Appointment of Accounting Firms

Article 130 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial reports and review the Company's other financial reports.

Article 131 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

Article 132 The Company shall provide the accounting firm appointed with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information. The Company shall not refuse to provide or hide the same or make false reports.

Article 133 The shareholders in a general meeting may by ordinary resolution remove an accounting firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim for damages in respect of such removal.

Article 134 The remuneration of an accounting firm or the manner in which such remuneration is determined shall be decided by the shareholders' general meeting.

Article 135 The Company's appointment, removal and non-renewal of an accounting firm shall be resolved upon by the shareholders in general meeting.

Prior to the removal or the non-renewal of the appointment of the accounting firm, the company must send to its shareholders, at least 10 business days before the convening of the general meeting of shareholders, a circular letter proposing the dismissal or non-renewal of the accounting firm, together with any written representations made by the accounting firm. The Company must allow the accounting firm to attend the general meeting of shareholders and make written and/or oral representations to the shareholders at the meeting.

Article 136 The accounting firm may resign its office by depositing at the Company's legal address a written notice of resignation, which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

- i. a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or
- ii. a statement of any such circumstances that should be explained.

The Company shall, within fourteen days after receipt of the written notice referred to in paragraph (2) of this Article, send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) (ii) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection.

Chapter 16 Notices

Article 137 Notices of the Company may be delivered by the following means:

- (1) by designated person;
- (2) by mail;
- (3) by fax or electronic mail;
- (4) by way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchanges where the Company's shares are listed;
- (5) by way of announcement;
- (6) by any other means as agreed by the Company or the addressee or as accepted by the addressee after the notice is received;

(7) by any other means as approved by relevant regulatory authorities at the places where the Company's shares are listed or as specified in the Articles of Association.

Unless the context otherwise specifies, the "announcement" referred to in the Articles of Association shall mean, in respect of announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and the Articles of Association, the publication of an announcement in newspapers in the PRC, and such newspapers shall be media outlets that meet the conditions stipulated by the securities regulatory authority of the State Council. For notices issued by the Company to the holders of overseas-listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. The announcement shall also be published on the Company's website at the same time.

Shareholders or directors who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the correct address by ordinary means or by prepaid mail within the designated periods.

For the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Listing Rules of the Hong Kong Stock Exchange, according to the relevant laws and regulations and the Listing Rules of the Hong Kong Stock Exchange as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Listing Rules of the Hong Kong Stock Exchange.

If the Company is empowered to give notice by advertisement, such advertisements may be published in the newspapers and there is no prohibition on giving notice to shareholders with registered addresses outside Hong Kong.

Article 138 Unless otherwise stated in the Articles of Association, the various ways of sending notices specified in the preceding paragraph shall apply to the notices of the shareholders' general meetings and board meetings convened by the Company.

Article 139 In respect of the date of receiving a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the addressee on the note of receipt. If the notice is delivered by post, it shall be deemed to be received after 48 hours from the date upon which the post office receives the notice. If the notice is delivered by way of fax or electronic mail or by way of publishing information on websites, it shall be deemed to be

received on the date it is sent or published. If the notice is delivered by way of announcement, it shall be deemed to be received on the date on which the announcement is first published. Such announcement shall be published on the newspapers that satisfy the relevant requirements.

Article 140 In the event that the listing rules of the stock exchange where the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the intent stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by the applicable laws and regulations and pursuant to the applicable laws and regulations.

Chapter 17 Merger and Demerger of the Company

Article 141 In the event of the merger or demerger of the Company, a plan shall be proposed by the Company's Board of Directors and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval formality pursuant to the law. Shareholders who oppose the plan of merger or demerger of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of merger or demerger of the Company shall constitute special documents which shall be available for inspection by the shareholders.

Article 142 The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspaper or National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor may, within 30 days from the date of receipt of the written notice or, if he/she does not receive a written notice, within 45 days from the date of the announcement, require the Company to pay off its debt or to provide corresponding guarantees.

Upon the merger, creditors' right or indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

Article 143 In the event of a demerger of the Company, its assets shall be divided up accordingly.

In the event of a demerger, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on demerger and shall publish a public announcement in the newspaper or National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the demerger, the succeeded companies after the demerger shall jointly assume the indebtedness of the Company which has been incurred before such demerger.

Article 144 The Company shall, in accordance with laws, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with laws. Where a new company is established, the Company shall apply for registration thereof in accordance with laws.

Chapter 18 Dissolution and Liquidation of the Company

Article 145 In any of the following circumstances, the Company shall be dissolved:

- (1) the term of its operations as is stipulated in the Articles of Association has expired or events of dissolution specified in the Articles of Association have occurred;
- (2) special resolution on dissolution is passed by shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or demerger of the Company;
- (4) the Company's business licence is revoked or it is ordered to close down or it is wound up according to laws;
- (5) where the Company's operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people's court to dissolve the Company.

In the event of occurrence of any cause leading to the dissolution of the Company as stipulated in the preceding paragraph, such dissolution cause shall be published on the National Enterprise Credit Information Publicity System within 10 days upon its occurrence.

Article 146 Where the Company is dissolved pursuant to subparagraphs (1), (2), (4) and (5) of Article 145 hereof, it shall conduct liquidation. Directors shall be liquidators of the Company, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to start the liquidation process. The liquidation group shall consist of the Directors, except where the shareholders shall elect others by ordinary resolution. If the liquidation obligor fails to perform the liquidation obligation in time and causes losses to the company or creditors, it shall be liable for compensation. In case no such committee is established to proceed with liquidation in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.

Article 147 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify creditors by notice or public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay outstanding taxes and taxes incurred during the liquidation process;
- (5) to settle claims and debts;
- (6) to deal with the remaining assets after the Company's debts having been paid in full;
- (7) to represent the Company in any civil proceedings.

Article 148 The liquidation committee shall within 10 days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement on a newspaper or national enterprise credit information publicity system. The creditors may declare their claims to the liquidation committee within 30 days from the date they receive such notice or within 45 days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide evidences. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Article 149 The liquidation committee shall, after examining the Company's assets and preparing the balance sheets and an inventory of assets, formulate a liquidation plan and present it to the shareholders' general meeting or the relevant governing authority for confirmation.

The remaining assets of the Company after payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall survive but shall not commence any business activities unrelated to liquidation.

Article 150 If the liquidation committee, having examined the Company's assets and having prepared a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of insolvency.

After the People's Court has declared the Company insolvent, the liquidation committee shall turn over any matters regarding the liquidation to the People's Court.

Article 151 Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and financial books during the period of liquidation, which shall be submitted to the shareholders' general meeting or the People's Court for confirmation. The liquidation committee shall also submit the preceding documents to the company registration authority and apply for cancellation of registration of the Company.

Article 152 Members of the liquidation group shall, in performing their duties of liquidation, have duties of loyalty and diligence. If any member of the liquidation group fails to perform his liquidation duties and causes losses to the company, the member of the liquidation group shall be liable for compensation; Where losses are caused to the creditor due to intent or gross negligence, the member of the liquidation group shall be liable for compensation.

Article 153 Where a company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with the law on enterprise bankruptcy.

Chapter 19 Amendments to the Articles of Association

Article 154 The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

The Company shall amend these Articles of Association if:

- (1) there is an amendment of the Company Law of the PRC or other relevant laws or administrative regulations, and items stipulated in these Articles of Association are inconsistent with the amended laws or administrative regulations;
- (2) there is a change of the circumstances of the Company, and thereby is not in consistent with the items stipulated in these Articles of Association;
- (3) the shareholders' general meeting has passed a resolution to amend the Company's Articles of Association.

Article 155 The following procedures shall be followed when amending the Articles of Association:

- (1) The Board of Directors shall firstly adopt a resolution for amendment to the Articles of Association and prepare a proposal for amendment to the Articles of Association;
- (2) The Board of Directors shall convene a shareholders' general meeting for voting on such proposal thereat;
- (3) The shareholders' general meeting shall approve such proposal by special resolution;

(4) The Company shall submit the amended Articles of Association to the company registration authority for record.

Article 156 Where amendment to the Articles of Association passed by the shareholders' general meeting shall be subject to the examination and approval of the competent authority, it shall be reported to the competent authority for approval. Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.

Article 157 The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting to amend the Articles of Association and the approval opinions of the relevant competent authorities.

Article 158 Where disclosure of the revision of the Articles of Association is required under laws and provisions, it shall be announced in accordance with the relevant provisions.

Chapter 20 Supplementary Provisions

Article 159 In the Articles of Association, the meaning of an "accounting firm" is the same as that of "auditors".

The term "controlling shareholder" as mentioned in the Articles of Association refers to the shareholder whose shares account for more than 50% of the total share capital of the company limited by shares; Or, although the proportion of shares held does not exceed 50%, the voting rights of the shares held by the shareholders are sufficient to have a significant influence on the resolutions of the shareholders' general meeting.

In the Articles of Association, the meaning of "de facto controller" is the person who is not a shareholder of the Company but is able to actually control the acts of the Company through an investment, agreement or other arrangement.

In the Articles of Association, the meaning of "no less than", "within" or "no more than" includes the underlying number, while "more than" or "beyond" does not include the underlying number.

In the Articles of Association, the meaning of "connected transaction" refers to the connected transaction as defined in Listing Rules of the Hong Kong Stock Exchange.

Article 160 The Articles of Association are written in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

Article 161 The power of interpretation of the Articles of Association shall be vested in the Company's Board of Directors. Any matters not contained in the Articles of Association shall be proposed by the Board of Directors at the shareholders' general meeting for approval.

Article 162 Upon approval of the Articles of Association at the shareholders' general meeting, the Articles of Association shall come into effect.